

dentsu AEGIS network

Dentsu Aegis Network Ltd

Consolidated Report and Financial Statements

31 December 2017

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Dentsu Aegis Network Ltd

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Dentsu Aegis Network Ltd

Directors

Timothy Andree
Jerry Buhlmann
Takaki Hibino
Tadashi Ishii
Shoichi Nakamoto
Nick Priday
Valerie Scoular
Arinobu Soga
Toshihiro Yamamoto

Company secretary

Andrew Moberly

Ultimate parent entity

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Minato-ku
Tokyo 105-7001

Registered office

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Registered number

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Auditor

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Solicitor

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Dentsu Aegis Network Ltd

Strategic Report

The directors present their Strategic Report on Dentsu Aegis Network Ltd, its subsidiaries and related companies ("the Group") for the year ended 31 December 2017.

Principal Activity

The principal activity of Dentsu Aegis Network Ltd ("DAN Ltd" or "the Company") is that of an agency parent company based in London. Its subsidiaries and related companies provide a broad range of customer solutions across Media and Digital including planning and buying, creative solutions, customer relationship management and communication strategies through its branded businesses across the global markets in which it operates.

The management group includes the Group, as well as the entities within the Dentsu Network, which are held directly by the ultimate parent, Dentsu Inc. and reported separately within the Dentsu Inc. consolidated financial statements.

Strategic Priorities

The strategic priorities of the Group are:

- Purposefully grow the Group's revenues;
- Differentiate the business through data;
- Invest in engaging content;
- Build integrated solutions offerings for clients;
- Mitigate the cost of complexity; and
- Evaluate transformational opportunities in our markets.

Key Performance Indicators

During 2017 the Group has continued to perform well in the context of the industry, with the following performance against major Key Performance Indicators, which align to the Group's strategic objectives:

- Organic revenue growth of 1.0% (2016: 6.1%)
- Digital revenue up to 60.0% of the Group's revenue in 2017 (2016: 55.0%)
- £267.7m (2016: £977.1m) invested (net) in the initial consideration for the controlling stake in 25 new acquisitions and transfers from Dentsu Inc.
- £34.8m (2016: £29.9m) invested in additional stakes of 8 existing subsidiaries

Dentsu Aegis Network Ltd

Strategic Report (continued)

Operating Review

Overview

In 2017, the Group generated revenue of £3,326.1m, an increase of 28.6% or 21.5% at constant currency. A constant currency comparison is calculated by using the current year's currency exchange rate for the current and prior year numbers. Organic growth represents the constant currency year-on-year growth after adjusting for the effect of businesses acquired or disposed of since the beginning of the prior year. On an organic basis, the Group delivered organic revenue growth of 1.0% (2016: 6.1%). The growth was driven by new business wins and the strength in the media agencies. The reduction from prior year is a result of the business being challenged by the industry-wide conditions experienced in 2017.

Our operating model, enabled by a "One P&L" per market structure, is based on our unique ability to offer clients specialist capabilities on an integrated basis, and has continued to drive our new business performance. The Group continued to increase the proportion of revenue generated through its digital capabilities to 60.0% from 55.0% in 2016, through a combination of targeted acquisitions and a focus on placing digital media at the centre of our client offering.

The Group continues to invest in targeted acquisitions, with around £267.7m spent in initial consideration (net of cash acquired) on the controlling stake in 25 acquisitions and transfers from Dentsu Inc., and £177.5m spent on deferred consideration, put and call options on current and prior acquisitions in 2017, to accelerate its growth strategy. In addition, the Group increased its shareholding in 8 subsidiary entities.

In 2017, there was an increase in Group headcount, excluding the addition of employees brought into the business via acquisition and internal restructure, of 3.0%, from the end of 2016.

EMEA

EMEA revenue increased by 25.5% at reported rates and by 18.8% at constant currency to £1,267.1m. This is a strong performance, considering the challenging industry conditions. Some of the larger markets in Europe had a difficult end to the year, however this was partially offset by robust performances from Russia, Italy, Denmark and Sweden.

Americas

Americas revenue increased by 32.3% at reported rates and by 25.1% at constant currency to £1,418.9m. In the U.S. market the media agencies continue to show growth, while creative and project based work has been more challenging. Brazil remains a challenging market with an uncertain economic and political climate. 2017 also reflects the full year effect from the contributions from Merkle Inc. which was acquired on 1 September 2016.

APAC

APAC revenues increased by 26.9% at reported rates and by 19.3% at constant currency to £640.1m. There were strong performances from two major markets, India and Australia. China continues to be a key market for the region, but the market remains challenging. Our exposure to Western and Japanese clients remained solid but performance was impacted by reduced spend by local clients.

Financial Review

The Group generated revenue of £3,326.1m (2016: £2,586.6m), and operating profit of £269.1m (2016: £235.9m). Profit from continuing operations before tax was £308.4m (2016: £144.8m). The balance sheet shows a strong funding position based on the availability of undrawn facilities, and net assets of £1,254.4m (2016: £916.4m). We ended the year comfortably within our financial covenants, with undrawn available credit facilities of £800.0m (2016: £500.0m). Cash inflows from operating and financing activities during the year were primarily used to invest in new acquisitions, settle deferred acquisition payments and invest in capital assets.

Dentsu Aegis Network Ltd
Strategic Report (continued)

Future Developments

The Directors continue to focus on achieving the strategic targets of the Group, including organic revenue growth, and expanding the digital and data strategy through organic growth and strategic acquisitions.

Principal Risks and Uncertainties

Risk Management Approach

The Group recognises the importance of effective risk management processes and systems. The Board is ultimately responsible for risk management and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board delegated its risk management to the Dentsu Aegis Network Risk Committee, which is chaired by the Group CEO. The membership of the Dentsu Aegis Network Risk Committee is drawn from members of the Dentsu Aegis Network Executive Committee, which reviewed and agreed the Dentsu Aegis Network principal risks for 2017.

The Group strategy aims to deliver continued growth whilst managing strategic risk by diversifying client base, country and media. To enable this, the Group maintains a strong, flexible balance sheet and ensures that it remains comfortably within its financial covenants.

A summary of our principal risks is as follows:

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Managing the security, compliance and privacy of data	Unauthorised access to or inappropriate use of client, employee or other confidential data.	Negatively impacts the performance of the group, loss of clients and potential reputational damage.	Ensuring robust IT and financial reporting systems in place, in line with best practice data security and compliance regulations (including GDPR), and based on strict internal policies and procedures.	Access to information is protected by the IT security framework which is regularly assessed through vulnerability testing and IT security audits. We insist on confidentiality clauses in employee and supplier contracts.
Maintaining a sound financial position (liquidity risk)	Insufficient liquidity and funding requirements to support the Group's liabilities and manage the growth of the business.	Lack of funds for current operations and future growth.	Maintaining sufficient funding, with secure access to banking facilities, to meet our liabilities and to fund the growth of the business. From a cost perspective, ensuring a cost management culture is integrated throughout the organisation.	We have cash pooling arrangements in place for larger businesses with relationship banks. We maintain daily cash reporting for all operations. We have minimum headroom limits and monitor these regularly. We maintain regular communication with relationship banks and noteholders.

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Maintaining strong client relationships	Loss of key clients and failure to win new clients.	Negatively impacts the performance of the group. Subsequent loss of key managers.	Ensuring we remain a highly competitive organisation to help us win new clients and continue to provide a high-quality service to our existing clients.	We have dedicated client relationship teams in place, as well as global client management teams established in regional offices. We develop multiple services, with an emphasis on innovation for our clients.
Ensuring strong talent management	Loss of key employees and failure to attract high quality people.	Negatively impacts the performance of the group.	Talent management is a key priority to ensure we have a strong pipeline of people to develop as our future leaders who can operate in the global digital economy. We aim to ensure we are well placed to continue to attract high quality people.	We have made significant investment to make the Group an attractive place to work. We make developing our future leaders by career planning and training a priority. In particular, our Route 500 is a programme for high-potential employees.
Weak economic conditions	Weak economies can lead clients to cut back on media investment and squeeze margins.	Negatively impacts the performance of the group due to lost profit.	The Group is a diversified business with a strategy to grow our exposure to areas that are less likely to be affected by macro-economic challenges, including faster-growing geographic regions and digital.	Diversify our business into faster-growing product areas and markets. Regular monthly detailed reporting by business units to senior management ensures that senior executives understand local performance. There are regular reforecasts of financial performance presented to the Board. Were sales to slow, controls over costs and working capital would be tightened further to mitigate the loss of profit.

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Managing counterparty credit risk	Counterparty risks include the loss of income from clients who have cash flow or insolvency problems and potential media buying liabilities in markets where we act as principal in law.	Negatively impacts the performance of the group due to bad debt.	Maintaining and developing robust financial and operating systems to ensure we minimise any potential loss of income from third parties.	Due diligence, including credit risk, is undertaken for all new clients and written contracts must be in place before starting any significant work. Ongoing monitoring of existing clients. Group policy requires credit limits to be imposed for all new commercial clients. Global credit insurance policy in place covering the vast majority of our clients.
Managing foreign currency and cash flow interest rate risks within the group	The Group's activities expose it to certain financial risks including changes in foreign currency and interest rates.	Negatively impacts the performance of the group.	Use of derivative financial instruments to mitigate the exposure through hedging.	The Group uses forward exchange contracts and interest rate swap contracts to hedge exposures where they are considered to be significant. The Group does not use derivative financial instruments for speculative purposes.
Managing the targeting and pursuit of acquisition opportunities	Acquisitions need to be value creating and support the Group strategy.	Negatively impacts the performance of the group.	Targeting acquisitions which are aligned with the Group's strategy and culture, as well as ensuring they meet specific financial criteria.	We maintain a pipeline of potential targets across a diverse range of geographies and product offerings. All acquisitions require approval by the merger and acquisitions committee chaired by the Group CEO. Larger acquisitions have to be agreed by the Board. We aim to limit the initial consideration and pay the consideration over time through earn-out payment structures. There is a Group M&A team in place to support local management in sourcing and acquiring targets. Acquisitions must demonstrate the ability to achieve earnings enhancement in the first full year of ownership.

Dentsu Aegis Network Ltd
Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Risk description	Potential risk impact	Risk management strategy	Risk mitigation actions
Business Interruption	A significant event (terrorist attack, fire, systems failure, loss of multiple senior executives) limits our ability to respond to major business needs.	Negatively impacts the viability of the group.	Maintaining a business continuity plan to mitigate disruption in case of an event.	The Group's key technology infrastructure is maintained to provide a back-up in case of business interruption. Business continuity plans are in place to mitigate disruption in markets.
Managing corporate responsibility risks	The Group is unable to respond to the changing regulatory environment around environmental and community responsibility, unable to meet its clients' and employees' sustainability requirements or unable to fulfil stakeholder expectations.	Negatively impacts the performance of the group. Reputational damage.	Integrating Corporate Responsibility considerations in Group policies and procedures and developing ambitious targets and programmes to turn Corporate Responsibility risks into opportunities.	Development of a network of Corporate Responsibility champions in each market to ensure local compliance through standardised reporting, to develop local action plans to achieve our targets, and to raise awareness.

By order of the Board



Andrew Moberly
Company Secretary
14 June 2018

Dentsu Aegis Network Ltd

Directors' Report

The Directors present their report and the audited financial statements of the Company (registered number 1403668) for the year ended 31 December 2017.

Branches outside the UK

The Company has a branch in Luxembourg.

Future Developments

The discussion of future developments of the Company has been included in the Strategic Report.

Dividend

No dividends were declared or paid for the year 2017 or 2016.

Financial instruments

Information about the use of financial instruments by the Company and its subsidiaries is given in note 19 to the consolidated financial statements and in the Principal Risks and Uncertainties section above.

Post-balance sheet events

The Directors are not aware of any significant post-balance sheet events that require disclosure in the financial statements other than those disclosed in note 31 to the consolidated financial statements.

Donations

The Group made charitable donations of £0.9m during the year (2016: £0.9m). No political donations were made during the year (2016: nil).

Research and Development

There have been no research and development activities in the current or prior year.

Dentsu Aegis Network Ltd

Directors' Report (continued)

Corporate Governance

The Group is governed by the Dentsu Aegis Network Board, which comprises 9 Directors who are collectively responsible for the overall success of the Group and for the creation of long-term shareholder value. Various changes to the composition of the Board during the last 12 months are listed below. The Board, which is chaired by Tim Andree, meets 4 times a year in Tokyo or London, with additional meetings by telephone and video-conference as and when required (there were 10 Board meetings altogether in 2017). The list of matters reserved to the Board for decision includes:

- Group strategy, annual budget and operating plans
- Major capital projects, acquisitions, investments and commitments
- Reporting to shareholders
- Dividend policy
- Matters relating to share capital

The governance of the Group is supported by the Audit Committee, which reviews the internal control framework of the Group, working as necessary with the external auditors, internal auditors and the Company's risk committee and reviewing both internal and external reporting. The Committee is chaired by Simon Laffin, who served as a non-executive Director of Dentsu Aegis Network Ltd (then called Aegis Group plc) and chairman of its Audit Committee between 2008 and 2013. The Committee, whose other members are drawn from the Dentsu Aegis Network Board, meets 4 times a year in Tokyo or London, with 2 additional meetings by telephone and video-conference. Meetings are generally attended by the Group Chairman, CEO and CFO, the external auditors, the Director of Risk and Audit and others. The Committee also meets privately with the internal and external auditors.

The Board is also supported by the Compensation Committee in matters related to remuneration within the Group. The Committee is chaired by Shoichi Nakamoto. Its members are drawn from the Board. The Committee meets 4 times a year in Tokyo or London, with additional meetings by telephone and video-conference as and when required. Meetings are generally attended by the Executive Director HR as well as by the Group Chairman, CEO and CFO. Other Group Committees include the M&A Committee chaired by Jerry Buhlmann and the Nomination Committee chaired by Tadashi Ishii.

Directors

The Directors in office during the year were as set out below.

Name	Title	Appointment or Resignation date
Timothy Andree	Executive Chairman, Dentsu Aegis Network, Director and Executive Officer, Dentsu Inc.	
Jerry Buhlmann	CEO, Dentsu Aegis Network, Executive Officer, Dentsu Inc.	
Takaki Hibino	Executive Officer, Dentsu Inc.	Appointed 9 February 2018
Tadashi Ishii	Chairman, Dentsu Inc.	
Kunihiro Matsushima	Lately Director, Dentsu Inc.	Resigned 1 April 2017
Nigel Morris	Chief Strategy & Innovation Officer, Dentsu Aegis Network	Resigned 8 February 2018
Shoichi Nakamoto	Vice Chairman, Dentsu Inc.	
Nick Priday	CFO, Dentsu Aegis Network, Executive Officer, Dentsu Inc.	
Nicholas Rey	Lately member of the Board, Dentsu Aegis Network	Resigned 1 April 2017
Hiroaki Sano	Lately Senior Vice President, Dentsu Inc.	Resigned 8 February 2018
Valerie Scoular	Executive Director HR, Dentsu Aegis Network	
Arinobu Soga	Director and Executive Officer, Dentsu Inc.	Appointed 1 April 2017
Nicholas Waters	CEO Asia Pacific, Dentsu Aegis Network	Resigned 8 February 2018
Toshihiro Yamamoto	President & CEO, Dentsu Inc.	Appointed 1 April 2017

Dentsu Aegis Network Ltd

Directors' Report (continued)

Directors' Indemnities

A qualifying third party indemnity ("QTPI"), as permitted by the Articles of Association and sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of its Directors. Under the QTPIs the Company undertakes to indemnify each director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the director is convicted or, in an action that is brought by the Company, judgement is given against the director. Directors resigning from the Board continue to have the benefit of the QTPI for potential liability to third parties that occurred prior to their resignation.

Employment Policies

The Group operates throughout the world and therefore has developed employment policies that meet local conditions and requirements. These policies are based on the best traditions and practices in any given country in which it operates.

Human Rights, Diversity and Disability

The Group has a series of human resources policies that require its employees to act respectfully and responsibly at all times. These policies include those on human rights, diversity and disability.

We are committed to treating each employee and applicant fairly and equitably. Employment decisions are based on merit, experience and potential, without regard to race, nationality, sex, marital status, age, religion or sexual orientation. We are committed to following the applicable labour and employment laws for all jurisdictions in which we operate.

Disability, mental illness or other health conditions may affect anyone at some point during their working life. We aim to provide the right support to enable people affected by disability to play a full role in our Group.

Employee Involvement

We have employee consultation processes throughout our business in accordance with local laws. In addition, we update all of our employees on a regular basis with Group developments and progress through newsletters, internal publications, senior management notes and face-to-face meetings.

Auditors

The appointment of KPMG LLP as auditors for the financial year 2017 was approved by the DAN Ltd Board in February 2017 and by a shareholder resolution in May 2017. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office for the financial year 2018.

Dentsu Aegis Network Ltd

Directors' Report (continued)

Directors' Confirmation

Each of the Directors at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Directors' Report, the Strategic Report and in the accompanying Financial Statements.

The Board is satisfied that the Group balance sheet remains strong. The Group remains well-financed with considerable cash and covenant headroom. The Group has sufficient liquidity to meet its obligations with its £800m revolving credit facility remaining undrawn.

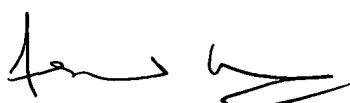
During 2017 the Group has continued to generate positive operating cash inflows from operations before tax, acquisitions and capital expenditure.

The main factors contributing to these cash inflows are the retention and growth of the customer base and the continuing management of working capital within the Group. The Board has concluded that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient funding to operate within the terms of its available facilities.

The Board has considered various alternative operating and funding strategies, should these be necessary and is satisfied that a range of actions including cost reduction activities could be adopted, if and when necessary.

After making these enquiries, the Board is satisfied that the Group has sufficient resources to continue in operational existence for a period of at least 12 months and for this reason the going concern basis continues to be adopted in preparing the financial statements for 2017. Furthermore, no material uncertainties related to events or conditions that may cast a significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

By order of the Board



Andrew Moberly

Company Secretary

14 June 2018

Dentsu Aegis Network Ltd

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

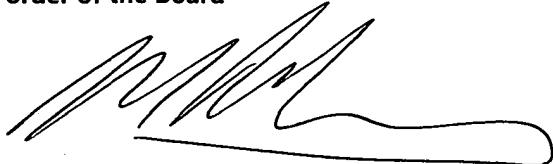
Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted 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), including FRS 101 Reduced Disclosure Framework.

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, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

By order of the Board



Jerry Buhlmann

Chief Executive Officer

14 June 2018



Nick Priday

Chief Financial Officer

14 June 2018

Independent Auditor's Report to the Members of Dentsu Aegis Network Ltd

Opinion

We have audited the financial statements of Dentsu Aegis Network Ltd ("the Company") for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity, the company balance sheet, the company statement of changes in equity and related notes, including the accounting policies in notes 1 to 4 of the consolidated statements and notes 1 and 2 of the Company standalone statements.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Dentsu Aegis Network Ltd

Directors' responsibilities

As explained more fully in their statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



John Cain (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

14 June 2018

Dentsu Aegis Network Ltd
Consolidated income statement
For the year ended 31 December 2017

	Notes	31 December 2017 £m	31 December 2016 £m
Turnover*		21,362.8	19,001.6
Revenue		3,326.1	2,586.6
Operating expenses		(3,057.0)	(2,350.7)
Operating profit	5	269.1	235.9
Share of results of associates		7.0	1.2
Profit before interest and tax		276.1	237.1
Finance income	7	105.7	9.8
Finance expenses	8	(73.4)	(102.1)
Net finance income/(expenses)		32.3	(92.3)
Profit before tax		308.4	144.8
Taxation	9	(16.8)	(67.1)
Profit for the year		291.6	77.7

Attributable to:

Equity holders of the parent	266.6	69.9
Non-controlling interests	25.0	7.8
Profit for the year	291.6	77.7

* Refer to Note 3 (Page 27) where "Turnover" is defined

All results are from continuing operations.

The accompanying notes form an integral part of the consolidated financial statements.

Dentsu Aegis Network Ltd

Consolidated statement of other comprehensive income

For the year ended 31 December 2017

	2017 £m	2016 £m
Profit for the year	291.6	77.7
Other comprehensive income that may be subsequently reclassified to profit or loss:		
Currency translation differences on foreign operations:		
- Group	(25.2)	181.7
- Non-controlling interests	(8.7)	16.4
Net investment hedges of foreign operations	(4.6)	(13.5)
Cumulative foreign exchange gains on disposals	0.3	-
Available-for-sale investments: movements taken to equity	6.2	-
Cash flow hedges: movements taken to equity	5.6	(7.5)
Tax movements taken to equity	(2.0)	1.3
Net other comprehensive (loss)/income that may be subsequently reclassified to profit or loss	(28.4)	178.4
Other comprehensive income that will not subsequently be reclassified to profit or loss:		
Re-measurement losses on defined benefit plans	-	(0.7)
Net other comprehensive income that will not subsequently be reclassified to profit or loss	-	(0.7)
Other comprehensive (loss)/income for the year, net of tax	(28.4)	177.7
Total comprehensive income for the year	263.2	255.4
Attributable to:		
Equity holders of the parent	245.6	231.2
Non-controlling interests	17.6	24.2
Total comprehensive income for the year	263.2	255.4

Dentsu Aegis Network Ltd
Consolidated balance sheet

At 31 December 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Goodwill	11	3,659.3	3,464.1
Intangible assets	12	790.7	825.4
Property, plant and equipment	13	203.3	195.5
Interests in associates and joint ventures	14	24.2	21.3
Deferred tax assets	20	74.8	72.7
Available-for-sale financial assets	15	56.6	16.1
Derivative financial assets	19	8.6	80.6
Other financial assets	19	79.2	73.6
		4,896.7	4,749.3
Current assets			
Work in progress	16	40.1	32.3
Trade and other receivables	17	6,028.7	5,463.9
Derivative financial assets	19	34.2	0.4
Other financial assets	15, 19	12.8	10.3
Cash and cash equivalents	19, 27	1,265.3	928.6
		7,381.1	6,435.5
Total assets		12,277.8	11,184.8
Current liabilities			
Trade and other payables	18	(6,810.7)	(6,088.8)
Borrowings	19	(1,208.0)	(1,590.7)
Derivative financial liabilities	19	(59.7)	(11.3)
Provisions	21	(8.8)	(6.0)
Current tax liabilities		(65.2)	(51.6)
		(8,152.4)	(7,748.4)
Net current liabilities		(771.3)	(1,312.9)
Non-current liabilities			
Borrowings	19	(1,589.8)	(984.2)
Other non-current liabilities	25	(407.5)	(496.3)
Derivative financial liabilities	19	(641.5)	(748.8)
Provisions	21	(18.8)	(19.2)
Deferred tax liabilities	20	(213.4)	(271.5)
		(2,871.0)	(2,520.0)
Total liabilities		(11,023.4)	(10,268.4)
Net assets		1,254.4	916.4
Equity			
Share capital	22	78.5	78.5
Share premium account	23	1,190.7	1,149.8
Other equity reserves		0.2	0.2
Foreign currency translation reserve		(113.6)	(87.3)
Retained earnings		621.0	311.6
Potential acquisition of non-controlling interests		(711.0)	(670.4)
Equity attributable to equity holders of the parent		1,065.8	782.4
Non-controlling interests		188.6	134.0
Total equity		1,254.4	916.4

Company registration number 1403668 England and Wales.

These financial statements were approved on behalf of the Board of Directors on 14 June 2018 and were signed on its behalf by:

Jerry Buhlmann
Chief Executive Officer

Nick Priday
Chief Financial Officer

Dentsu Aegis Network Ltd

Consolidated statement of changes in equity

At 31 December 2017

	Share Capital	Share premium account	Other equity reserves*	Foreign currency translation reserve	Retained earnings	Potential acquisition of non-controlling interests	Sub-total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2016	78.5	724.0	0.2	(255.5)	275.6	(158.4)	664.4	48.2	712.6
Profit for the period	-	-	-	-	69.9	-	69.9	7.8	77.7
Currency translation differences on foreign operations	-	-	-	181.7	-	-	181.7	16.4	198.1
Net investment hedges of foreign operations	-	-	-	(13.5)	-	-	(13.5)	-	(13.5)
Cash flow hedges: movements taken to equity	-	-	-	-	(7.5)	-	(7.5)	-	(7.5)
Re-measurement loss recognised on defined benefit pension schemes	-	-	-	-	(0.7)	-	(0.7)	-	(0.7)
Tax on cash flow hedge movements taken to equity	-	-	-	-	1.3	-	1.3	-	1.3
Total comprehensive income and expense	-	-	-	168.2	63.0	-	231.2	24.2	255.4
New share capital subscribed	-	425.8	-	-	-	-	425.8	-	425.8
Acquisition of subsidiaries from parent undertaking	-	-	-	-	(14.4)	-	(14.4)	-	(14.4)
Transactions with Non-Controlling Interest	-	-	-	-	(12.6)	(512.0)	(524.6)	81.6	(443.0)
Dividends	-	-	-	-	-	-	-	(20.0)	(20.0)
Balance at 31 December 2016	78.5	1,149.8	0.2	(87.3)	311.6	(670.4)	782.4	134.0	916.4
Balance at 1 January 2017	78.5	1,149.8	0.2	(87.3)	311.6	(670.4)	782.4	134.0	916.4
Profit for the period	-	-	-	-	266.6	-	266.6	25.0	291.6
Currency translation differences on foreign operations	-	-	-	(25.2)	-	-	(25.2)	(8.7)	(33.9)
Net investment hedges of foreign operations	-	-	-	(4.6)	-	-	(4.6)	-	(4.6)
Transfer from foreign currency translation reserve to retained earnings	-	-	-	3.2	(3.2)	-	-	-	-
Cumulative foreign exchange gains on disposals	-	-	-	0.3	-	-	0.3	-	0.3
Available-for-sale investments: movements taken to equity	-	-	-	-	4.6	-	4.6	1.6	6.2
Cash flow hedges: movements taken to equity	-	-	-	-	5.6	-	5.6	-	5.6
Tax on movements taken to equity	-	-	-	-	(1.7)	-	(1.7)	(0.3)	(2.0)
Total comprehensive income and expense	-	-	-	(26.3)	271.9	-	245.6	17.6	263.2
New share capital subscribed	-	40.9	-	-	-	-	40.9	-	40.9
Acquisition of subsidiaries from parent undertaking	-	-	-	-	61.5	-	61.5	-	61.5
Transactions with Non-Controlling Interest	-	-	-	-	(24.0)	(40.6)	(64.6)	44.7	(19.9)
Dividends	-	-	-	-	-	-	-	(7.7)	(7.7)
Balance at 31 December 2017	78.5	1,190.7	0.2	(113.6)	621.0	(711.0)	1,065.8	188.6	1,254.4

*The other equity reserves relate to the capital redemption reserve.

Dentsu Aegis Network Ltd

Consolidated cash flow statement

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash inflow from operations	27	661.4	421.3
Income taxes paid		(88.2)	(96.0)
Net cash inflow from operating activities		573.2	325.3
Investing activities			
Interest received		10.5	9.1
Dividends received from associates		1.5	0.1
Net cash paid on purchase of subsidiaries	24	(267.7)	(977.1)
Net cash received on disposal of subsidiaries		0.5	1.0
Net cash invested in associates and joint ventures		(0.1)	(2.0)
Net cash received on disposal of associates and joint ventures		11.3	0.1
Payments of deferred consideration on current and prior period acquisitions		(142.7)	(175.5)
Purchase of property, plant and equipment and intangible assets		(117.6)	(96.0)
Proceeds from disposal of property, plant and equipment and intangible assets		2.8	2.0
Other investing activities		0.5	(11.2)
Net cash outflow from investing activities		(501.0)	(1,249.5)
Financing activities			
Dividends paid to non-controlling interests		(9.3)	(20.3)
Net cash paid on purchase of additional stakes in existing subsidiaries		(34.8)	(29.9)
Interest and other financial charges paid		(70.0)	(67.2)
Proceeds from borrowings		1,152.2	649.3
Repayments of borrowings		(706.9)	(221.9)
Proceeds on issue of ordinary share capital		35.0	50.0
Other financing activities		(2.7)	(16.8)
Net cash inflow from financing activities		363.5	343.2
Net increase/(decrease) in cash and cash equivalents	27	435.7	(581.0)
Translation differences		(35.8)	113.5
Cash and cash equivalents at beginning of financial year		181.9	649.4
Cash and cash equivalents at end of financial year	27	581.8	181.9
Represented by:			
Cash and short-term deposits		1,265.3	928.6
Cash and cash equivalents in the consolidated balance sheet		1,265.3	928.6
Bank overdrafts	27	(683.5)	(746.7)
Cash and cash equivalents in the consolidated cash flow statement		581.8	181.9

	1 January 2017 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	31 December 2017 £m
Analysis of net debt					
Cash and cash equivalents	181.9	435.7	-	(35.8)	581.8
Gross debt net of issue costs	(1,828.2)	(419.9)	(41.7)	175.5	(2,114.3)
Total	(1,646.3)	15.8	(41.7)	139.7	(1,532.2)

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements

For the year ended 31 December 2017

1. General information

Dentsu Aegis Network Ltd ("DAN Ltd" or "the Company") is a private company incorporated, domiciled and registered in England in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

These financial statements are presented in pound sterling (GBP), which is the Company's functional currency. Foreign operations are included in accordance with the policies set out in note 3.

2. Basis of preparation

The Dentsu Aegis Network Ltd Group ("the Group") comprises DAN Ltd and the companies directly and indirectly owned by DAN Ltd. The ultimate parent company of the Group is Dentsu Inc., whose consolidated financial statements are available at the Dentsu Inc. website: www.dentsu.com.

The group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; which presents information about the Company as a separate entity and not about its group. These are presented on pages 77 to 117. The financial statements have been prepared on the going concern basis of accounting for the reasons set out in the Directors' Report.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out in note 3.

There has been no material impact on the Group from any new standards, amendments or interpretations that are effective for the first time in 2017.

At the date of these financial statements, the following standards were in issue but not yet effective:

- IFRS 9 'Financial instruments' is effective for periods commencing on or after 1 January 2018. IFRS 9 is a replacement for IAS 39 'Financial Instruments' and contains requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting.

The standard retains but simplifies the mixed measurement model for financial assets with classification being dependent on the entity's business model and the contractual cash flow characteristics of the financial asset. The incurred impairment loss model for financial assets used in IAS 39 has been replaced by a new expected credit losses model. For financial liabilities there are minimal changes to classification and measurement requirements. Hedge accounting guidance under the standard changes hedge effectiveness requirements while allowing for more economic relationships to be designated as hedges.

The Group does not expect that the standard will have a significant impact on the financial statements of the Group.

- IFRS 15 'Revenue from Contracts with Customers' is effective for periods commencing on or after 1 January 2018. The standard introduces a five step approach to the timing and measurement of revenue recognition based on performance obligations identified in contracts with customers. The timing of recognition of revenue, as well as presentational considerations, are now driven by the transfer of control of goods and services rather than the IAS 18 'Revenue' requirements related to risk and reward.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

2. Basis of preparation (continued)

Under the new standard, the assessment of whether an entity acts as principal or agent is based on whether the entity controls third party goods or services before they are transferred to the customer. The standard identifies the following indicators to assist in the assessment of control: primary responsibility for contract fulfilment, inventory risk and pricing discretion. Where such goods and services are controlled by the entity before transfer, the entity is acting as principal and presents the revenue and costs in respect of the goods or services gross in the income statement.

The Group has performed a review of its contractual arrangements with customers and does not expect the application of the standard to have a material impact on the timing or measurement of the Group's revenue recognition. The application of the standard is expected to change how the Group presents certain third party costs incurred in fulfilling obligations to customers where it is assessed under IFRS 15 that the Group is acting as principal. However, the value of such third-party costs for the year ended 31 December 2017 is immaterial. The change will increase revenue and costs by the same amount and have no impact on operating profit.

- IFRS 16 'Leases' is effective for periods commencing on or after 1 January 2019. IFRS 16 replaces IAS 17 'Leases' and provides a single lessee accounting model, requiring lessees to recognise right of use assets and lease liabilities for all applicable leases. Given the size of the Group's lease commitments, the leasing standard is expected to have a material impact on net debt, gross assets, operating profit, interest and potentially taxes. The Group is currently assessing the financial and other implications of the new standard.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies

Principal accounting policies

The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

Basis of consolidation

(a) Subsidiaries

The consolidated financial statements incorporate the results, cash flows and net assets of DAN Ltd and the entities controlled by it (its subsidiaries) drawn up to 31 December each year after eliminating internal transactions and recognising any non-controlling interests in those entities. Control is achieved when the Group:

- a) Has power over the acquiree;
- b) Is exposed, or has rights, to variable returns from its involvement with the acquiree; and
- c) Has the ability to use its power to affect its returns.

The Group re-assesses whether it controls an acquiree if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where subsidiaries are acquired or disposed of in the year, their results and cash flows are included from the effective date of acquisition or up to the effective disposal date.

Where a consolidated company is less than 100% owned by the Group, the non-controlling interest share of the results and net assets are recognised at each reporting date. On initial recognition, the interests of non-controlling shareholders are ordinarily measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets as at acquisition date, but may alternatively be initially measured at fair value. The choice of measurement is made on an acquisition-by-acquisition basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where a business combination is achieved in stages, on the date control is achieved the Group re-measures its previously held equity interest in the acquiree at its acquisition-date fair value, with any resulting gain or loss recognised in profit or loss. Any amounts previously deferred in other comprehensive income are recognised on the same basis as if the Group had directly disposed of the equity interest.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. On the loss of control, the assets and liabilities of the subsidiary are derecognised, along with any related non-controlling interests and other components of equity. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the parent.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of the reclassified investment.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in the notes to the Company's separate financial statements.

(b) Associates

Associates are entities in which the Group has a participating interest, over whose operating and financial policies it exercises significant influence and which are neither subsidiaries nor joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The accounting policies used by the Group's associates are the same as those used by the Group, as are the reporting dates in the majority of cases.

An associate of the Group is accounted for using the equity method of accounting. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill within the associate's carrying amount and is assessed for impairment as part of that investment. The Group's share of its associate's post-acquisition profit or loss and any impairment of goodwill is recognised in the income statement and as a movement in the Group's share of the associate's net assets in the balance sheet. Its share of any post-acquisition movements in reserves is recognised either directly in equity or in other comprehensive income as appropriate. Where an associate's loss for the year is greater than the Group's interest in that associate, the carrying value of the associate is reduced to nil, with the excess portion of the losses only recognised to the extent that the Group has legal or constructive obligations or made payments on behalf of the associate. Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Joint arrangements

Joint arrangements are arrangements where two or more parties have joint control. Joint ventures are investments in a joint arrangement whereby the Group exercises joint control along with a third party and has rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. Such investments are equity-accounted, using the same method of equity accounting as described in associates above.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Basis of consolidation (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the acquisition-date fair values of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Where applicable, the consideration for the acquisition includes deferred consideration, measured at its acquisition-date fair value. Subsequent changes in the deferred consideration are adjusted against the cost of the acquisition when they qualify as measurement period adjustments (see below), or otherwise are accounted for as remeasurements in profit or loss.

The acquiree's identifiable assets and liabilities are recognised at their fair value at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts. Provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. This includes the intangible assets that arise as part of the business combination. During the measurement period the Goodwill is adjusted for the value of the business combination intangibles acquired, once completed.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the acquisition date, limited to one year.

For acquisitions of subsidiaries and businesses under the common control of the Dentsu Inc. Group, the DAN Ltd Group has elected to adopt the Pooling of Interest method for acquisitions. The consideration for each acquisition is measured against the acquisition balance sheet and any surplus recognised in equity.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Following initial recognition, goodwill is not amortised but 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 less any subsequent accumulated impairment losses.

Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Goodwill impairment

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Basis of consolidation (continued)

Goodwill impairment (continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss identified is first allocated to reduce the carrying amount of any goodwill attributed to that CGU with any excess impairment allocated on a pro rata basis to other assets within that CGU. The Group's CGUs are outlined in note 11.

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. Fair value is calculated based on the Group's valuation methodology, using discounted cash flows, charges avoided or replacement costs as appropriate.

An internally-generated intangible asset arising from the Group's development activities is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where these criteria are met, the development expenditure is capitalised at cost. Where they are not met, development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets (both internally generated and separately acquired) are amortised to residual values on a straight-line basis over their useful economic lives as follows:

Software	20% to 50% per annum
Customer relationships	10% to 20% per annum
Patents and trademarks	Nil to 20% per annum
Non-compete agreements	14% to 50% per annum
Intellectual property	33% per annum
Other	10% to 50% per annum

Once an acquired intangible asset has exceeded its useful economic life, the cost and accumulated amortisation of the asset is removed from the balance sheet as an asset retirement. Where an asset's useful life is considered indefinite, an annual impairment test is performed (see below).

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged to write off the cost of these assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

Freehold buildings	1% to 5% per annum
Leasehold buildings	Over the period of the lease
Leasehold improvements	10% to 20% per annum or over the period of the lease, if shorter
Office furniture, fixtures, equipment and vehicles	10% to 50% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (both internally generated and separately acquired) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Work in progress

Work in progress is valued at cost, which includes directly attributable costs incurred on behalf of clients. A provision is made for irrecoverable costs where appropriate.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, including the risks and uncertainties surrounding the obligation.

Where leasehold properties remain unutilised by the Group or where the Group is demonstrably committed to a period of non-utilisation, and such properties have not been sublet, provision is made in full for the unavoidable costs of the lease. The unavoidable costs are net of any future sublet income reasonably expected to be obtained. Future lease payments are charged against this provision in the period in which they are made.

From time to time the Group is exposed to legal claims. Provision for costs is made when it is more likely than not, taking account of all available evidence, including legal advice, that a present obligation exists at balance sheet date and other recognition criteria described above are met.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

3. Accounting policies (continued)**Turnover and revenue**

Turnover represents amounts billable for advertising and media investments managed by the Group on behalf of clients, together with fees earned for media projects and market research services provided, net of discounts, VAT and other sales-related taxes.

Revenue is derived from arrangements involving fees for advertising services, commissions on media placements, performance-related revenue or a combination of the three, as agreed upon with each client. Revenue is recognised in line with the underlying arrangements with customers.

Fee and commission revenue is recognised when earned, principally when advertisements appear in the media over the period of the relevant assignments or agreements.

Performance related revenue is recognised when it can be reliably estimated whether, and the extent to which, the qualitative and quantitative performance criteria have been met.

For market research and media project businesses, revenue is recognised based on the stage of completion of each project, which is indicated by the satisfactory completion of a specific phase of a project. Provision is made for unavoidable losses as they arise. Invoices raised during the course of a project are booked as deferred income in the balance sheet until such a time as the related revenue is recognised in the income statement.

The amount of revenue recognised depends on whether the Group acts as agent or principal in an arrangement with a client. Where acting as agent, the revenue recorded is the net amount retained when the fee or commission is earned. Although the Group may bear credit risk in respect of these activities, the arrangements with clients are such that the Group is acting as an agent on the client's behalf. In such cases, costs incurred with external suppliers (such as media suppliers) are excluded from revenue. Where the Group acts as principal the revenue recorded is the gross amount billed.

Finance income

Finance income comprises interest income, fair value gains, dividend income and net foreign exchange gains that are recognised in the income statement (see foreign currency accounting policy).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Remeasurement gains on deferred consideration and put options, which result from the liability being less than the amount payable, are recognised as a gain within finance income.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Finance expenses

Finance expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Interest payable is recognised in the income statement as it accrues, using the effective interest method.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Finance expenses (continued)

Remeasurement losses on deferred consideration and put options, which result from the liability being greater than the amount payable, are recognised as a loss within finance expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Deferred incentives

Liabilities are held in respect of deferred incentive payments to certain employees in relation to the Group's long-term incentive schemes. The payment of these incentives is conditional on continued employment for specific periods and, in certain cases, on business performance.

Retirement benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. At DAN Ltd, retirement benefits for employees are principally provided by such defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the income statement is the contribution payable in the year by Group companies.

A defined benefit scheme is any post-employment benefit plan other than a defined contribution plan. The Group operates a small number of retirement benefit schemes that do not fall under the definition of defined contribution schemes, principally where required by local statutory regulations. The principal schemes are located in Germany, Italy, France and Switzerland. Under these schemes, the Group's liabilities in respect of past service are fixed as a percentage of past salaries, but the schemes do not meet the definition of defined contribution schemes because contributions have not been paid to a separate entity. These schemes are not considered by management to represent standard defined benefit schemes and do not vary significantly in terms of the Group's liability. However, IAS 19 requires that these schemes be disclosed as defined benefit schemes.

The principal funded defined benefit scheme is in Germany. The assets of this scheme are held separately from those of the Group in independently administered funds, in accordance with scheme rules and statutory requirements. The unfunded defined benefit schemes are principally in Italy, France and Switzerland.

The re-measurement gains and losses of these schemes are recognised immediately in other comprehensive income. The service cost to the Group and interest expense is recognised in the income statement in the period that they arise.

The liability recognised in the balance sheet in respect of defined benefit obligations is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme. The defined benefit obligation is calculated using the project unit credit method with actuarial valuations being carried out at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds approximating to the terms of the related liability.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Retirement benefits (continued)

The actuarial valuations are obtained at least triennially, with the most recent actuarial valuations of plan assets and the present value of the defined benefit obligation being carried out at 31 December 2016. The present value of the defined benefit obligation, the related service cost and the past service cost were measured using the projected unit credit method.

Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are re-translated at the exchange rate ruling at the balance sheet date. Upon settlement, monetary assets and liabilities denominated in foreign currencies are re-translated at the rate ruling on the settlement date. Exchange differences arising upon re-translation at the balance sheet date or settlement date are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the re-translation of foreign currency borrowings used to provide a hedge against foreign currency investments, including goodwill, are recognised in other comprehensive income where the hedge remains effective.

For consolidation purposes, the trading results and cash flows arising in operations with non-sterling functional currencies are translated into pound sterling at average exchange rates for the period, which approximate the foreign exchange rates ruling at the dates of the transactions within the period. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

Exchange differences arising upon consolidation are recognised in other comprehensive income and maintained in the Foreign Currency Translation Reserve within Equity. In the event of the disposal of an operation, the cumulative effect of such translation is reclassified to the income statement.

Leased assets

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rentals are charged to the income statement over the lease term on a straight-line basis. In the event that lease incentives are received to enter into operating leases, such incentives are initially recognised as a liability and subsequently recognised as a reduction of rental expense on a straight-line basis.

Taxation

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax nor accounting profit.

Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will affect the associated goodwill recognised on acquisition.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities under current legislation and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets

Classification

Management determines the classification of its financial assets at initial recognition. The classifications include the following:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. The Group's financial assets at fair value through profit or loss comprise derivatives financial assets in the balance sheet.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group's available-for-sale financial assets are referred to as such in the balance sheet.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Group intends, and is able, to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Held to maturity investments are measured at amortised cost.

Recognition and measurement

The Group's financial assets principally include the following:

a) Cash and short-term deposits

Included within the loans and receivables classification, and presented as cash and cash equivalents in the consolidated balance sheet, cash and short-term deposits include cash at bank and in hand and highly liquid deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in value. In the consolidated cash flow statement, bank overdrafts are deducted from cash and short-term deposits to give cash and cash equivalents.

b) Trade receivables

Included within the loans and receivables classification, trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Current trade receivables do not carry any interest charge. Interest may be charged on overdue balances.

c) Available-for-sale financial assets

Available-for-sale financial assets are initially measured at cost, including transaction costs, and at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the net profit or loss for the year. Impairment losses recognised in the income statement for equity instruments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment of financial assets

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Offsetting of balances within financial assets

In line with IAS 32, the Group has a legally enforceable right, through signed legal agreements, to offset cash deposits and overdrafts that are in cash-pool arrangements with relationship banks. The Group does not offset other financial assets and liabilities where there is no legally enforceable right to do so. The amounts offset are presented gross in note 19.

Financial liabilities and equity

Classification

Management determines the classification of its financial liabilities at initial recognition according to the substance of the contractual arrangements entered into. The classifications include the following:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either designated in this category; or they are held for trading, such as an obligation for securities borrowed in a short sale which are required to be returned in the future. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. The Group's financial liabilities at fair value through profit or loss are disclosed as such in the balance sheet.

Other financial liabilities measured at amortised cost using the effective interest method

Other financial liabilities measured at amortised cost using the effective interest method are non-derivative financial liabilities which are not designated on initial recognition as liabilities at fair value through profit or loss.

a) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value less attributable transaction 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 are charged to the income statement as incurred 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.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

b) Trade Payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity instruments. Equity instruments issued by the Company are recorded at the value of proceeds received, net of direct issue costs.

Derivative financial instruments

The Group's activities expose it to certain financial risks including changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures where they are considered to be significant. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are held at fair value at the balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges, are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts deferred in this way are recognised in the income statement in the same period in which the hedged firm commitments or forecast transactions are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Although hedge accounting does not apply in these instances, the changes in the fair value may result in a natural hedge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement. Note 19 includes further information on hedge accounting as applied by the Group.

Liabilities in respect of put option agreements over non-controlling interests

The Group is party to a number of put and call options over the remaining non-controlling interests in its subsidiaries. In accordance with IAS 32, a put option over equity instruments and the amount that is to be potentially paid for the interest in the subsidiary is recorded as a financial liability measured at the present value of the future redemption amount. Subsequent remeasurements are recorded in the income statement. The Group applies the present access method for the non-controlling interests recognition in relation to put options.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

3. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Liabilities in respect of put option agreements over non-controlling interests (continued)

On exercise and settlement of a put option liability the cumulative amount is removed from the potential acquisition of non-controlling interests reserve, along with the de-recognition of non-controlling interests.

Fair value measurement

The Group applies the requirements of IFRS 13 Fair Value Measurement. In accordance with its provisions, all assets and liabilities which are measured at fair value are classified within the hierarchy levels of 1, 2, 3 as defined in note 19.

The Group assesses whether there have been any transfers between the hierarchy levels through an annual review. In this review, there is an assessment of whether there have been any changes to the nature of the inputs in each level.

Credit value adjustments and debt value adjustments are derived by the Group and applied to the valuation of the respective financial instruments to reflect the credit risk of the derivative counter-party.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise held-to-maturity investments and quoted available-for-sale investments.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 2 comprise derivative instruments, which are calculated using quoted prices and yield curves derived from these quoted prices.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Put option liabilities and deferred consideration are calculated as the present value of the future redemption amount.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

3. Accounting policies (continued)**Share-based payments**

In the prior year, the Group acquired Merkle, Inc. which operates a share option scheme for certain employees. This share option scheme remains in place post-acquisition. The Group considers these share options to be cash-settled share-based payments and accounts for these in accordance with IFRS 2 Share Based Payments.

The fair value is measured at grant date, at each reporting date and up to, and including, the settlement date, with changes recognised in the income statement. More details of how the fair value is determined can be found in note 26.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

4. Critical accounting estimates and judgements

The Group makes estimates and judgements concerning the future, and the resulting estimates may, by definition, vary from the related actual results. The Directors consider the critical accounting estimates and judgements to be:

Revenue recognition

Judgement is required in selecting the appropriate timing and amount of revenue recognised, particularly where the Group recognises performance related income. Revenue is only recognised when it can be reliably estimated using customer specific information and, where there is a performance related element, to the extent to which the performance criteria have been met.

The likelihood of collection of trade receivables also requires judgement to be applied. The Group monitors the levels of provisioning required based on historical trends and by detailed review of individually significant balances.

Deferred consideration and put option payments in respect of acquisitions

The Group determines the amount of deferred consideration and put option liabilities to be recognised according to the formulae agreed at time of acquisition, normally related to the future earnings of the acquired entity. Estimates of the expected future earnings of the acquired entity therefore affect the valuation of deferred consideration.

Key areas of judgement in calculating the carrying value of deferred consideration and put option liabilities are the expected future cash flows of the acquired entity, the timing of exercise of options and the discount rate.

Valuation of acquired intangible assets

The Group exercises judgement in determining the fair value of identifiable assets acquired and liabilities assumed in business combinations. In calculating the fair values of intangibles, the Group makes assumptions on the timing and amount of future cash flows generated by the assets it has acquired, the appropriate discount rates and the useful economic lives of the assets purchased.

Impairment

In determining whether an impairment loss has arisen on goodwill or intangible assets the Group makes judgements over the value-in-use of its CGUs. In calculating the value-in-use of a CGU the Group makes estimates of future forecast cash flows and discount rates to derive a net present value of these cash flows and determine if an impairment has occurred. Key areas of judgement include the forecasted revenue growth and operating margins, as well as the determination of the long-term growth rate applicable to each CGU. See note 11 for further details.

Share-based payments

Estimating the fair value for share-based payment transactions requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, and grant date share price. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 26.

Current tax

Tax laws that apply to the Group's businesses may be amended by the relevant authorities, for example as a result of changes in fiscal circumstances or priorities. Such potential amendments and their application to the Group are regularly monitored and the requirement for recognition of any liabilities assessed where necessary.

Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore may impact the Group's results and future cash flows.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

4. Critical accounting estimates and judgements (continued)

Deferred tax

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation of temporary differences. In particular, an assessment is required of whether it is probable that there will be suitable future taxable profits against which any recognised and unrecognised deferred tax assets can be utilised.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

5. Operating profit

Operating profit for the Group has been arrived at after charging/(crediting):

	2017	2016
	£m	£m
Net foreign exchange losses/(gains)	2.7	(9.9)
Depreciation of property, plant and equipment	63.1	47.5
Amortisation of intangible assets	182.7	129.6
Impairment of property, plant and equipment	0.6	-
Impairment of intangible assets	0.3	-
Impairment of goodwill	4.0	-
Loss on disposal of subsidiaries	1.1	6.7
Operating lease expense	155.7	108.4
Staff costs	2,082.1	1,594.3
Other	564.7	474.1
Total operating expenses	3,057.0	2,350.7

Other operating expenses for the current and prior year largely consists of administrative expenses, management charges and maintenance costs.

Defined contribution schemes

Retirement benefits for employees are principally provided by defined contribution schemes which are funded by contributions from Group companies and employees. The amount charged to the income statement of £42.8m (2016: £31.1m) represents contributions payable in the year to these schemes at rates specified in the rules of the plans. As at 31 December 2017, contributions of £5.6m (2016: £4.2m) due in respect of the current reporting period had not been paid over to the schemes.

Fees paid to auditor

	2017	2017	2016	2016
	£m	%	£m	%
Audit fees				
Audit of these financial statements	0.5	8.5%	0.6	9.8%
Amounts receivable by the Company's auditor and its associates in respect of:				
Audit of financial statements of subsidiaries of the company	4.5	76.2%	4.1	67.2%
Other services				
Other tax advisory services	0.3	5.1%	0.8	13.2%
Audit-related assurance services	0.2	3.4%	-	0.0%
All other services	0.4	6.8%	0.6	9.8%
Total fees paid to the Company's auditor	5.9	100.0%	6.1	100.0%

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

6. Staff costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2017 Number	2016 Number
DAN Operations	36,555	27,412
Corporate	522	337
	37,077	27,749

Staff costs consist of:

	2017 £m	2016 £m
Wages, salaries, bonus and benefits	1,847.8	1,414.6
Social security costs	188.3	147.5
Other pension costs	46.0	32.2
	2,082.1	1,594.3

Directors remuneration

	Aggregate		Highest paid Director	
	2017	2016	2017	2016
	£m	£m	£m	£m
Directors' remuneration	5.4	14.7	1.0	4.2
Amounts receivable under long term incentive schemes	7.6	15.0	2.9	6.6
Company contributions to money purchase pension plans	1.5	1.4	0.3	0.3
	14.5	31.1	4.2	11.1

Post-employment benefits were accrued for three Directors (2016: three Directors) under a money purchase scheme. In addition, six Directors received cash payments in lieu of contributions to money purchase schemes. The amount shown above includes the aggregate value of company contributions paid (or accrued) to a pension scheme in respect of money purchase benefits, as well as the cash payments to the Directors.

During the year, no Directors (2016: nil) exercised share options in the Company and no Directors (2016: nil) received shares, or had shares receivable under long term incentive schemes, in respect of their qualifying service.

7. Finance income

	2017 £m	2016 £m
Interest income on financial assets	14.0	9.8
Remeasurements of deferred consideration and put option liabilities	91.7	-
Finance income	105.7	9.8

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

8. Finance expenses

	2017 £m	2016 £m
Interest expense on overdrafts	(10.3)	(6.0)
Interest expense on bank loans, loan notes, other loans	(48.9)	(25.6)
Other interest expenses	(6.5)	(6.5)
Total interest expense on financial liabilities measured at amortised cost	(65.7)	(38.1)
Remeasurements of deferred consideration and put option liabilities	-	(34.9)
Interest expense on redeemable preference shares	-	(22.7)
Other movements	(7.7)	(6.4)
Finance expenses	(73.4)	(102.1)

Other movements on financing items includes fair value movements in derivative instruments intended to provide a natural hedge of exchange rate risk. Information on the Group's designated hedges is given in note 19.

9. Tax on profit on ordinary activities

The tax charge for continuing operations is made up of the following:

	2017 £m	2016 £m
Current tax	106.6	76.0
Adjustments in respect of prior years	(1.0)	6.0
	105.6	82.0
Deferred tax (note 20)		
Origination and reversal of temporary differences	(33.1)	(10.8)
Reduction in tax rate	(50.7)	3.2
Recognition of previously unrecognised tax losses	(4.7)	(7.2)
Recognition of previously unrecognised temporary differences	(0.3)	(0.1)
	(88.8)	(14.9)
	16.8	67.1

The tax charge for the year ended 31 December 2017 is £16.8m (2016: £67.1m) representing an effective tax rate (including deferred tax on goodwill) on statutory profits of 5.4% (2016: 46.3%). The tax charge for the year ended 31 December 2017 includes a deferred tax expense of £19.0m (2016: £24.9m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale.

UK Corporation tax is calculated at 19.25% (2016: 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The UK Government enacted legislation which reduced the UK corporation tax rate from 19% to 18% (effective 1 April 2020) on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The net UK deferred tax asset has been calculated using the substantially enacted rates applicable when the temporary difference is expected to reverse. The impact on the Group's net assets is not expected to be material.

The recently enacted US tax reform introduced a number of complex provisions, but the key change was the reduction of the US federal corporate income tax rate from 35% to 21% (effective 1 January 2018). Dentsu Aegis Network Ltd is reviewing the overall impact of these changes for future periods.

However, the lowering of the US corporate income tax rate to 21% requires a revaluation of the US deferred tax assets and liabilities held by Dentsu Aegis Network Ltd as at 31 December 2017. There was a one off credit to the Group

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

9. Tax on profit on ordinary activities (continued)

Income Statement of £40.2m - this is mainly as a result of the US corporate income tax rate reduction, after a charge in respect of a new transition tax, which partially offsets this credit.

The total tax charge recognised in other comprehensive income is as follows:

	2017 £m	2016 £m
Items that may be subsequently reclassified to profit or loss		
Tax on cash flow hedge movements taken to equity	(0.8)	(1.3)
Tax on available-for-sale investments movements taken to equity	(1.2)	-
Tax expense for the year	(2.0)	(1.3)

The total tax charge recognised directly in equity during the year was £nil (2016: £nil).

The total charge for the year for the Group can be reconciled to the accounting profit as follows:

	2017 £m	2016 £m
Profit before income tax	308.4	144.8
Tax at the UK corporation tax rate of 19.25% (2016: 20.0%)	59.4	29.0
Adjustments in respect of prior years – current and deferred tax	(10.4)	7.8
Non-deductible expenses for tax purposes	-	1.0
Non-taxable income for tax purposes	(15.2)	-
Rate differences on overseas earnings	7.6	20.8
Movement in tax losses not recognised	(0.7)	(3.0)
Impact of US tax reform	(40.2)	-
Local tax charge	8.2	5.8
Withholding taxes and other charges for the period	7.7	6.0
Other differences	0.4	(0.3)
Tax expense for the year	16.8	67.1
Effective rate of statutory tax charge on statutory profits	5.4%	46.3%

IAS 1 requires income from associates to be presented net of tax on the face of the income statement and not in the Group's tax charge. Associates' tax included within 'share of results of associates' for the year ended 31 December 2017 is £nil (2016: £0.3m).

10. Business disposals

In 2017 the Group disposed of the New World Group of companies in Belgium and the Netherlands, generating an impairment loss of £4.0m and a loss on disposal of £1.1m.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

11. Goodwill

Cost	£m
At 1 January 2016	1,975.5
Additions	1,097.5
Measurement period adjustments	15.7
Exchange differences	418.9
At 31 December 2016	3,507.6
Additions	377.8
Measurement period adjustments	7.8
Disposal	(4.0)
Exchange differences	(186.4)
At 31 December 2017	3,702.8
 Accumulated impairment losses	
At 1 January 2016	43.5
Impairment losses for the year	-
At 31 December 2016	43.5
Impairment losses for the year	4.0
Disposal	(4.0)
At 31 December 2017	43.5
 Carrying amount	 £m
 At 31 December 2017	 3,659.3
 At 31 December 2016	 3,464.1

Measurement period adjustments relate to adjustments made during the measurement period to the provisional net assets and deferred consideration that were recognised at the acquisition date. These adjustments are made in order to reflect new information obtained about facts and circumstances that existed as of the acquisition date, in accordance with IFRS 3. Under IFRS 3 the Group has 12 months in which to finalise the goodwill valuation and purchase price allocation for each acquisition.

The increase in goodwill is a result of DAN completing the acquisitions of 25 entities in 2017.

During the year, the Group disposed of the New World Group of companies in Belgium and the Netherlands.

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2017 £m	2016 £m
EMEA	1,022.0	718.8
Americas	1,840.0	2,055.9
Asia Pacific	797.3	689.4
Total Group	3,659.3	3,464.1

Goodwill is assessed for impairment annually.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

11. Goodwill (continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and management forecasts for the subsequent four years. These calculations reflect management's experience and future expectations of the markets in which the CGU operates. Long-term average growth rates after the 5-year specific forecast, used in the projections on the markets in which the CGU operates, and overall, approximates 2.0% (2016: 2.0%). The pre-tax rate used to discount the forecast cash flows is 10.5% (2016: 12.6%). This discount rate has been applied to all CGUs given the CGUs are considered to have similar risk and market profiles.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as market growth, discount rates and currency exchange rates. A reasonably possible change in key assumptions is not expected to result in any impairment.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

12. Intangible assets

	Software £m	Customer Relationships £m	Non-compete Agreements £m	Intellectual Property £m	Other £m	Total £m
Cost						
At 1 January 2016	113.4	328.9	39.3	29.4	28.6	539.6
Additions						
- separately acquired	29.0	-	-	-	2.4	31.4
- internally generated	0.9	-	-	-	0.5	1.4
Acquired on acquisition of a subsidiary	3.2	251.7	16.4	181.6	84.9	537.8
Disposals	(0.9)	-	-	-	(0.4)	(1.3)
Assets retired	-	(49.8)	(3.7)	(4.7)	(5.0)	(63.2)
Transfers and other movements	(5.8)	2.0	(0.5)	(0.5)	(0.5)	(5.3)
Exchange differences	6.7	95.2	8.1	25.5	13.8	149.3
At 31 December 2016	146.5	628.0	59.6	231.3	124.3	1,189.7
Additions						
- separately acquired	14.1	-	-	-	7.1	21.2
- internally generated	21.7	-	-	-	1.1	22.8
Acquired on acquisition of a subsidiary	1.1	99.7	27.3	8.0	14.2	150.3
Disposals	(7.9)	(2.1)	(0.3)	(0.3)	(1.2)	(11.8)
Assets retired	-	(86.9)	(5.0)	(7.0)	(5.2)	(104.1)
Transfers and other movements	0.3	0.4	-	-	(0.5)	0.2
Exchange differences	(1.2)	(37.3)	(1.8)	(19.5)	(7.5)	(67.3)
At 31 December 2017	174.6	601.8	79.8	212.5	132.3	1,201.0

Accumulated amortisation and impairment losses

At 1 January 2016	47.9	147.4	20.5	12.7	12.2	240.7
Charge for the year	15.8	76.9	8.1	14.5	14.3	129.6
Disposals	(0.8)	-	-	-	(0.2)	(1.0)
Assets retired	-	(49.8)	(3.7)	(4.7)	(5.0)	(63.2)
Impairments	-	-	-	-	-	-
Transfers and other movements	(4.1)	(5.1)	(0.6)	(0.6)	(0.1)	(10.5)
Exchange differences	5.0	48.0	4.7	6.5	4.5	68.7
At 31 December 2016	63.8	217.4	29.0	28.4	25.7	364.3
Charge for the year	22.4	96.6	12.6	22.8	28.3	182.7
Disposals	(7.4)	(1.7)	(0.3)	(0.3)	(1.9)	(11.6)
Assets retired	-	(86.9)	(5.0)	(7.0)	(5.2)	(104.1)
Impairments	(0.1)	0.3	0.1	-	-	0.3
Transfers and other movements	0.1	-	-	-	(1.3)	(1.2)
Exchange differences	(0.9)	(14.2)	(0.7)	(3.0)	(1.3)	(20.1)
At 31 December 2017	77.9	211.5	35.7	40.9	44.3	410.3

Carrying amount

At 31 December 2017	96.7	390.3	44.1	171.6	88.0	790.7
At 31 December 2016	82.7	410.6	30.6	202.9	98.6	825.4

Proceeds from the disposal of intangible assets during the year were £0.3m (2016: £0.4m).

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

13. Property, plant and equipment

	Freehold land and buildings	Long leasehold and leasehold improvements	Office furniture, fixtures, equipment and vehicles	Total
Cost	£m	£m	£m	£m
At 1 January 2016	1.1	134.9	159.6	295.6
Additions	0.4	33.6	29.3	63.3
Acquisitions of subsidiaries	0.4	10.9	15.5	26.8
Disposals and assets retired	(0.6)	(1.8)	(8.4)	(10.8)
Disposal of subsidiaries	-	(0.4)	(3.7)	(4.1)
Transfers and other movements	-	(1.9)	0.2	(1.7)
Exchange differences	0.1	25.6	25.7	51.4
At 31 December 2016	1.4	200.9	218.2	420.5
Additions	0.5	36.6	36.5	73.6
Acquisitions of subsidiaries	0.2	2.4	7.7	10.3
Disposals and assets retired	-	(9.8)	(21.0)	(30.8)
Disposal of subsidiaries	-	(0.8)	(1.7)	(2.5)
Transfers and other movements	-	0.7	1.6	2.3
Exchange differences	-	(11.9)	(8.9)	(20.8)
At 31 December 2017	2.1	218.1	232.4	452.6
Accumulated depreciation and impairment losses				
At 1 January 2016	0.4	60.8	99.8	161.0
Charge for the year	0.2	18.4	28.9	47.5
Disposals and assets retired	(0.2)	(1.5)	(7.5)	(9.2)
Disposals of subsidiaries	-	(0.3)	(1.3)	(1.6)
Transfers and other movements	(0.1)	0.1	0.5	0.5
Exchange differences	-	11.2	15.6	26.8
At 31 December 2016	0.3	88.7	136.0	225.0
Charge for the year	0.1	26.1	36.9	63.1
Disposals and assets retired	-	(9.1)	(19.3)	(28.4)
Disposals of subsidiaries	-	(0.5)	(1.1)	(1.6)
Impairment	-	-	0.6	0.6
Transfers and other movements	-	1.1	1.3	2.4
Exchange differences	-	(5.4)	(6.4)	(11.8)
At 31 December 2017	0.4	100.9	148.0	249.3
Carrying amount				
At 31 December 2017	1.7	117.2	84.4	203.3
At 31 December 2016	1.1	112.2	82.2	195.5

At 31 December 2017, the Group had £0.4m capital commitments contracted, but not provided, for the acquisition of property, plant and equipment (2016: £4.4m). These commitments arise primarily in relation to leasehold improvements and office furniture and fittings in new premises. Proceeds from the disposal of property, plant and equipment, excluding assets disposed as part of the disposal of subsidiaries, are £2.5m (2016: £1.6m).

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

14. Interests in associates and joint ventures

	Associates & Joint Ventures	£m
At 1 January 2017		21.3
Share of results after tax		1.1
Additions		9.3
Disposal		(6.3)
Transfers		(0.2)
Dividends received		(0.9)
Exchange differences		(0.1)
At 31 December 2017		24.2

Investments in associates at 31 December 2017 include goodwill of £16.7m (2016: £5.4m).

The additions of £9.3m primarily relate to the additional stake (23%) of Taproot India acquired in the year, which brought the Company's total shareholding to 48%. The major shareholder of this entity is Dentsu Inc. who directly or indirectly own 99%.

The disposal of £6.3m relates to Tigerspike, a small agency in Australia and Singapore that was originally purchased as part of a wider acquisition.

There is no cumulative unrecognised share of losses as of end of 2017 (2016: £0.4m).

The balance of £24.2m comprises of the investment in Taproot India of £19.3m, and a number of small investments which are held by other Group companies.

15. Available-for-sale financial assets

	2017	2016
	£m	£m
Equity investments	59.5	16.8

During 2017, the Group acquired the Dentsu Thailand Group from Dentsu Inc. which had an existing investment of £23.9m in Workpoint Entertainment Ltd (Thailand). DAN also acquired a 12.5% stake in Relativity Media LLC (U.S.) valued at £18.5m. The remaining balance largely relates to an investment in iOne Group (U.S.), with a number of small unlisted securities and investments in private companies, which are held by other Group companies.

£2.9m (2016: £0.7m) of the above equity investments are held as current assets.

16. Work in progress

	2017	2016
	£m	£m
Work in progress	40.1	32.3

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

17. Trade and other receivables

	2017 £m	2016 £m
Trade receivables and accrued income	5,572.5	5,028.1
Prepayments	124.3	127.4
Tax receivable	171.2	157.3
Receivables from Parent and other Dentsu Group entities	36.0	49.4
Amount receivable from associated undertakings	4.9	6.5
Other receivables	119.8	95.2
	6,028.7	5,463.9

Receivables from the ultimate parent Dentsu Inc. and other Dentsu Inc. subsidiaries are disclosed in note 29 Related party transactions.

The average credit period taken for trade receivables is 48 days (2016: 45 days). The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade receivables for the Group are stated net of an allowance for doubtful receivables of £136.5m (2016: £111.3m).

Allowance for doubtful receivables

	£m
At 1 January 2016	84.1
Provided in the year	9.3
Acquisition of subsidiaries	0.3
Release/Utilisation of allowance	(2.9)
Exchange differences	20.5
At 31 December 2016	111.3
Provided in the year	16.1
Acquisition of subsidiaries	12.4
Release of allowance	(4.1)
Utilisation of allowance	(1.5)
Exchange differences	2.3
At 31 December 2017	136.5

As of 31 December 2017, trade receivables of £1,615.4m (2016: £1,233.0m) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2017 £m	2016 £m
Under 3 months	1,409.4	1,080.2
Over 3 months	206.0	152.8
	1,615.4	1,233.0

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

18. Trade and other payables

	2017 £m	2016 £m
Trade payables and accruals	5,653.9	5,080.0
Deferred income	187.3	165.8
Taxation and social security	190.1	179.9
Deferred consideration	158.3	124.0
Payables to Parent and other Dentsu Group entities	36.7	18.4
Amount payable to associated undertakings	3.4	1.8
Advanced payments and billings	171.4	115.3
Other payables	409.6	403.6
	6,810.7	6,088.8

Payables to the ultimate parent Dentsu Inc. and other Dentsu Inc. subsidiaries are disclosed in note 29 Related party transactions.

The average credit period taken for trade payables is 41 days (2016: 37 days). The Directors consider that the carrying amount of trade payables approximates their fair value.

19. Financial instruments

The Group has established objectives concerning the holding and use of financial instruments. The key objective is to manage the financial risks faced by the Group, which are discussed below. Formal policies and guidelines have been set to achieve these objectives and it is the responsibility of Group Treasury to implement these policies using the strategies set out below.

The Group manages its capital to enable the entities in the Group to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the Group's borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital and reserves and retained earnings.

The Group does not trade in financial instruments nor engage in speculative arrangements and it is the Group's policy not to use any complex financial instruments, unless, in exceptional circumstances, it is necessary to cover defined risks.

Management of financial risk

The Group considers its major financial risks to be currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies with regard to these risks and the strategies concerning how financial instruments are used to manage these risks are set out below.

Currency risk

A significant portion of the Group's activities take place overseas. The Group therefore faces currency exposures on transactions undertaken by subsidiaries in foreign currencies and upon consolidation, following the translation of the local currency results and net assets/liabilities of overseas subsidiaries.

The Group's foreign currency management policy requires subsidiaries to hedge all transactions and financial instruments with material currency exposures. The Group is party to a number of foreign currency forward contracts in the management of exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets. These are held at fair value at the balance sheet date. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted rates matching the maturities of the contracts. Movements in the fair value of forward foreign exchange contracts are taken to the

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

19. Financial instruments (continued)**Currency risk (continued)**

income statement. The total notional amounts of outstanding forward foreign exchange contracts that the Group has committed are shown below.

	2017 £m	2016 £m
Forward foreign exchange contracts - notional principal	210.1	160.9

In line with the Group's overall funding strategy, the Group may borrow centrally or locally. When borrowing locally, this acts as a natural hedge against the translation risk arising from its net investments overseas. Where major borrowings are denominated in a currency other than pound sterling, the Group may enter into cross-currency swaps to reduce currency risk. A currency analysis of borrowings and other financial liabilities is given in section c) of this note.

The following table details the Group's sensitivity to a 1% increase in the Sterling against the significant foreign currencies of the Group. The sensitivity analysis was performed taking outstanding foreign currency denominated monetary items as at year end and adjusting their translation at the period end for a 1% change in foreign currency rates. The sensitivity analysis includes external loans and excludes any amount of sensitivity arising from receivables and payables to Dentsu Inc. and its consolidated subsidiaries. For a 1% weakening of the Sterling against the relevant currency, there would be an equal and opposite impact on the profit before tax and other comprehensive income.

	Euro Currency Impact		US Dollar Currency Impact	
	2017 £m	2016 £m	2017 £m	2016 £m
	(0.3)	(0.3)	-	(0.1)
Profit before tax				
Other comprehensive income	1.2	1.1	-	-

Liquidity risk

The Group's objective of ensuring that adequate funding is in place is achieved by having agreed sufficient committed bank facilities. The Group also seeks to manage its working capital requirement by requiring clients to pay for media in advance whenever possible.

At 31 December 2017, the Group had net debt (before issue costs of new debt) of £1,536.9m (2016: £1,647.7m). The Group had cash and cash equivalents of £581.8m at 31 December 2017 (2016: £181.9m) and gross borrowings (before issue costs of new debt and excluding overdrafts which are included in cash and cash equivalents) of £2,118.7m (2016: £1,829.6m). The Group's principal debt instruments are subject to certain financial covenants.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

Liquidity risk (continued)

The following table represents the carrying value of the structured unsecured loans included within gross borrowings:

Description	Interest rate	Maturity date	£m	2018 £m	2019 £m	2020 £m	2021+ £m
Dentsu Inc. Loan \$400m	2.04%	2018	296.9	296.9	-	-	-
Mitsubishi UFJ Trust and Banking Corp debt \$400m	1.64%	2020	296.7	-	-	296.7	-
Mizuho bank debt £120m	0.88%	2019	120.2	-	120.2	-	-
Mitsubishi UFJ Trust and Banking Corp debt £60m	0.93%	2019	60.1	-	60.1	-	-
The Bank of Tokyo Mitsubishi UFJ debt \$96m	2.27%	2019	71.3	-	71.3	-	-
Sumitomo Mitsui Banking Corp debt \$96m	1.86%	2019	71.2	-	71.2	-	-
Bank of Tokyo Mitsubishi UFJ, Ltd debt \$500m	3.15%	2024	370.3	-	-	-	370.3
Sumitomo Mitsui Banking Corporation Europe limited \$400m	3.26%	2024	296.2	-	-	-	296.2
Bank of Tokyo Mitsubishi UFJ Ltd \$200m	2.14%	2022	148.0	-	-	-	148.0
Bank of Tokyo Mitsubishi UFJ Ltd \$200m	2.26%	2024	148.0	-	-	-	148.0

The group has a core revolving credit facility and term loan agreements of £800m. At 31 December 2017, this facility was undrawn, giving the Group total undrawn committed facilities of £800m (2016: £500m).

Interest rate risk

Borrowings are held at fixed and floating rates. Certain portions of the Group's borrowings are subject to interest rate swaps.

The Group has in place cash pooling arrangements in a number of territories. These enable the Group to minimise the interest paid on short-term borrowings and overdrafts, whilst allowing net surplus funds to be invested in interest bearing accounts.

A 1% increase in floating interest rates would have decreased profit before tax in the consolidated income statement by £8.2m (2016 £8.7m), assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

Credit Risk

The Group's credit risk is primarily attributable to its trade receivables and cash balances. The amounts presented in the balance sheet in respect of trade receivables are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Trade credit risk is managed in each territory through a global trade credit insurance policy which is a full turnover policy, except in those markets in which the Group acts as agents only from a legal perspective. Where credit insurance cover is not available for a client, alternative securities are sought such as bank or parental guarantees, or payments in advance. Every new client is also credit checked.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Current receivables and payables and currency disclosures

Due to the nature of the operations of the business, Group companies are able to match current receivables and payables in currencies other than their functional currency and therefore do not have material, unhedged monetary assets and liabilities. Current receivables and payables are therefore excluded from currency analyses provided in this note.

Trade receivables and other financial assets are held at amortised cost and include those items of trade and other receivables that meet the definition of financial assets. Derivatives are excluded from this definition.

Trade payables and other financial liabilities are held at amortised cost and include those items of trade and other payables that meet the definition of financial liabilities. Derivatives and deferred consideration are excluded from this definition.

Interest rate swaps

The fair value of the interest rate swaps, excluding cross currency interest rate swaps, at 31 December 2017 is £(0.8)m (2016: £(4.3)m). The fair value is based on a discounted cash flow model and market interest yield curves applicable and represents unrecognised gains which the Group expects to realise as a result of lower or higher interest payments under the swap compared with the interest payable on the underlying debt instrument.

Cross currency interest rate swaps

The fair value of the cross-currency interest rate swaps at 31 December 2017 is £38.1m (2016: £78.3m). The fair value is based on a discounted cash flow model and market yield curves applicable and represents movements in the exchange spot rates and in interest rate yields.

Covenants

The Group's leverage covenant (net debt/EBITDA) was 1.1 times (compared to a covenant requirement of <3.5 times) (2016: 1.4 times) and interest cover covenant (EBITDA/net interest) was 10.6 times (compared to a covenant requirement >4 times) (2016: 14.9 times) at 31 December 2017.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

19. Financial instruments (continued)**Fair value hedges**

There were no fair value hedges in the current and prior years therefore the ineffectiveness recognised in the income statement that arises from fair value hedges was nil in both years.

Cash flow hedges

Hedged forecast interest payments in GBP and foreign currency are expected to occur at various dates over the duration of the hedged loans. The portion of the gain or loss on the hedging instruments determined to be an effective hedge is recognised in other comprehensive income. This amount is held in the hedging reserve in equity and is subsequently reclassified to the income statement in the same periods during which the forecasted interest payments affect the income statement. The net gain/(loss) taken to other comprehensive income in respect of cash flow hedges is £5.6m (2016: £(7.5)m).

Ineffectiveness recognised in the income statement that arises from cash flow hedges was £nil in both the current and prior year.

Net investment hedges

The risk of foreign exchange fluctuations on certain investments in foreign operations are hedged using cross currency derivative hedging instruments. The portion of the gain or loss on the hedging instruments determined to be an effective hedge is recognised in other comprehensive income. This amount is held in the foreign currency translation reserve until such time as the investments are disposed. The net loss taken to other comprehensive income in respect of net investment hedges is £(4.6)m (2016: £(13.5)m).

No ineffectiveness arises from the Group's hedges of net investments in foreign operations.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

a) Maturity profile of Group financial liabilities

There are no material differences between the recorded and fair values of the Group's financial assets at 31 December 2017. The fair values of financial assets reflect market values or are based upon readily available market data.

2017	Less	1-2	2-5	More	Total	
	than 1 year £m	years £m	years £m	than 5 years £m	more than 1 year £m	Total £m
Financial liabilities						
Bank overdrafts	683.5	-	-	-	-	683.5
Bank loans	209.0	322.4	457.3	813.5	1,593.2	1,802.2
Amounts due to Dentsu group companies	316.5	-	-	-	-	316.5
Less: Issue costs of debt to be amortised	(1.0)	(1.0)	(1.7)	(0.7)	(3.4)	(4.4)
Total borrowings	1,208.0	321.4	455.6	812.8	1,589.8	2,797.8
Derivative financial liabilities:						
• Forward foreign exchange contracts	0.9	-	-	-	-	0.9
• Interest rate swaps	-	-	3.5	0.8	4.3	4.3
• Put option liabilities	58.8	158.7	428.1	50.4	637.2	696.0
Total derivative financial liabilities	59.7	158.7	431.6	51.2	641.5	701.2
Deferred consideration (note 18, 25)	158.3	71.4	175.2	0.4	247.0	405.3
Other financial liabilities	3,452.3	7.9	3.2	2.5	13.6	3,465.9
Total	4,878.3	559.4	1,065.6	866.9	2,491.9	7,370.2

2016	Less	1-2	2-5	More	Total	
	than 1 year £m	years £m	years £m	than 5 years £m	more than 1 year £m	Total £m
Financial liabilities						
Bank overdrafts	746.7	-	-	-	-	746.7
Bank loans	842.5	0.2	660.8	0.1	661.1	1,503.6
Amounts due to Dentsu group companies	2.0	324.0	-	-	324.0	326.0
Less: Issue costs of debt to be amortised	(0.5)	(0.5)	(0.4)	-	(0.9)	(1.4)
Total borrowings	1,590.7	323.7	660.4	0.1	984.2	2,574.9
Derivative financial liabilities:						
• Forward foreign exchange contracts	1.3	-	-	-	-	1.3
• Interest rate swaps	-	-	6.5	-	6.5	6.5
• Put option liabilities	10.0	55.9	624.3	62.1	742.3	752.3
Total derivative financial liabilities	11.3	55.9	630.8	62.1	748.8	760.1
Deferred consideration (note 18, 25)	123.6	98.8	209.2	26.3	334.3	457.9
Other financial liabilities	3,031.2	49.9	70.3	24.9	145.1	3,176.3
Total	4,756.8	528.3	1,570.7	113.4	2,212.4	6,969.2

Other financial liabilities are presented within Trade and other payables and Other non-current liabilities on the consolidated balance sheet.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

a) Maturity profile of Group financial liabilities (continued)

The maturity profile of the anticipated future cash flows (including interest, but excluding trade and other payables meeting the definition as financial liabilities) in relation to the Group's non-derivative financial liabilities are below. These are not discounted and therefore differ from both the liabilities' carrying values and fair values.

	2017 External loans £m	2017 Other liabilities £m	2017 Total £m	2016 External loans £m	2016 Other liabilities £m	2016 Total £m
Less than 1 year	1,259.3	157.9	1,417.2	1,623.3	129.9	1,753.2
1-2 years	360.1	81.5	441.6	333.6	149.2	482.8
2-5 years	545.0	194.4	739.4	669.0	291.9	960.9
More than 5 years	842.5	3.0	845.5	0.1	58.0	58.1
Total	3,006.9	436.8	3,443.7	2,626.0	629.0	3,255.0

The cash flows for Other liabilities include amounts in relation to Deferred consideration.

The maturity profile of the interest on the Group's financial derivatives (which include interest rate and foreign exchange swaps), using undiscounted cash flows, is as follows:

	2017 Payable £m	2017 Receivable £m	2016 Payable £m	2016 Receivable £m
Less than 1 year	(230.0)	224.8	(174.5)	172.8
1-2 years	(17.6)	12.0	(11.1)	8.0
2-5 years	(24.7)	13.7	(10.5)	7.1
More than 5 years	(5.6)	2.8	-	-
Total	(277.9)	253.3	(196.1)	187.9

The table below sets outs the maturity profile of the Group's principal payments for cross currency interest rate swaps:

	2017 Payable £m	2017 Receivable £m	2016 Payable £m	2016 Receivable £m
Less than 1 year	(262.0)	295.8	-	-
1-2 years	-	-	(262.0)	324.0
2-5 years	(94.5)	106.5	(94.5)	116.6
More than 5 years	-	-	-	-
Total	(356.5)	402.3	(356.5)	440.6

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

19. Financial instruments (continued)**a) Maturity profile of Group financial liabilities (continued)**

The maturity profile of the Group's put option liabilities, using undiscounted cash flows, is as follows:

	2017 £m	2016 £m
Less than 1 year	(58.8)	(11.1)
1-2 years	(162.7)	(61.8)
2-5 years	(462.9)	(690.5)
More than 5 years	(58.5)	(68.7)
Total	(742.9)	(832.1)

The Group had the following undrawn, committed bank borrowing facilities and other lines of credit available at 31 December in respect of which all conditions precedent had been met at that date:

	2017 £m	2016 £m
Expiring within one year	-	-
Expiring between one and five years	500.0	-
Expiring after five years or more	300.0	500.0
Total	800.0	500.0

During the year, term loan agreements of £300.0m were entered into, with a maturity date of 7 years from first drawdown date.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

19. Financial instruments (continued)**b) Valuation of financial assets and liabilities**

Except as detailed in the following table, the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values. The following items of financial liabilities are within fair value hierarchy level 2.

	2017	2017	2016	2016
	Fair value	Carrying value	Fair value	Carrying value
	£m	£m	£m	£m
2013 Dentsu Inc debt	296.7	296.9	325.7	325.1
2013 Mitsubishi debt	293.9	296.7	320.4	324.7
2014 Mizuho debt	119.6	120.2	118.9	120.2
2014 Mitsubishi debt	59.7	60.1	59.3	60.1
2014 BTMU debt	70.7	71.3	78.0	78.1
2014 SMBC debt	70.8	71.2	77.4	77.9
2016 Mizuho debt	-	-	405.0	405.2
2016 Mizuho debt	-	-	218.7	218.8
2017 BTMU debt	370.8	370.3	-	-
2017 SMBC debt	298.4	296.2	-	-
2017 Mitsubishi debt	292.8	296.0	-	-
Total	1,873.4	1,878.9	1,603.4	1,610.1

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

b) Valuation of financial assets and liabilities (continued)

The following table provides an analysis of financial instruments that are measured, subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2017	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Held for trading:				
• Foreign currency forward contracts	-	1.3	-	1.3
• Other financial assets	-	3.4	-	3.4
Hedging instruments: Interest rate swaps and cross currency interest rate swaps at fair value	-	41.5	-	41.5
Available-for-sale financial assets: Equity investments	26.9	-	32.6	59.5
Total financial assets	26.9	46.2	32.6	105.7
Financial liabilities				
Held for trading: Foreign currency forward contracts				
-	(0.9)	-	-	(0.9)
Put option liabilities	-	-	(696.0)	(696.0)
Hedging instruments: Interest rate swaps and cross currency interest rate swaps at fair value	-	(4.3)	-	(4.3)
Deferred consideration	-	-	(405.3)	(405.3)
Total financial liabilities	-	(5.2)	(1,101.3)	(1,106.5)

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

b) Valuation of financial assets and liabilities (continued)

2016	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Held for trading:				
• Foreign currency forward contracts	-	0.4	-	0.4
• Other financial assets	-	2.8	-	2.8
Hedging instruments: Interest rate swaps and cross currency interest rate swaps at fair value	-	80.6	-	80.6
Available-for-sale financial assets: Equity investments	-	-	16.8	16.8
Total financial assets	-	83.8	16.8	100.6
 Financial liabilities				
Held for trading: Foreign currency forward contracts	-	(1.4)	-	(1.4)
Put option liabilities	-	-	(752.3)	(752.3)
Hedging instruments: Interest rate swaps and cross currency interest rate swaps at fair value	-	(6.6)	-	(6.6)
Deferred consideration	-	-	(457.9)	(457.9)
Total financial liabilities	-	(8.0)	(1,210.2)	(1,218.2)

There were no transfers between levels during 2017 or 2016.

Financial instruments whose fair value through profit or loss (held for trading) and derivative instruments in designated hedge accounting relationships are measured based on the estimation by financial institutions or calculation with observable inputs from markets, accordingly they are categorised within level 2.

Available-for-sale financial assets which have active markets are measured based on the quoted prices, accordingly they are categorised within level 1. Others are measured based on unobservable inputs, mainly market approach (comparable peer company analysis), accordingly they are categorised within level 3.

Put option liabilities and deferred consideration are measured based on discounted cash flow method with unobservable inputs, accordingly they are categorised within level 3. The significant unobservable inputs used in the fair value measurement are mainly future profits and discount rate. Increase or decrease in the future profits would increase or decrease the both liabilities.

Financial assets and liabilities categorised within level 2 and level 3 are measured under group policy and procedures for fair value measurement.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

c) Interest rate and currency profile

The following interest rate and currency profile of the Group's financial assets and liabilities is after taking into account any interest rate and cross currency swaps entered into by the Group.

Financial assets

The table below summarises cash and cash equivalents by interest type. The Group's non-current financial assets do not bear interest.

	Floating rate	Non-interest bearing	2017 Total	Floating rate	Non-interest bearing	2016 Total
	£m	£m	£m	£m	£m	£m
GBP	288.4	12.8	301.2	152.2	8.8	161.0
USD	372.3	33.0	405.3	339.0	15.0	354.0
EUR	154.5	5.4	159.9	136.8	3.6	140.4
Other currencies	358.2	40.7	398.9	253.8	19.4	273.2
	1,173.4	91.9	1,265.3	881.8	46.8	928.6

The majority of cash is invested in short-term fixed rate deposits of less than one month with the balance in interest bearing current accounts. It is management's view that the short-term nature of these deposits results in these effectively acting as floating rate assets.

The floating rate financial assets above are represented by cash at bank and in hand and short-term deposits.

Financial liabilities

The table below summarises gross borrowings by interest type. Gross borrowings below includes the bank overdraft.

	Fixed rate	Floating rate	Non- interest bearing	2017 Total	Fixed rate	Floating rate	Non-interest bearing	2016 Total
	£m	£m	£m	£m	£m	£m	£m	£m
GBP	453.6	682.4	1.3	1,137.3	480.3	313.1	2.3	795.7
USD	1,292.6	0.4	2.4	1,295.4	364.3	1,014.0	0.9	1,379.2
EUR	130.7	25.8	0.5	157.0	142.2	7.1	0.5	149.8
Other currencies	75.0	137.5	-	212.5	57.3	194.3	-	251.6
Gross borrowings	1,951.9	846.1	4.2	2,802.2	1,044.1	1,528.5	3.7	2,576.3
Issue costs of debt	(3.7)	(0.7)	-	(4.4)	(0.3)	(1.1)	-	(1.4)
	1,948.2	845.4	4.2	2,797.8	1,043.8	1,527.4	3.7	2,574.9

The bank overdraft borrowings and the revolving credit facility incur interest at floating rates. All other borrowings incur interest at fixed rates after taking the swap arrangements into account.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

19. Financial instruments (continued)

d) Offsetting and amounts subject to master netting arrangements or similar agreements

In line with IAS 32, the Group has a legally enforceable right, through signed legal agreements, to offset cash deposits and overdrafts that are in cash-pool arrangements with relationship banks. The Group does not offset other financial assets and liabilities where there is no legally enforceable right to do so.

	2017 Gross amount of financial assets	2017 Gross amount of financial liabilities offset	2017 Gross amount of financial assets offset	2017 Net amount presented in balance sheet	2016 Gross amount of financial assets	2016 Gross amount of financial liabilities offset	2016 Gross amount of financial assets offset	2016 Net amount presented in balance sheet
	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets								
Cash and cash equivalents	1,604.0	(209.4)	(129.3)	1,265.3	1,195.8	(211.8)	(55.4)	928.6
Financial liabilities								
Bank overdraft	(1,022.2)	129.3	209.4	(683.5)	(1,013.9)	55.4	211.8	(746.7)

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. The below table sets out the net amounts of recognized financial instruments that are subject to the above agreements.

	2017 Net amount £m	2016 Net amount £m
Financial assets		
Derivative assets - forward foreign exchange contracts and interest rate swaps	42.8	81.0
Financial liabilities		
Derivative liabilities - forward foreign exchange contracts and interest rate swaps	(5.2)	(7.8)

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

20. Deferred tax	Recognition of financial liabilities £m	Purchased intangibles £m	Deductions in respect of goodwill £m	Losses £m	Other temporary differences £m	Total £m
At 1 January 2017 - asset/(liability)	0.2	(211.8)	(84.4)	61.3	35.9	(198.8)
Exchange rate differences	-	11.4	-	(2.5)	(2.2)	6.7
Deferred tax on acquisitions	-	(30.8)	-	2.2	(3.6)	(32.2)
Amount provided in reserves	-	-	-	-	(2.0)	(2.0)
Transfers	-	(5.0)	5.0	-	-	-
Profit or loss movement	-	92.7	3.5	(9.1)	1.7	88.8
Other movements	-	-	-	0.3	(1.4)	(1.1)
At 31 December 2017 - asset/(liability)	0.2	(143.5)	(75.9)	52.2	28.4	(138.6)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset).

	2017 £m	2016 £m
Deferred tax asset	74.8	72.7
Deferred tax liability	(213.4)	(271.5)
	(138.6)	(198.8)

The Group has the following temporary differences in respect of which no deferred tax asset has been recognised.

	2017 £m	2016 £m
Losses – revenue	227.4	177.1
Losses – capital	109.5	219.5
Other temporary differences	7.6	7.7
	344.5	404.3

Included in 'losses – revenue' are losses of: £1.6m that will expire by 2018 (2016: £0.7m), £0.9m that will expire by 2019 (2016: £0.8m), £1.4m that will expire by 2020 (2016: £0.2m), £0.8m that will expire by 2021 (2016: £2.0m), £2.2m that will expire by 2022 (2016: £6.7m), £12.2m that will expire by 2023 and £208.3m (2016: £166.1m) of losses that may be carried forward indefinitely. All capital losses can be carried forward indefinitely. The total amount of tax losses and other temporary differences for which no deferred tax was recognised was £344.5m (2016: £404.3m) on the basis that there is uncertainty around the future profitability of many entities that have tax losses or other tax attributes.

Balances in the subsidiary entities are shown on a 100% basis, regardless of ownership percentage. Balances in associates and joint ventures are not included.

No deferred tax liability is recognised on temporary differences of £1,175.4m (2016: £899.7m) relating to the unremitted earnings of overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 December 2017 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

21. Provisions

	Property provision	Other provisions	Total
	£m	£m	£m
At 1 January 2017	1.8	23.4	25.2
Additional provision in the year	5.6	3.4	9.0
Additional provision arising on acquisition	-	3.3	3.3
Utilisation	(1.0)	(6.1)	(7.1)
Released	(0.4)	(0.4)	(0.8)
Exchange differences	(0.2)	(1.8)	(2.0)
At 31 December 2017	5.8	21.8	27.6

Contingent liabilities

In Germany, the tax authorities have disallowed a claim made towards losses incurred in a fraud case, and the potential outflow including interest is £26.1m. The Company is defending this claim and does not consider a provision is required at 31 December 2017.

The Company and its subsidiaries are subject to legal challenges and claims from time to time, and such claims are defended. As disclosed above, the Directors do not anticipate that the outcome of pending legal proceedings, either individually or in aggregate, will have a material adverse effect on the consolidated accounts or on the operations of the Group.

22. Share capital

	2017 Number of ordinary shares	2017 £m	2016 Number of ordinary shares	2016 £m
Ordinary shares of 5.5p issued and fully paid:				
At 1 January	1,426,868,830	78.5	1,426,866,828	78.5
Issue of shares by the Company	1,008	-	2,002	-
At 31 December	1,426,869,838	78.5	1,426,868,830	78.5

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares each have full voting rights. During the year the Group issued 1,000 ordinary shares to Dentsu Inc. A further 8 shares were issued in connection with the acquisition of various Thai, Malaysian and Hong Kong entities from Dentsu Inc. as part of a non-cash purchase.

23. Share premium account

	2017 £m	2016 £m
At 1 January	1,149.8	724.0
Issue of shares by the Company	40.9	425.8
At 31 December	1,190.7	1,149.8

During the year the Group issued £35.0m of ordinary shares to Dentsu Inc., the majority of which is held within share premium. £5.9m of ordinary shares were also issued in a share for share exchange for the purchase of the various Thai, Malaysian and Hong Kong entities from Dentsu Inc. as part of a non-cash purchase.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

24. Acquisition of subsidiaries

Summary of acquisitions from third parties

During the period, the Group acquired subsidiaries as detailed below:

Company	Country of incorporation	Network brand	% Acquired – percentage of voting right	% Total Interests attributable to the Group (Non-controlling interests)	Month of acquisition
Blue Infinity	Switzerland	Isobar	100%	100% (-)	January
Grant Advertising	Sri Lanka	Dentsu	85%	85% (15%)	March
Grant Agencies	Sri Lanka	Carat	70%	70% (30%)	March
Emerald	Vietnam	Isobar	11% ¹	51% (49%)	March
Leapfrog	USA	iProspect	100%	100% (-)	April
Divisadero	Spain	Merkle	94%	94% (6%)	April
SVG	India	Columbus	94%	94% (6%)	April
Accordant	Australia	Other	100%	100% (-)	April
Sesliharfler	Turkey	Isobar	100%	100% (-)	May
Outfox	Sweden	iProspect	95%	95% (5%)	May
Paragon	India	Isobar	100%	100% (-)	June
Novus	Singapore	John Brown	100%	100% (-)	June
The Customer Framework	UK	Other	100%	100% (-)	June
Gleam	UK	Storylab	89%	89% (11%)	June
Dwi Sapta	Indonesia	Dentsu / Vizeum	51%	51% (49%)	July ⁴
media.at	Austria	Other	100%	100% (-)	July
Aquila	UK	Merkle	100%	100% (-)	July
Sokrati	India	Merkle	51%	51% (49%)	July
Little Giant	New Zealand	Isobar	100%	100% (-)	August
Carat SA	Australia	Carat	100%	100% (-)	November
Swirl	USA	mcgarrybowen	100%	100% (-)	December
Oxyma	Netherlands	Merkle	79%	79% (21%)	December
Klipdesk	Australia	MKTG	55%	55% (45%)	December
DWA USA	USA	Merkle	100% ²	69% ²	December
DWA (rest of the world)	Singapore	Merkle	100%	100% (-)	December
HelloWorld	USA	Merkle	87% ³	60% ₃ (40%)	December
Mcgarrybowen HK	Hong Kong	Mcgarrybowen	11% ¹	60% (40%)	January 2018 ⁵

- 1) This was a step acquisition from an associate to a subsidiary. The percentage disclosed as acquired in the table above represents the percentage acquired during the year.
- 2) Merkle (of which 69% of the interests are attributable to the Group) acquired 100% of DWA USA. The Group's effective holding is 69%.
- 3) Merkle acquired 87% of HelloWorld. The Group's effective holding is 60%.
- 4) For accounting purposes, the Group consolidated from June 2017.
- 5) For accounting purposes, the Group consolidated from September 2017.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

24. Acquisition of subsidiaries (continued)

Acquisitions that are not aligned to the existing network brands are referred to as 'Other' above.

There is no individually significant acquisition whose acquisition date is after the end of the reporting period.

The acquisitions were entered into to strengthen the Group's operations and increase its market share around the world, especially in faster growing regions; and to enhance its servicing capabilities in media and digital.

The acquisitions are accounted for under the acquisition method.

During the year, the Group also acquired additional stakes in existing subsidiaries as detailed below:

Company	Country of incorporation	% Acquired – percentage of voting right	% Acquired – percentage of voting right	% Acquired – percentage of interests attributable to the Group (Total interests of the Group)	Month of acquisition
John Brown	UK	14%		14% (100%)	January
Clickpoint	Belgium	25%		25% (100%)	July
Simple Agency	Italy	30%		30% (100%)	July
View Portugal	Portugal	6%		6% (94%)	August
Triangulo	Chile	5%		5% (100%)	October
Milestone	India	23%		23% (74%)	October
54 Media	Kazakhstan	24%		24% (100%)	December
IQ Mobile	Austria	25%		25% (100%)	December

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

24. Acquisition of subsidiaries (continued)

If the acquisitions above (excluding additional stakes in existing subsidiaries) had been completed on the first day of the financial year, Group revenues for 2017 would have been £3,459.0m and the profit before interest and tax for the continuing Group, would have been £275.3m. Post-acquisition revenue and profit before interest and tax on 2017 acquisitions was £114.2m and £2.5m respectively.

Goodwill capitalised in the period represents the expected future benefits of improving the breadth of the Group's service offering and anticipated operational synergies from combining operations of the acquire and the acquirer, and intangible assets that do not qualify for separate recognition under IAS 38. £27.4m of goodwill capitalised in the period is deductible for income tax purposes. All non-controlling interests are measured at the non-controlling interests' share of the carrying value of net assets. Under IFRS 3 the Group has 12 months in which to finalise the goodwill valuation and purchase price allocation for each acquisition.

Consideration paid for acquisitions of subsidiaries, excluding transaction costs (acquisition related fees), totalled £352.8m with estimated deferred consideration, as calculated at the acquisition date, of £149.5m payable between 2018-2022, subject to performance criteria. Acquisition related fees of £12.4m were expensed on these acquisitions. These acquisition related fees include (but are not limited to): due diligence, legal and other professional fees, and recognised in operating expenses in consolidated income statements.

The Group has taken the exemption provided by IFRS 3.B65 which allows for the aggregate disclosure of the particulars of each acquisition on the grounds of these being individually immaterial, but collectively material due to the high volume of acquisitions.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

24. Acquisition of subsidiaries (continued)

The fair values of the identifiable assets and liabilities acquired through all acquisitions are as follows:

	Carrying amount acquired £m	Accounting policy and Fair value adjustments £m	Fair value recognised on acquisition £m
Assets			
Property, plant and equipment	7.5	-	7.5
Cash and cash equivalents	48.6	-	48.6
Trade and other receivables ¹	183.2	(8.0)	175.2
Business combination intangibles ²	-	161.0	161.0
Other	12.7	(0.2)	12.5
	252.0	152.8	404.8
Liabilities			
Trade and other payables	(200.8)	(1.5)	(202.3)
Borrowings	(16.5)	-	(16.5)
Deferred tax liabilities	(0.3)	(29.2)	(29.5)
Other liabilities	(7.8)	(8.8)	(16.6)
	(225.4)	(39.5)	(264.9)
Net assets acquired	26.6	113.3	139.9
Non-controlling interest			(15.3)
Goodwill arising on acquisition			377.7
			502.3
Satisfied by:			
Cash consideration			352.8
Deferred consideration			149.5
			502.3

- 1) The trade and other receivables acquired at the acquisition date had a fair value of £175.2m. The value of the receivables recognised at acquisition date was £187.0m, net of a bad debt provision of £11.8m.
- 2) Business combination intangibles: The basis of the valuation is discounted cash flow model - expected cash flow related to each intangible category, such as Customer relationship and Intellectual property, discounted at its internal rate of return. Some intangibles are in the process of valuation at the reporting date because their acquisition dates are approximate to the reporting date. They have been valued provisionally based on the Group's experience and historical valuations. The total amount of measurement period adjustments recognised in respect of 2016 acquisitions in the current year is not material.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

24. Acquisition of subsidiaries (continued)**Legal restructure from Dentsu Inc.**

During the period, the Group has successfully completed the legal restructuring of the following entities from Dentsu Inc. to the Group. The restructuring further harmonises the entities that the Group manages and legally owns.

Company	Country of incorporation	% Acquired – percentage of voting right	Month of acquisition	Consideration
Dentsu India	India	100%	March	Cash
Dentsu One India	India	100%	March	Cash
Dentsu Impact India	India	100%	March	Cash
Dentsu Media and Holdings India	India	100%	March	Cash
Webchutney India	India	80%	March	Cash
Blue Slate India	India	100%	March	Cash
Dentsu Holdings Thailand	Thailand	49%	July	Share issues
Dentsu One Bangkok	Thailand	100%	July	Share issues
Dentsu X Thailand	Thailand	100%	July	Share issues
Dentsu Thailand	Thailand	51%	July	Share issues
Dentsu Malaysia	Malaysia	100%	September	Share issues
Dentsu One Malaysia	Malaysia	49%	September	Share issues
Dentsu X Malaysia	Malaysia	100%	September	Share issues
Dentsu Hong Kong	Hong Kong	100%	October	Share issues
Dentsu X Hong Kong	Hong Kong	100%	October	Share issues
Dentsu Rihai Communications Co., Ltd.	China	100%	November	Cash

The acquisitions are transactions with entities under common control and are accounted for under the pooling of interest method. These acquisitions brought £177.5m net increase of total assets, £88.2m net increase of total liabilities and £89.3m net increase of net assets.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

25. Other non-current liabilities

	2017 £m	2016 £m
Deferred consideration	247.0	334.3
Pensions	24.8	12.2
Deferred lease incentives	45.3	50.4
Share based payment liability	56.4	47.7
Other	34.0	51.7
At 31 December	407.5	496.3

Deferred consideration and put options

Deferred consideration, which has been included within trade and other payables to the extent that it is due within one year (note 18), may be paid to the vendors of certain subsidiary undertakings in the years to 2023. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance.

Deferred consideration is discounted at the Group's weighted average cost of borrowing. The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the discounted liability at the balance sheet date for payments that may be due is as follows:

	2017 £m	2016 £m
Within one year	158.3	123.6
Between one and two years	71.4	98.8
Between two and five years	175.2	209.2
Greater than 5 years	0.4	26.3
	405.3	457.9

The minimum potential liability is £5.8m (2016: £6.5m) and the maximum potential liability is £2,975.9m (2016: £2,005.0m). There are two acquisitions as at 31 December 2017 (2016: two) where the deferred consideration due is uncapped, the carrying value of these liabilities is £0.2m and management consider this to be the best estimate. The maximum potential liability is only payable if the post-acquisition profit performance of the acquisition meets stretching profit targets in the post-acquisition period.

A reconciliation of the movements in deferred consideration is provided below:

	2017 £m	2016 £m
Balance at 1 January	(457.9)	(331.3)
Deferred consideration created	(158.1)	(227.9)
Deferred consideration settled	142.7	175.6
Remeasurements recognised in the income statement	61.2	(18.4)
Remeasurements recognised against goodwill	(0.5)	9.3
Unwind of discounting	(5.0)	(4.0)
Exchange differences	12.3	(61.2)
Balance at 31 December	(405.3)	(457.9)

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

25. Other non-current liabilities (continued)

The movement during the year was as a result of a reduction in the current and expected trading performance of certain acquisitions largely driven by the adverse market conditions and industry. The discount rate applied in the current year is 3% (2016: 3%).

Liabilities in respect of put options over non-controlling interests are disclosed as derivative liabilities. Their expected maturities are disclosed in note 19 and a reconciliation of movements in the year are shown below

A reconciliation of the movements in put option liabilities is provided below:

	2017 £m	2016 £m
Balance at 1 January	(752.3)	(159.0)
Put options issued	(74.1)	(530.9)
Put options settled and lapsed	47.9	29.2
Remeasurements	163.5	2.4
Discounting	(128.0)	(14.1)
Exchange differences	47.0	(79.9)
Balance at 31 December	(696.0)	(752.3)

An increase of 1% in the rate used to discount the expected gross value of deferred consideration payments would lead to a decrease in the recorded liability of £5.9m (2016: £2.7m). An increase of 1% in the rate used to discount the expected gross value of put options payments would lead to a decrease in the recorded liability of £14.5m (2016: 27.6m).

26. Share-based payment

The Group acquired Merkle Group Inc. ("Merkle") on 1 September 2016. Merkle maintains a Share Option Plan (the "Plan") to reward its officers and employees. The outstanding share options were not replaced and were still in existence at the date of acquisition of Merkle.

Each share option of Merkle converts into one ordinary share of Merkle on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Merkle Share Options are treated as a cash settled Plan, considering the Share Option holders' right to net settle their Share Options through the Merkle Put and Call option arrangement with the Group. On consolidation of Merkle by the Group, the Share Options are recorded as a liability, based on the estimated amounts payable to the option holders by the group.

The Share Options vest over a period of 4 to 5 years from the grant date, and have a 10-year term.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

26. Share-based payment (continued)**Movements in share options during the year**

The following table provides a summary of the status of Merkle's share options during the year:

	Shares	Weighted Average Exercise Price \$
Options at 1 January 2017	771,271	75.72
Granted	287,606	138.61
Forfeited	(63,138)	101.69
Exercised	(16,546)	62.49
Repurchased	(19,264)	54.58
Options at 31 December 2017	959,929	93.57

The weighted average share price of the options exercised during the year was \$138.61. The expense recognised in relation to the cash-settled scheme during the year is £14.2m.

Fair value of share options granted during the year

In the current reporting period, Merkle have granted options for 287,606 common shares at an exercise price of \$138.61 and a weighted average remaining contractual life of 3.3 years at year end.

The weighted average fair value of the share options granted during the financial year is \$95.71 per option. The fair value of each option award is estimated at the date of grant using the Black-Scholes model and applying the following assumptions for options awarded under the Plan since the acquisition by the Group.

Inputs into the Model

	Merkle Group Inc. Stock Incentive Plan
Grant Date Share Price (\$)	213.99
Exercise Price (\$)	138.61
Expected Volatility	30.0%
Option Life (years)	3.3
Dividend yield	0%
Risk-free interest rate	3%

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

26. Share-based payment (continued)**Share options exercised during the year**

The following share options were exercised during the year:

Options series	Number Exercised	Exercise Date
2007	1,000	15/05/2017
2007	600	27/06/2017
2012	120	14/02/2017
2012	900	15/05/2017
2013	100	14/02/2017
2013	360	15/05/2017
2014	100	14/02/2017
2014	200	15/05/2017
2015	800	04/01/2017
2015	12,000	09/05/2017
2015	96	15/05/2017
2016	224	04/01/2017
2016	46	14/02/2017
	16,546	

The weighted average share price at exercise date was \$138.61.

Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of \$93.57 and a weighted average remaining contractual life of 7.8 years. The total number of shares that are exercisable at the end of the year is 460,375. The total liability under the cash settled scheme in relation to exercisable options at 31 December 2017 is £50.7m with a weighted average exercise price of the exercisable options of \$71.09. At 31 December 2017 the total liability (net of the exercise price) under the cash settled scheme for all options is £56.4m.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

27. Notes to the cash flow statement

	2017 £m	2016 £m
Profit before tax	308.4	144.8
Adjustments for:		
Share of results from associates	(7.0)	(1.2)
Finance income	(105.7)	(9.8)
Finance expenses	73.4	102.1
Depreciation of property, plant and equipment	63.1	47.5
Amortisation of intangible assets	182.7	129.6
Impairment of intangibles and property, plant and equipment	0.9	2.0
Impairment on goodwill and investments	4.0	-
Loss on disposal of subsidiaries	1.1	6.7
Gain on disposal of property, plant and equipment & intangible assets	(0.5)	-
Stock option movement	14.2	-
Other non-cash	1.6	-
Increase in provisions	-	(2.8)
	536.2	418.9
Increase in receivables	(526.9)	(228.2)
Decrease in work in progress	1.7	4.4
Increase in payables	650.4	226.2
	125.2	2.4
Cash generated from operations	661.4	421.3

All results are from continuing operations

Analysis of net debt	1 January 2017 £m	Cash flow £m	Other non- cash movements £m	Exchange movements £m	31 December 2017 £m
	£m				£m
Cash and short-term deposits	928.6	372.6	-	(35.9)	1,265.3
Overdrafts	(746.7)	63.1	-	0.1	(683.5)
Cash and cash equivalents	181.9	435.7	-	(35.8)	581.8
Debt due within one year	(844.5)	644.8	(343.2)	17.4	(525.5)
Debt due after more than one year	(985.1)	(1,068.4)	302.2	158.1	(1,593.2)
Net debt before issue costs of debt	(1,647.7)	12.1	(41.0)	139.7	(1,536.9)
Issue costs of debt	1.4	3.7	(0.7)	-	4.4
Total	(1,646.3)	15.8	(41.7)	139.7	(1,532.5)

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

28. Operating lease arrangements

	2017 £m	2017 £m	2017 £m	2016 £m	2016 £m	2016 £m
	Land and buildings	Other	Total	Land and buildings	Other	Total
Lease payments under operating leases recognised in operating expenses	151.5	4.2	155.7	106.6	1.8	108.4

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £m	2017 £m	2017 £m	2016 £m	2016 £m	2016 £m
	Land and buildings	Other	Total	Land and buildings	Other	Total
Net minimum lease commitments						
Within one year	128.1	2.5	130.6	154.3	1.4	155.7
In the second to fifth years inclusive	406.3	2.7	409.0	437.2	2.2	439.4
After five years	565.4	-	565.4	228.6	-	228.6
	1,099.8	5.2	1,105.0	820.1	3.6	823.7

Operating lease payments principally represent rentals payable by the Group for certain of its office properties.

Dentsu Aegis Network Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2017

29. Related party transactions

The Group's ultimate controlling party and ultimate parent is Dentsu Inc. (incorporated in Japan), which owns 100% of the Company's shares.

All trade transactions with related parties are carried out in the normal course of business.

Transactions with associated undertakings

The balance due from Group companies to associated undertakings at the end of 2017 was £4.4m (2016: nil). The balance due from associated undertakings to Group companies at the end of 2017 was £1.0m (2016: £5.8m). Transactions with associated undertakings were carried out in the normal course of business.

Transactions and balances with Dentsu Inc. and Dentsu Group companies

Counterparty	Gross Media Billings £m	Gross Media Buying £m	Receivables £m	Payables £m	Borrowings £m	Other Income £m	Other Purchases £m
Dentsu Inc.	12.8	(2.7)	8.7	(0.2)	(297.3)	4.3	(5.5)
&c. Inc.	-	-	6.5	(7.2)	(18.3)	2.7	-
Beijing Dentsu Adv.	-	-	11.8	(17.7)	-	-	-
Dentsu X (Taiwan) Inc.	2.0	-	3.1	0.8	-	-	-
PT DN Inter Admark Media Grp Indo	-	-	0.3	(1.4)	(9.1)	-	(0.5)
360i London Ltd	-	-	1.0	(4.5)	8.4	0.1	-
Dentsu & Other Dentsu Group Entities	32.9	(40.8)	6.7	(5.2)	(0.2)	9.7	(6.7)
Total balance with Dentsu and Other Dentsu Group Entities	47.7	(43.5)	38.1	(35.4)	(316.5)	16.8	(12.7)
Other related parties	-	-	1.0	(4.0)	-	-	-
Total	47.7	(43.5)	39.1	(39.4)	(316.5)	16.8	(12.7)

Remuneration of key management personnel

The following is the compensation of key management personnel of the Group, being the Directors.

	Aggregate		Highest paid Director	
	2017 £m	2016 £m	2017 £m	2016 £m
Salaries and fees	5.1	11.4	1.0	3.4
Social security costs	0.5	3.0	0.2	0.8
Other short term employee benefits	0.3	0.3	-	-
Post-employment benefits	1.5	1.4	0.3	0.3
Amounts (excluding shares) receivable under long-term incentive schemes	7.6	15.0	2.9	6.6
Total remuneration	15.0	31.1	4.4	11.1

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

30. Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for Merkle Group Inc., a subsidiary that has non-controlling interests that are material to the Group:

	2017 £m	2016 £m
Summarised balance sheet		
Current assets	249.4	244.0
Current liabilities	(228.8)	(194.7)
Total current net liabilities	20.6	49.3
Non-current assets	435.1	497.6
Non-current liabilities	(303.0)	(389.2)
Total non-current net assets	132.1	108.4
Net assets	152.7	157.7

Summarised income statement

Revenue	486.8	159.6
Operating profit	59.6	23.5
Profit before tax	40.0	3.0
Profit for the year	26.8	(0.7)

The financial information presented includes business combination intangibles and excludes goodwill recognised on acquisition of Merkle Group Inc.

At 31 December 2017, the non-controlling interests in relation to the Merkle Group was £95.6m (2016: £91.1m), with profits attributable to non-controlling interest holders for the twelve months to 31 December 2017 of £8.6m (2016: four months £(0.3)m). There have been no dividends paid to the non-controlling interests in the 2017 financial year (2016: nil).

The proportion of ownership interests and voting rights held by non-controlling interests is 26%. Refer to note 18 in the Company financial statements for further detail on Merkle Group Inc.

Dentsu Aegis Network Ltd**Notes to the consolidated financial statements (continued)**

For the year ended 31 December 2017

31. Subsequent events**Acquisitions completed after the balance sheet date**

In February 2018, the Group acquired FoxP2, a company in South Africa, that specialises in strategy, design and creative advertising. FoxP2 will be rebranded and become part of the McGarrybowen network.

In February 2018, the Group acquired Character, a company in San Francisco, U.S.A., that specialises in brand strategy and creative design. Character will be a stand-alone entity within the DAN U.S. operations.

In February 2018, the Group acquired Red8, a company in Poland, that specialises in Cloud solutions and data services. Red8 will support all of the Group's network brands.

In March 2018, the Group acquired M8, a company in U.S.A and Argentina, that specialises in search optimisation. M8 will become part of the iProspect network.

In April 2018, the Group acquired White Label, a performance marketing agency in Chile, that specialises in digital advertising. White Label will become part of the iProspect network.

In May 2018, the Group acquired Red Communications, a digital marketing agency in Norway that specialises in performance and digital marketing and performance publishing. Red Communications will become part of Dentsu X.

Dentsu Aegis Network Ltd

Company balance sheet

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Fixed assets			
Tangible assets	7	6.1	4.4
Intangible assets	8	4.7	3.9
Investments	9	2,401.4	2,200.3
		2,412.2	2,208.6
Current assets			
Debtors	10	958.3	1,522.9
Cash at bank		0.5	-
		958.8	1,522.9
Creditors: amounts falling due within one year	11	(36.5)	(492.3)
Net current assets		922.3	1,030.6
Total assets less current liabilities		3,334.5	3,239.2
Creditors: amounts falling due after one year	12	(25.1)	(22.2)
Net assets		3,309.4	3,217.0
Capital and reserves			
Called-up share capital	15	78.5	78.5
Share premium account	15	1,190.8	1,149.9
Merger reserve		13.0	13.0
Profit and loss account		2,027.1	1,975.6
Shareholder's funds		3,309.4	3,217.0

The accompanying notes form part of these financial statements.

Company registration number 1403668 England and Wales.

These financial statements were approved on behalf of the Board of Directors on 14 June 2018 and were signed on its behalf by:



Jerry Buhlmann
Chief Executive Officer



Nick Priday
Chief Financial Officer

Dentsu Aegis Network Ltd

Company statement of changes in equity

At 31 December 2017

	Called-up share capital	Share premium account	Merger reserve	Profit and loss account	Total
	£m	£m	£m	£m	£m
At 1 January 2016	78.5	724.0	13.0	1,626.7	2,442.2
Profit for the financial year	-	-	-	348.9	348.9
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	348.9	348.9
Shares issued	-	425.9	-	-	425.9
At 31 December 2016	78.5	1,149.9	13.0	1,975.6	3,217.0
At 1 January 2017	78.5	1,149.9	13.0	1,975.6	3,217.0
Profit for the financial year	-	-	-	51.5	51.5
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	51.5	51.5
Shares issued	-	40.9	-	-	40.9
At 31 December 2017	78.5	1,190.8	13.0	2,027.1	3,309.4

Dentsu Aegis Network Ltd

Notes to the Company's financial statements

For the year ended 31 December 2017

1. Authorization of financial statements and statement of compliance with FRS 101

The parent company financial statements of Dentsu Aegis Network Ltd (the "Company") for the year ended 31 December 2017 were authorized for issue on behalf of the Board of Directors on 14 June 2018 and the balance sheet was signed on the board's behalf by Jerry Buhlmann and Nick Priday.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). They are prepared under the historical cost exemption, except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss or as available-for-sale.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of the Company are included in the consolidated financial statements of Dentsu Aegis Network Ltd. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The financial statements are prepared in pound sterling and rounded to the nearest million pound (£m).

The financial statements are prepared on a going concern basis as Dentsu Aegis Network Ltd is the head parent company of the Dentsu Aegis Network Ltd Group, and in making its assessment, management is not aware of any material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

2. Accounting policies

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered between two or more members of a group, if any subsidiary which is a party to the transaction is wholly owned by such a member; and
- g) the effects of new but not yet effective IFRSs.

Dentsu Aegis Network Ltd**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2017

2. Accounting policies (continued)**Basis of preparation (continued)**

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures; and
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognized impairment losses. Depreciation is charged to write-off the cost of these assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

Freehold buildings	1% to 5% per annum
Leasehold buildings	Over the period of the lease
Leasehold improvements	10% to 20% per annum or over the period of the lease, if shorter
Office furniture, fixtures, equipment and vehicles	10% to 50% per annum

Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit and loss account.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and any recognized impairment losses. Intangible assets are amortized to residual values on a straight-line basis over the useful economic life of the asset as follows:

Software	20% to 50% per annum
Patents and trademarks	Nil to 20% per annum
Other	10% to 50% per annum

Once acquired intangible assets have exceeded their useful economic lives, the cost and accumulated amortization of the assets are removed from the balance sheet as an asset retirement. Any gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

2. Accounting policies (continued)

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred income tax is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilized.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realized or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated for all business combinations in respect of intangible assets and properties. A deferred tax liability is recognized to the extent that the fair value of the assets for accounting purposes exceeds the value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, including interests in joint ventures, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity respectively.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

2. Accounting policies (continued)

Income Taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities under current legislation and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

The Company's functional currency and presentation currency is pound sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company does not apply hedge accounting of foreign exchange risks in its Company financial statements.

Investments

Investments in subsidiaries, associates and joint ventures, are held in the Company balance sheet at cost less any provisions for impairment.

Leasing and hire purchase commitments

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rentals are charged to the income statement over the lease term on a straight-line basis. If lease incentives are received to enter operating leases, such incentives are recognized as a liability and recognized as a reduction of rental expense on a straight-line basis over the term of the lease.

Retirement benefits

The retirement benefits for employees are provided by defined contribution schemes which are funded by contributions from the Company and employees. The amount charged to profit and loss is the contribution payable in the year.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognized respectively in interest income and interest expense.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

2. Accounting policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment has been established.

Liabilities in respect of put option agreements over non-controlling interests

In accordance with IAS 32, a put option over equity instruments and the amount that is to be potentially paid for the interest in the subsidiary is recorded as a financial liability measured at the present value of the future redemption amount. Subsequent remeasurements are recorded in the income statement. The Company applies the present access method for the non-controlling interests recognition in relation to put options.

On exercise and settlement of a put option liability the cumulative amount is removed from the potential acquisition of non-controlling interests reserve, along with the de-recognition of non-controlling interests.

Critical accounting estimates and judgements: Deferred consideration and put option payments in respect of acquisitions

The Company determines the amount of deferred consideration and put option liabilities to be recognised according to the formulae agreed at time of acquisition, normally related to the future earnings of the acquired entity. Estimates of the expected future earnings of the acquired entity therefore affect the valuation of deferred consideration.

Key areas of judgement in calculating the carrying value of deferred consideration and put option liabilities are the expected future cash flows of the acquired entity and the discount rate.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

3. Profit for the year

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

Dentsu Aegis Network Ltd reported a profit, before the payment of dividends, for the financial year ended 31 December 2017 of £51.5m (2016: £348.9m).

The profit for the year of £51.5m includes dividends received of £Nil (2016: £354.5m) from Group companies.

The auditor's remuneration for audit services to the Company amounted to £0.1m (2016: £0.3m) and for non-audit services amounted to £0.6m (2016: £0.1m).

4. Staff costs

The monthly average number of persons employed by the Company (excluding Directors) during the year was 124 (2016: 125). Their aggregate remuneration comprised:

	2017	2016
	£m	£m
Wages, salaries, bonus and benefits	9.9	17.8
Social security costs	1.4	0.5
Pension costs	1.2	1.0
Staff Costs	12.5	19.3

A long-term incentive bonus scheme is in place and the charge associated with the year ended 31 December 2017 is £0.3m (2016: £7.0m).

Remuneration for Directors of the Company is disclosed in note 6 of the consolidated financial statements. It is paid by Dentsu Aegis Network Ltd. The apportionment of total remuneration relating to the company cannot be reasonably estimated so has not been disclosed.

5. Auditor's remuneration

The auditor's remuneration for audit services to the Company amounted to £0.1m (2016: £0.3m) and for non-audit services amounted to £0.6m (2016: £0.1m).

The audit fee for the group is outlined in note 5 to the consolidated financial statements of Dentsu Aegis Network Ltd. The fee is borne by Dentsu Aegis Network Ltd on behalf of the Group.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

6. Taxation

	2017 £m	2016 £m
Corporation tax receivable/(payable) at 1 January	3.3	(8.2)
Cash (paid)/received	(7.8)	12.6
Current year tax charge	(1.5)	(1.2)
Prior year corporation tax credit/(charge)	-	0.1
Transfers	-	-
Corporation tax receivable/(payable) at 31 December	(6.0)	3.3
Deferred tax asset at 1 January	6.8	5.5
Current year deferred tax charge	(0.1)	2.2
Prior year deferred tax charge	(0.3)	-
Impact of change in deferred tax rate	-	(0.9)
Deferred tax asset at 31 December	6.4	6.8
Tax charge on profit	1.5	1.1
Net movement in deferred tax	0.4	(1.3)
Current year tax charge/(credit)	1.9	(0.2)

The tax charge/(credit) for the year ended 31 December 2017 is £1.9m (2016: £(0.2)m) representing an effective tax rate on statutory profits of 3.52% (2016: 2.28%).

UK Corporation tax is calculated at 19.25% (2016: 20%) of estimated assessable profit for the year.

The UK Government enacted legislation which reduced the main rate of corporation tax to 19% from 1 April 2017. A further reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The net UK deferred tax asset has been calculated using the substantively enacted rates applicable when the temporary difference is expected to reverse. The impact on the Company's net assets is not expected to be material.

The company has the following temporary differences in respect of which no deferred tax asset has been recognized:

	2017 £m	2016 £m
Losses – Revenue	26.6	35.0
Losses – Capital	94.7	94.7
Total	121.3	129.7

These losses may be carried forward indefinitely.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

7. Tangible assets

	Long leasehold and leasehold improvements	Equipment, fixtures and fittings	Total
Cost			
At 1 January 2017	12.0	2.4	14.4
Additions	2.6	0.2	2.8
At 31 December 2017	14.6	2.6	17.2
Accumulated depreciation			
At 1 January 2017	7.7	2.3	10.0
Charge for the year	1.1	-	1.1
At 31 December 2017	8.8	2.3	11.1
Carrying value			
At 31 December 2017	5.8	0.3	6.1
At 31 December 2016	4.3	0.1	4.4

8. Intangible assets

	Computer software	Patents & trademarks	Total
Cost			
At 1 January 2017	6.3	5.1	11.4
Additions	-	1.7	1.7
At 31 December 2017	6.3	6.8	13.1
Accumulated depreciation			
At 1 January 2017	5.3	2.2	7.5
Charge for the year	0.4	0.5	0.9
At 31 December 2017	5.7	2.7	8.4
Carrying value			
At 31 December 2017	0.6	4.1	4.7
At 31 December 2016	1.0	2.9	3.9

Dentsu Aegis Network Ltd**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2017

9. Investments

	Shares in subsidiary undertakings	£m
Cost		
At 1 January 2017		2,376.3
Additions		201.1
At 31 December 2017		2,577.4
Accumulated impairment losses		
At 1 January 2017		176.0
At 31 December 2017		176.0
Carrying amount		
At 31 December 2017		2,401.4
At 31 December 2016		2,200.3

Most shareholdings are of ordinary shares.

Details of the subsidiaries and associates in which the Company holds 20% or more of the nominal value of any class of share capital are listed in note 18.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

10. Debtors

	Note	2017 £m	2016 £m
Amounts owed by subsidiary undertakings		940.9	1,504.0
Other receivables		2.2	2.6
Prepayments and accrued income		6.6	6.2
Corporation tax	6	-	3.3
Derivative financial assets		2.2	-
Deferred tax asset	6	6.4	6.8
		958.3	1,522.9

Deferred tax of £6.4m (2016: £6.8m) falls due after more than one year.

11. Creditors: amounts falling due within one year

	Note	2017 £m	2016 £m
Bank overdraft		-	2.8
Trade payables		1.5	1.3
Amounts owed to subsidiary undertakings		0.5	449.2
Deferred lease incentive		1.0	1.9
Deferred consideration		4.9	3.8
Accruals and deferred income		17.7	29.0
Corporation tax	6	6.0	-
Derivative financial liabilities		0.1	3.4
Other creditors		4.8	0.9
		36.5	492.3

The Company was party to certain put option arrangements in respect of subsidiaries, that were not wholly-owned in the year ended 31 December 2016. These put options have since been exercised, therefore the value of the options as at 31 December 2017 is nil (2016: £3.2m).

12. Creditors: amounts falling due after one year

	2017 £m	2016 £m
Deferred lease incentive	12.6	13.5
Deferred consideration	12.2	8.7
Other creditors	0.3	-
	25.1	22.2

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

13. Maturity profile of Company financial liabilities

2017	Less than 1 year	1-5 years	Total
	£m	£m	£m
Bank overdrafts	-	-	-
Borrowings	-	-	-
	-	-	-
Deferred consideration	4.9	12.2	17.1
Deferred lease incentive	1.0	12.6	13.6
	5.9	24.8	30.7
2016	Less than 1 year	1-5 years	Total
	£m	£m	£m
Bank overdrafts	2.8	-	2.8
Borrowings	-	-	-
	2.8	-	2.8
Deferred consideration	3.8	8.7	12.5
Deferred lease incentive	1.9	13.5	15.4
	5.7	22.2	27.9

14. Derivative financial instruments

	2017	2016
	£m	£m
Current		
Derivative financial assets	2.2	-
Derivative financial liabilities	(0.1)	(3.4)
Non-current		
Derivative financial assets	-	-
Derivative financial liabilities	-	-

The derivative financial assets and liabilities represent the fair value of the external and intra-Group foreign exchange contracts and cross currency interest rate swaps which are accounted for as fair value through the profit and loss account.

Details of the fair value of the Company's derivative financial instruments are set out in note 19 of the consolidated financial statements.

Dentsu Aegis Network Ltd**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2017

15. Reserves**Called-up share capital**

	2017 Number of ordinary shares	2017 £m		2016 Number of ordinary shares	2016 £m
Ordinary shares of 5.5p issued and fully paid:					
At 1 January	1,426,868,830	78.5		1,426,866,828	78.5
Issue of shares by the Company	1,008	-		2,002	-
At 31 December	1,426,869,838	78.5		1,426,868,830	78.5

Movements in called-up share capital

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares each have full voting rights.

The Company issued 1,008 shares in the year (2016: 2,002). Refer to note 22 of the consolidated financial statements for details.

Share premium account

	2017 £m	2016 £m
At 1 January	1,149.9	724.0
Issue of shares by the Company	40.9	425.9
At 31 December	1,190.8	1,149.9

During the year the Group issued £35.0m of ordinary shares to Dentsu Inc., the majority of which is held within share premium. £5.9m of ordinary shares were also issued in a share for share exchange for the purchase of the various Thai, Malaysian and Hong Kong entities from Dentsu Inc. as part of a non-cash purchase.

Dentsu Aegis Network Ltd**Notes to the Company's financial statements (continued)**

For the year ended 31 December 2017

16. Operating lease arrangements

At 31 December 2017, there were the following annual commitments in respect of non-cancellable operating leases:

	2017	2016
	£m	£m
Operating lease payments recognized in expense for the year	8.0	9.0

Operating lease commitments

At balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£m	£m
Not later than one year	10.9	11.4
Between two and five years	56.4	43.6
After 5 years	413.3	86.5
	480.6	141.5

The Company enters into operating lease arrangements for the hire of buildings and plant & equipment as these arrangements are a cost-effective way of obtaining the short-term benefits of these assets.

17. Related parties

The Company's ultimate controlling party and ultimate parent is Dentsu Inc. (incorporated in Japan), which owns 100% of the Company's shares. The financial statements of Dentsu Inc. are publicly available.

Details of the Group's related parties can be found in note 29 of the consolidated financial statements.

Dentsu Aegis Network Ltd

Notes to the Company's financial statements

For the year ended 31 December 2017

18. Related undertakings

The Group has a large number of related undertakings across the various countries in which it operates. These are listed below.

All shareholdings are of ordinary shares (or the equivalent) unless otherwise stated.

Section 1 - Subsidiaries held directly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Aegis Luxembourg S.A.R.L.	Luxembourg	100	65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg
Aegis Finance	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis GPS Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Investments Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Nominees Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Trustees Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Media Global Brand Management Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Media Pacific Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis TI	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis TIG Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Treasury Investments Limited	United Kingdom	64*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Triton Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aquila Insight Ltd	United Kingdom	100	Argyle House, 3 Lady Lawson Street, Edinburgh, Scotland
Carat Management Services (UK) Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Media Services Asia Pacific Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
David Wood & Associates Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu McGarryBowen UK Ltd	United Kingdom	100 ^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Fetch Media Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Acquisitions Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

* A further 36% is held by the Company indirectly

^ The Group also holds 100% of a class of preference shares in this entity

Section 2 - Subsidiaries held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Amnet Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina
Carat Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina

Section 2 - Subsidiaries held indirectly by the Company	Country of incorporation	% of equity	Registered office address	Capital and voting rights held by the Company	(continued)
iProspect Argentina S.A.	Argentina	100	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina	1674, Manuel Ugarte, 3rd Floor, City of Buenos Aires, Argentina	Vizcum Argentina S.A.
QOdds Pty Ltd	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000	QTack Pty Ltd
5th International Group Pty Ltd	Australia	74+	L 7264-278 George St, Sydney, NSW, 2000, Australia	L 7264-278 George St, Sydney, NSW, 2000, Australia	Accordant Pty Ltd
Aegis Finance Australia LLP	Australia	100	Level 2, 85 Coventry Street, South Melbourne, VIC, 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	AEGIS Finance Australia LLP
AMNET Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	AMNET Australia Pty Ltd
Amplifi Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Amplifi Australia Pty Ltd
Belgiovane Williams Mackay Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Belgiovane Williams Mackay Pty Ltd
Carat Australia Media Services	Australia	100	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Carat Australia Media Services
Carat Media Pty Ltd	Australia	100	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Carat Media Pty Ltd
Carat Pty Limited	Australia	100	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Carat Pty Limited
Cox Inail Communications Pty	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Cox Inail Communications Pty
Cox Inail Change Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Cox Inail Change Pty Ltd
D2D Data 2 Decisions Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	D2D Data 2 Decisions Pty Ltd
DAN Corporate Services Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	DAN Corporate Services Ltd
David Wood & Associates Pty	Australia	100	Suite 11.01, Level 11, 60 Castlereagh Street, Sydney, NSW, Australia	Suite 11.01, Level 11, 60 Castlereagh Street, Sydney, NSW, Australia	David Wood & Associates Pty
Denstu Aegeis Network Pty Ltd	Australia	100	Levele 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Levele 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia	Denstu Aegeis Network Pty Ltd
Denstu Mitchell Media (NSW)	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Denstu Mitchell Media (NSW)
Denstu Mitchell Media (QLD) Pty	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Denstu Mitchell Media (QLD) Pty
Denstu Mitchell Media (WA) Pty	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Denstu Mitchell Media (WA) Pty
Denstu Mitchell Media Australia	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Denstu Mitchell Media Australia
Pty Ltd Denstu Mitchell Media Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia	105 York Street, South Melbourne, VIC 3205, Australia	Pty Ltd Denstu Mitchell Media Pty Ltd
Glenair Futures Pty Limited	Australia	89	AMP Centre, Level 27, 50 Bridge Street, Sydney, NSW, 2000,	AMP Centre, Level 27, 50 Bridge Street, Sydney, NSW, 2000,	Glenair Futures Pty Limited

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Denstu Aegeis Network Ltd

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Haystac Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Haystac Public Affairs Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Hind & Hind Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Huckleberry Agency Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Impact Live Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Insite Organisation Pty Ltd	Australia	100	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
iProspect Pty Limited	Australia	100	Level 3, Bond One, 20 Windmill St, Walsh Bay, NSW 2000, Australia
Isobar Australia Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Isobar Communications Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Klip Desk Holdings Pty Ltd	Australia	55	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
Marketing Resources Management Group Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
MKTG Australia Pty Ltd	Australia	100	Suit 3 Level 2, 20 Clarke Street, Crows Nest NSW2065
MKTG Sport & Entertainment Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Oddfellers Dentsu Pty Ltd	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000
Oddfellers Holdings Pty Limited	Australia	100	502, 249 Pitt Street, Sydney, Australia, NSW, NSW 2000
Pacbyte Mitchell Pty Ltd	Australia	75	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
Patterson Partners Adcafe Pty Limited	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Picture This! Productions Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Positive Outcomes Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Posterscope Australia Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Rodeo Agency Pty Ltd	Australia	100	Level 1, 129 York Street, South Melbourne, VIC 3205, Australia
Safecom Solutions Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Scorch Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Search Factory Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Search Found Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
SMG Studio Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Soap Creative Pty Ltd	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Spark P R Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Sputnik Agency Pty Limited	Australia	51	105 York Street, South Melbourne, VIC 3205, Australia
Stadia Media Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Steak PTY Ltd.	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Storylab Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Vivid Group Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Vivid Holdings Australia Pty Ltd	Australia	100	Level 4, 111 Cecil Street, South Melbourne, VIC 3205, Australia
Vizeum Australia Pty Limited	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Web Data Group Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
WiTH Collective Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
WSA Media Buying Pty Ltd	Australia	100	105 York Street, South Melbourne, VIC 3205, Australia
Amnet Central GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Carat Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Dentsu Aegis Network Austria GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Dentsu Aegis Network Central Services GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
iProspect GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
IQ mobile Kommunikationsdienste Beratungs-, Entwicklungs - und Vertriebs GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
isobar Werbeagentur GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Media.at GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
MediaSelect GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
mediastrategen GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Omnimedia GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Vizeum Austria Media Service GmbH	Austria	100	Trabrennstrasse 2A, Wien, A-1020, Austria
Amnet Belgium SA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Carat Belgium SA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Dentsu Aegis Network Belgium SA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
iProspect Belgium SA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Isobar BVBA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Netsociety Belgium SPRL	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Posterscope Belgium SA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Vizeum Belgium SA	Belgium	100	Rue du Moulin a Papier 55, Bruxelles, 1160, Belgium
Agenciaclik - Midia Interativa S.A.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Agenciaclik Brasilia Ltda	Brazil	100	Setor Comercial, Norte, Quadra 04, Bloco B, nº 100, Sala 603, Sao Paulo, CEP 05686-002, Brazil
Amnet Servicos de Publicidade Ltda	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Amplifi Comunicacao E Otimizacao de Midia Ltda	Brazil	100	31, Parte, Alphavile Commercial, Centro, Barueri/SP, CEP 06453-054, Brazil
Big Scotch Midia Interativa Ltda.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Copernicus Assessoria em Marketing Ltda.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Cosin & Associados Consultoria e Servicos de Informática S.A.	Brazil	100	Alameda jau, 1754, 2 andar, Jardim Paulista, San Paulo, CEP 01420-002, Brazil
iProspect Search & Marketing S.A.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Jumptank Servicos de Marketing e Midia Ltda	Brazil	100	Rua Geraldo Campos Moreira, 375, 5º andar, Conjunto 52, Cidade Monções, CEP 04571-02, Brazil
Mcgarrybowen Brasil Comunicacoes S.A.	Brazil	100	298, Rua Wisard, 3 andar, Vila Madalena, 05434-000 Sao Paulo/SP, Brazil
Minucon Mobile Marketing Ltda	Brazil	100	Rua Lisboa 224, 1 ander, Bairro Jardim America, CEP05413-000, Sao Paulo-SP, Brazil
MKTG Marketing e Promocao de Eventos Ltda	Brazil	100	298, Rua Wisard, 8 andar, parte, Vila Madalena, Sao Paulo/SP, CEP 05434-000

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
NVG Participacoes S.A.	Brazil	100	298 Rua Wisard, Andar Intermediario Sala 1, Vila Madalena, Sao Paulo/SP-CEP 05434-000, Brazil
Plusmedia Servicos de Marketing Ltda.	Brazil	100	Praia de Botafogo, 228, ala B, 3º andar, Botafogo, Rio de Janeiro/RJ CEP 22.250-906
Pontomobi Tecnologia Informatica Ltda	Brazil	100	1562, Alameda Franca, Bairro Jardim Paulista, Sao Paulo-SP, CEP 01422-004, Brazil
PPR Profissionais de Publicidade Reunidos S.A.	Brazil	70^	31, Calcadas das Acacias, Centro Commercial Alphaville, Barueri, SP CEP 06453-05, Brazil
wwwins.com Holding Co., Ltd	British Virgin Islands	100	P.O.Box 957, Offshore Incorporations Centre,Road Town, Tortola, British Virgin Islands
Amnet Bulgaria EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Aegis Network Balkans EOOD	Bulgaria	100	26-30, FL.2, Bacho Kiro Str., Sofia, 1000, Bulgaria
Dentsu Aegis Network Bulgaria OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
eCommera EOOD	Bulgaria	100	49B Bulgaria Blvd, 4th floor, Sofia 1404, Bulgaria
Vizeum Bulgaria OOD	Bulgaria	60	16, Sveta Nedelya Sq., 1000, Sofia, Bulgaria
Aegis Media Innov8 Inc.	Canada	100	22, St Clair Avenue East, Toronto, Ontario, M4T253, Canada
AMNET Media Canada, Inc.	Canada	100	400, Suite 250, de Maisonneuve Blvd. W., Montreal, Quebec, H3A 1L4, Canada
Amplifi Media Canada Inc.	Canada	100	116, Suite 600, Spadina Avenue, Toronto, ON, Canada
Carat Canada Inc	Canada	100	3970, rue Saint-Ambroise, Montreal, PQ, Canada
Carat Stratégem Inc.	Canada	100^	44 Chipman Hill, 10th Floor, St John New Brunswick, E2L 4S6, Canada
Cardinal Path Inc.	Canada	100	503-1060 Howe Street, Vancouver, BC, V6Z 2T1, Canada
DAN Agency Inc.	Canada	100	276 King St. West, Toronto, Toronto, Canada
Data2Decisions Canada Inc.	Canada	100	116, Suite 600, Spadina Avenue, Toronto, ON, Canada
Dentsu Aegis Network Canada Inc.	Canada	100	276 King St. West, Toronto, Toronto, Canada
Dentsu Media Canada Inc.	Canada	100	276 King St. West, Toronto, Toronto, Canada
Grip Limited	Canada	100^	179, John St, Toronto, M5T 1XA, Canada
ICUC/iProspect Moderation services, Inc.	Canada	100	1700-666, Burrard Street, Vancouver, Nritisj Columbia, Canada
iProspect Canada Inc.	Canada	100	4200, Suite 701, boul. Saint-Laurent, Montreal, Quebec, H2W2R2, Canada
Isobar Canada, Inc.	Canada	100	400, Suite 250, de Maisonneuve Blvd. W., Montreal, Quebec, H3A 1L4, Canada
Merkle Media Canada ULC	Canada	74*	Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, BC V6X 2X8, Canada
MKTG Canada Corp.	Canada	100^	1, Suite 801, Eglinton Avenue East, Toronto, ON, M4P 3A1, Canada
Synovate Aztec Limited	Canada	51	480, Suite 500, University Avenue, Toronto, ON, M5G 2R4, Canada
Vizeum Canada Inc.	Canada	100	400, Suite 250, de Maisonneuve Blvd. W., Montreal, Quebec, H3A 1L4, Canada
Agencia Veriplan SA .	Chile	68	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Carat Chile SA	Chile	95	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Dentsu Aegis Network Chile SpA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
iProspect Chile SPA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Redirect Chile SPA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile
Vizeum Chile SPA	Chile	100	Badajoz 45 piso 9, Las Condes, Santiago, Chile

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Aegis Media Technology Co., LTD.	China	100	Room 337, 7F, 3409 DongFang Road, Shanghai, China
Band Commercial Consulting (Beijing) Co. Ltd	China	100	77 Jianguo, Level 24, Tower 3, China Central Place, Chaoyang District, Beijing, China
Beijing Posterscope Advertising Company Ltd	China	100	Unit 2-4, Room 501, Block 3, 8 Xinyuan South Road, Chaoyang District, Beijing, Beijing, China
Beijing Vizeum Advertising Co., Limited	China	100	Floor 21, Tower E1, Beijing Oriental Plaza, China
Beijing Wonderad Advertising Co., Ltd	China	100	Room 1501 Building A Wanda Plaza, 93 Jianguo Road, Chaoyang District, Beijing, China, China
Beijing Xin Lan Shi Ji Advertising Co., Ltd	China	100	No 1509, Block A, 93 Jianguo Road, Chaoyang District, Beijing, China
Bluecom (Shanghai) Solutions Co., Ltd	China	100	Section B, 3rd floor, Building5, No.255 YangZhai Road, Changning District, Shanghai, China
Catch Stone Advertising (Beijing) Co., Ltd	China	100	Room 408-023, 4th Floor, Building no.2 Daliushu Fuhai Centre, Haidian District, Beijing, China
Dentsu Aegis (Shanghai) Investment Co., Ltd.	China	100	650, Ding Xi Road Unit 6236, Shanghai, China
Dentsu Mcgarrybowen (Shanghai) Advertising Co. Ltd.	China	49**	Room 1207-1208, Floor 12, 150 Hubing Road, Huangpu District, Shanghai, China
Dentsu Rihai Communications Co., Ltd.	China	100	Unit 9-11 in Room 601, Floor 6, Block 3, 8 Xinyuan South Road, Chaoyang District, Beijing, China
Dentsu Top Co., Ltd.	China	100	Room 98, Floor 9, 583 Lingling Road, Xuhui District, Shanghai, China
DWA (Beijing) Marketing Consultants Ltd	China	100	Room 1568, 15th Floor, 12 Jianwaidajie, Chaoyang District, Beijing, China
Guangdong Carat Media Services (China) Limited	China	100	Unit 03-06, 27th Floor Guangzhou International Electronic Tower, 403 Huan Shi East Road, Guangzhou, 510095, China
iProspect (Shanghai) Advertising Media Co., Ltd	China	100	Room 1329, Building 2, No 1630 Yecheng Road, Jiading Industrial District, Shanghai 201821, China
John Brown (Shanghai) Company Limited	China	100	1208, Suit G, Floor 3, South Xizang Road, Shanghai, China
Merkle Business Information Consultancy (Nanjing) Company Limited	China	74*	12/F Beidou Tower, 6 Huida Road, Nanjing High & New Tech Industry Development Zone, Jiangsu Province, China
Merkle Business Information Consultancy (Shanghai) Company Limited	China	74*	Unit 1101, 6 Lane 3611, Zhangyang Road, Pudong New Area, Shanghai, China
Same Same but different Marketing Planning (Shanghai) Limited	China	100	Room E, 11F, No. 55 West Huai Road, Shanghai, China
Shanghai An Ke Ji Tong Advertising Co., Ltd.	China	100	Room 1177 Building 10, No. 500 Shengxin South Road, Jiading District, Shanghai, China
Shanghai Clarity Advertising Co., Ltd	China	100	650, Ding Xi Road Unit 6238, Shanghai, China
Shanghai Dewen Advertising Co., Ltd	China	100	Room D303, Building 2, No.700, South Huangpi Road, Huangpu District, Shanghai, China
Shanghai OMP Advertising Communication Co, Ltd.	China	100	Room 105, No.671 Yuema Village,Gangyan Township, Chongming County, Shanghai, China
Shanghai Verawom Culture Communications Co., Ltd	China	100	650, Ding Xi Road Unit 6237, Shanghai, China
Shanghai VeryStar Internet Science and Technology Co., Ltd	China	60	Room 202, No.5537, Waiqingsong Road, Qingpu District, Shanghai, China
Shanghai WWWINS Marketing Consultancy Co., Ltd	China	100	Room 1608-11, 688 West Nanjing Road, Jing'an District, Shanghai, China
Trio Digital Integrated (Shanghai) Co., Ltd.	China	100	Room 309,311 & 313, Building No.3, 909 Tian Yao Qiao Road, Shanghai 200030, 200030, China

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Trust New Voice PR Consultancy Shanghai Company Limited	China	100	Unit 6204-T, Building 6,990 Chang Ping Road, Jing An District, Shanghai, China
Zhihuitong Advertising (Tianjin) Co., Ltd	China	100	No. 1 Aviation Industry Support Center Room 645N27, Tianjin Airport Economic Zone Bao-Hang Road, China
Aegis Media Colombia S.A.S.	Colombia	51	Calle 98, 22-64 Office 616-617, Bogota, Colombia
Carat Colombia S.A.S.	Colombia	51	Calle 98, 22-64 Office 616-617, Bogota, Colombia
iProspect Colombia SAS	Colombia	51	Calle 98, 22-64 Office 616-617, Bogota, Colombia
Vizeum Colombia S.A.S.	Colombia	51	Calle 98, 22-64 Office 616-617, Bogota, Colombia
Dentsu Aegis Network d.o.o.	Croatia	100	57, Ulica Ljudevita Gaja, Zagreb, 10000, Croatia
Hullbitt Ltd	Cyprus	76	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Stanville Investments Ltd	Cyprus	76	3, Julia House, Themistokli Dervi Street, Nicosia, Cyprus, 1066
Adexpres.com s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
AMNET Czech s.r.o.	Czech Republic	100	Celetna 594, 116 22 Praha 1, Czech Republic
Bistro Agency s.r.o	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
Bistro Social s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
blue-infinity s.r.o.	Czech Republic	100	Vaclavsske namesti 846/1, Palac Koruna (3rd Floor), Prague, 1,110-00, Czech Republic
Carat Czech Republic s.r.o.	Czech Republic	100	Celetna 594, 116 22 Praha 1, Czech Republic
Dentsu Aegis Network Czech Republic s.r.o.	Czech Republic	100	Celetna 594, 116 22 Praha 1, Czech Republic
Mobile Internet s.r.o.	Czech Republic	100	Argentinska 1610/4, Holesovice, 170 00 Prague 7, Czech Republic
Vizeum Czech Republic s.r.o.	Czech Republic	100	Celetna 21, Praha 1, 116 22, Czech Republic
Amnet AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu Aegis Network AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Isobar Nordics A/S	Denmark	57	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Magnetix A/S	Denmark	57	Meldahlsgrade 5, 1613 Copenhagen V, Denmark
Posterscope Denmark AS	Denmark	100	Overgaden, Neden, Vandet 7, 1414, Copenhagen K, Denmark
Dentsu Aegis Network Egypt LLC	Egypt	100	55, Mohamed Mazhar Street, 6th Floor, app 13, Zamalek, Cairo, Egypt
Digital Republic for Advertising and Digital Services S.A.E.	Egypt	51	2, El Malek El Afdal street, Zamalek, Cairo, 11211, Egypt
Dentsu Aegis Network Estonia AS	Estonia	100	Narva mnt 7d, Tallinn, 10117, Estonia
Amnet Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Carat Finland Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Dentsu Aegis Network Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Isobar Finland OY	Finland	57	2, Etelaesplanadi, Helsinki, 00130, Finland
MKTG Finland Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Vizeum Oy	Finland	100	2, Etelaesplanadi, Helsinki, 00130, Finland
Aegis Finance SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France
Amnet France SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France
Carat France SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France
Data to Optimization SAS	France	100	4 Place de Saverne, Coubervoie, Paris la Defense Cedex, 92971, France

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Dentsu Aegis Network France SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Dentsu Expertise & Consulting SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Granit Production SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Gyro France SAS	France	100	20, Rue Mirabeau, Paris, 75016, France
gyroHSR France SARL	France	100	114 Avenue Charles de Gaulle - 8, rue de l'Hotel de Ville - 92200, Neuilly sur Seine, France
iProspect France SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Isobar SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
JH Conseil SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Keneo SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Mcgarrybowen France SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
MKTG France SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
MKTG Travel SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Periscopix France SARL	France	74*	140, bid rue de Rennes, Paris, 75006, France
Posterscope Contact SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Posterscope France SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Vizeum France SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Zone Franche SAS	France	100	4 Place de Saverne, Coubervoe, Paris la Defense Cedex, 92971, France
Act Europe GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Amnet GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
Carat Deutschland GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
David Wood & Associates GmbH	Germany	100	Landsberger Str. 154, Munich, 80339, Germany
Dentsu Aegis Network Central Europe GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Dentsu Aegis Network Central Europe Holding GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Dentsu Aegis Network Germany GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Dentsu Aegis Network Hamburg GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
Dentsu Aegis Resolutions GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Explido Beteiligungs - GmbH	Germany	100	28, Prollstrasse, 86157 Augsburg, Germany
Explido GmbH & Co. KG	Germany	100	28, Prollstrasse, 86157 Augsburg, Germany
Fetch Media GmbH	Germany	100	Invalidenstrasse 112, Berlin, 10115, Germany
Gyro Communications GMBH	Germany	100	Lindwurmstr. 76, Munchen, 80337, Germany
HMS Group Vizeum GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Indigo: Werbeagentur GmbH	Germany	100	Johannstrastresse 37, 40476 Dusseldorf, Germany

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
iProspect GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Isobar Germany GmbH	Germany	100	Johannstrastresse 37, 40476 Dusseldorf, Germany
McGarry Bowen GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
MKTG Germany GmbH	Germany	100	Johannstrastresse 37, 40476 Dusseldorf, Germany
MW Office Gesellschaft fur Marketing und Werbung mbH	Germany	100	Steinheilstrasse 10, Ismaning b, 85737, Germany
Posterscope Deutschland GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
The Story Lab GmbH	Germany	100	Alsterufer 3, Hamburg 20354, Germany
Vizeum Deutschland GmbH	Germany	100	Kreuzberger Ring 19, Wiesbaden, 65205, Germany
Dentsu Aegis Network Ghana Limited	Ghana	60	65, Obenesu Crescent, East Cantonments, Accra, Ghana
Posterscope Ghana Limited	Ghana	60	33, Justice DF Annan Street, Tesano, Accra, Ghana
Premier Media Company GH Limited	Ghana	60	No.4, Vraac Crabbe Street, Tesano, Village Accra, Ghana
Carat Communications Services SA	Greece	100	392 Messogion Avenue, Agia Paraskevi 15341, Athens, Greece
Carat Horizon Communications Services SA	Greece	100	392 Messogion Avenue, Agia Paraskevi 15341, Athens, Greece
Carat International Hellas Communication Services SA	Greece	100	392 Messogion Avenue, Agia Paraskevi 15341, Athens, Greece
Dentsu Aegis Network Hellas Communication Services SA	Greece	100	392 Messogion Avenue, Agia Paraskevi 15341, Athens, Greece
Isobar - iProspect Advertising Services SA	Greece	80	95, Aristotelous Str., 136 71 Axarnes, Attica, Greece
Amnet Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Band Limited	Hong Kong	100	Flat/Rm 901, Yip Fung Building, 2-12 D'Aguilat St, Central, Hong Kong, Hong Kong
Bluecom Solutions Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
blue-infinity ltd	Hong Kong	100	72, GloucesterRoad, 6/F Luk Kwok Centre, Wan Chai, Hong Kong
Carat Media Services Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
CC&P Advertising Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Darwin Marketing Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Dentsu Hong Kong Ltd.	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong; Room 1A-10A,7/F,Island Place Tower,Island Place,510 King's Road,North Point,Hong Kong, Hong Kong, China
dentsu X Limited	Hong Kong	100	Suite 604, 6/F 625 King's Road, North Point, Hong Kong, Hong Kong; Unit 1901, 19/F, AIA Hong Kong Tower, 734 King's Road, Quarry Bay, Hong Kong, Hong Kong, China
Fetch Media Hong Kong Limited	Hong Kong	100	16th Floor, Wing On Centre, 111 Connaught Road, Central Hong Kong, Hong Kong
Gain Concept Advertising Agency Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Great Method Investments Limited	Hong Kong	74*	29th Floor, Caroline Centre, Lee Gardens Two, 28 Yun Ping Road, Hong Kong
iProspect Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Isobar Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
John Brown Hong Kong Ltd	Hong Kong	100	151, 5/F, Hollywood Road, Central, Hong Kong, Hong Kong
M&J Interactive Limited	Hong Kong	60	25th & 27th Floors, 625 King's Road, Quarry Bay, Hong Kong

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
McGarry Bowen Hong Kong Limited	Hong Kong	49**	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Posterscope (Hong Kong) Limited	Hong Kong	100	25/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Posterscope Advertising Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Same Same Agency Limited	Hong Kong	100	Ft 01-02, 19th Floor Tai Yip Building, 141 Thomson Road, Wanchai, Hong Kong
Same Same but different Limited	Hong Kong	100	Room 1003, 10/F Boss Commercial Centre, No.28 Ferry Street, Kowloon, Hong Kong
Vision Advertising Holding Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Vizeum Hong Kong Limited	Hong Kong	100	27/F, 625 King's Road, Quarry Bay, Hong Kong, Hong Kong
Aegis Hungary Finance Zrt.v.a.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Carat Hungary 21Media Kft.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Dentsu Aegis Network Hungary Media Kft	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Isobar Budapest Zrt.	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Posterscope Hungary Kft	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Vizeum Hungary Media Kft	Hungary	100	15-23, Kacsa utca, Budapest, 1027, Hungary
Accord Public Relations Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Amnet Trading India Private Limited	India	100	601, Poonam Chamber B Wing, Dr A B Road Worli, Mumbai, 400 018, India
Carat Media Services India Pvt Ltd	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Clickstreamers India Pvt. Ltd.	India	100	F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
Contextual Advertising Private Limited	India	100	8th Floor, Devchano House, C Block, Shivasagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India
Dentsu Aegis Network India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Dentsu Impact Pvt. Ltd.	India	100	601, Poonam Chamber B Wing, Dr A B Road Worli, Mumbai, 400 018, India;
			Lotus Corporate Park, F-1602, 16th Floor, Jay Coach Naka, Western Express Highway, Goregaon (East), Mumbai - 400063, India
Dentsu India Private Limited	India	100	601, Poonam Chamber B Wing, Dr A B Road Worli, Mumbai, 400 018, India
Dentsu Media and Holdings India Pvt. Ltd.	India	100	81/2, 3rd & 4th floor, Om House, Aurbindo Marg, Adhchini, New Delhi - 110017, New Delhi, India;
			F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
Dentsu Mediatech Pvt. Ltd.	India	100	F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
Dentsu One Pvt. Ltd.	India	100	10th Floor DLF Cyber Terraces, Building 5-A, DLF Cyber City, Phase III, Gurgaon Haryana 122 002, Gurgaon, India;
			601, Poonam Chamber B Wing, Dr A B Road Worli, Mumbai, 400 018, India
Dentsu Webchutney Private Limited	India	91	F-130, Ground Floor, Street No-7, Pandav Nagar, New Delhi, 110091, India
DGM India Internet Marketing Private Limited	India	67	F 90/34, Okhla Industrial Area, Phase-I, New Delhi, South Delhi, 110020, India
DWA Media Private Limited	India	100	Unit No. 2201, 2nd Floor, Brigade Gateway, World Trade Centre, Malleshwaram, Bangalore, Karnataka, 560055, India

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
eCommera India Private Limited	India	100	3rd Floor, Al-Monte,Sr., No.8 Hissa 2B & 2C, Hadaspur Kharadi Bypass, Pune 411045, India
Fountainhead Entertainment Private Limited	India	90	New Era Mill Compound, 16 Mogul Lane, Matunga (West), Mumbai, 400016, India
Fractal Ink Design Studio Private Limited	India	90	Shop No. 2, Trishul B, Sindhi Society, Chembur, Mumbai, 400071, India
Happy Creative Services (India) Private Limited	India	90	40, City Centre, CMH Road, Indiranagar, Bangalore, Karnataka, 560038, India
Image Public Relations Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Imprimis Life PR Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Iprospect India Private Limited	India	100	8th Floor, Devchano House, C Block, Shivasagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India
Isobar India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Milestone Brandcom Private Limited	India	74	Unit 5, Peninsula Corporate Park, Tower 1, Wing B,G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India
Milestone Signage Solutions Private Limited	India	74	Unit 5, Peninsula Corporate Park, Tower 1, Wing B,G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India
Networkplay Media Private Limited	India	94	D-119, Lajpat Nagar-1, New Delhi, South Delhi, 110024, India
Paragon Digital Services Private Limited	India	100	CeeDeeYes Tyche Towers, No.14/1A, No.14/1B, No.14/2A Perungudi Bye Pass Road, Chennai, Chennai TN 6000, India
Perfect Relations Private Limited	India	90	S-27, Second Floor, Star City, Mahatta Towers, District Centre, Mayur Vihar Phase-1, Delhi, 110091, India
Posterscope Outdoor Advertising Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
Smile Multimedia Private Limited	India	100	D-119, Lajpat Nagar-1, New Delhi, South Delhi, 110024, India
Sokrati Technologies Pvt Ltd	India	51	Survey No. 35, Deep Complex, 3rd Floor, Mumbai-Bangalore Highway Road, Baner, Pune, Maharashtra, 411 045, India
Storyboard Brandcom Private Limited	India	74	Unit 5, Peninsula Corporate Park, Tower 1, Wing B,G. K. Marg, Lower Parel (West), Mumbai 400 013, Mumbai, India
SVG Media Private Limited	India	94	D-119, Lajpat Nagar-1, New Delhi, South Delhi, 110024, India
Ultimedia E-Solutions Private Limited	India	100	8th Floor, Devchano House, C Block, Shivasagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018, India
Vizeum Media Services India Private Limited	India	100	Poonam Chambers, B-Wing, 6th Floor, Dr. Annie Besant Road, Worli, Mumbai, 400018, India
WAT Media Pvt. Ltd	India	95	5th & 6th Floor, Apte Properties, Manjrekar Lane, Off. Dr. E Moses Road, Worli, Mumbai, 400018, India
PT. Aegis Media Indonesia	Indonesia	100	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Cursor Media	Indonesia	100	Menara Sentraya Level 35, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta 12160, Indonesia
PT. Isopost	Indonesia	100	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Mahardhika Insani Adiwarna	Indonesia	100	Menara Sentraya Level 36, Jl. Iskandarsyah Raya no. 1A, Kebayoran Baru, South Jakarta, 12160, Indonesia
PT. Cipta Pratama Kreasi	Indonesia	51	Jl. Cipete Raya No.2 RT.014/03, Kel. Cipete Selatan, Kec. Cilandak, Jakarta Selatan, Indonesia
PT. Dwi Sapta Pratama	Indonesia	51	No.22, Komplek Gading Bukit Indah Blok I, Jl.Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia
PT. Komunika Pratama Kreasi	Indonesia	51	23, Komplek Gading Bukit Indah Blok I, Jl.Bukit Gading Raya, Kel. Kelapa Gading Barat, Kec. Kelapa Gading, Jakarta Utara, Indonesia

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Amnet Ireland Ltd	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Dentsu Aegis Network Ireland Holdings Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Dentsu Aegis Network Ireland Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Lucidity Technologies Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Poster Audit Bureau Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Poster Management Ireland Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Posterscope Ireland Limited	Ireland	100	Two Haddington Buildings, 20-38 Haddington Road, Dublin 4, D04 HE94, Ireland
Source out of Home Ltd	Ireland	100	Unit 4, Harmony Court, Harmony Row, Dublin 2, Ireland
Abagada Internet Ltd	Israel	100	21B, Habarzel St, Tel Aviv, 6971029, Israel
Dentsu Aegis Network Israel Ltd	Israel	100	21B, Habarzel St, Tel Aviv, 6971029, Israel
Amnet Italia S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Amplifi Italia srl	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Carat Italia Spa	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
carat luxury s.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Deepblue Srl	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Dentsu Aegis Network Italia spa	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Dentsu X SRL	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Innov8 Italia srl	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
iProspect S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Isobar Communications S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
MKTG SRL	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Posterscope Italia S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Simple Agency S.r.l.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
Vizeum S.p.a.	Italy	100	Via R. Bracco, Milano, NR 6-20159, Italy
John Brown Japan Ltd	Japan	100	c/o TA Lawyers GKJ, Shiroyama Trust Tower 15F, Toranomon 4-3-1, Minato-Ku, Tokyo, Japan
Carat Kazakhstan LLP	Kazakhstan	76	Al-Farabi Avenue, Bldg.95, Office 115,116, Bostandyk District, Almaty, 050060, Kazakhstan
Dentsu Aegis Network Central Asia/CA LLP	Kazakhstan	76	Al-Farabi Avenue, Bldg.95, Office 115,116, Bostandyk District, Almaty, 050060, Kazakhstan
Dentsu Aegis Network Kazakhstan LLP	Kazakhstan	76	Al-Farabi Avenue, Bldg.95, Office 115,116, Bostandyk District, Almaty, 050060, Kazakhstan
Vizeum Kazakhstan LLP	Kazakhstan	76	Al-Farabi Avenue, Bldg.95, Office 115,116, Bostandyk District, Almaty, 050060, Kazakhstan
Amnet East Africa Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Carat East Africa Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Dentsu Aegis Network Kenya Limited	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
iProspect East Africa Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Isobar Kenya Limited	Kenya	51	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Posterscope East Africa Limited	Kenya	80	6th Floor Jadala Place, Ngong Road, PO Box 36989 - 00200, Nairobi, Kenya
Vizeum Kenya Ltd	Kenya	100	Office 2, Fifth Floor, Jadala Place, L.R No. 209/409/7, Ngong Lane off Ngong Road, PO Box 36989-00200, Nairobi, Kenya
Carat Korea Co., Ltd	Korea, Republic of	100	9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea, Republic of
Isobar Korea Ltd	Korea, Republic of	100	9th Floor, JS Tower, 144-19 Samseong-dong, Gangnam-gu, Seoul, Korea, Republic of
Vizeum Korea Co., Ltd	Korea, Republic of	100	9th Floor, JS Tower, 6 Teheran-ro 79-gil, Gangnam-gu, Seoul, Korea, Republic of
Dentsu Aegis Network Latvia AS	Latvia	100	214b, Brivibas, Riga, Latvia, LV 1039, Latvia
Dentsu Aegis Network Lebanon SARL	Lebanon	95	Zakhem Building, Kalaa Street, Sin El Fil, Beirut, Lebanon
iProspect UAB	Lithuania	100	A.Gostauto g. 40B, Vilnius, Lithuania
UAB Carat	Lithuania	100	A. Gostauto g. 4-1,Vilnius, Lithuania
UAB Vizeum	Lithuania	100	A.Gostauto g. 40B, Vilnius, Lithuania
Portman Square Luxembourg S.a.r.l.	Luxembourg	100	6C, Rue Gabriel Lippmann, L-5365 MunsbachLuxembourg, RCS Luxembourg, B123920
Brandscope Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Carat Media Services (M) Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Columbus Agency iProspect Sdn Bhd	Malaysia	51	Lot 11-03 Level 11 Guocco Tower, Damansara City, No. 6 Jalan Damaneela, Bukit Damansara, 50490 Kuala Lumpur
Consider Digital Sdn Bhd	Malaysia	51	Block J-3A-16, Solaris Mont Kiara (SOHO KL), Jalan Solaris, Mont' Kiara, Kuala Lumpur, 50480, Malaysia
DAN Empower iProspect Malaysia Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Dentsu (Malaysia) Sdn. Bhd.	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Dentsu Aegis Network Malaysia Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Dentsu One Sdn Bhd	Malaysia	49**	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Dentsu X (Malaysia) Sdn. Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
IF Interactive Sdn Bhd	Malaysia	70	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
IPROSPECT Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Jumptank Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Merdeka LHS Sdn Bhd	Malaysia	100	42B, Jalan SS 6/8, Kelan Jaya, 47301 Ptaling Jaya, Selangor, Malaysia
Meridian Outdoor (M) Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Posterscope Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
psLIVE Malaysia Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
Unity Communications Malaysia Sdn Bhd	Malaysia	100	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Vizeum Media Services (M) Sdn Bhd	Malaysia	100	B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, 47301, Malaysia
AM Network Group Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Arrechedera y Claverol, S.A. de C.V.	Mexico	100	Palmas 1930, Lomas de Chapultepec I Section, Miguel Hidalgo, Mexico City, Mexico
Carat Mexicana S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Control Media Region Norte, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Flock Advertising Mexico, S.A.P.I. de C.V.	Mexico	100	13, Vicentre Suarez, Condesa, Cuauhtemoc, Mexico City, Mexico
Mercadotecnia en Buscadores, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Vizeum de Mexico, S.A. de C.V.	Mexico	100	440, 11th Floor, Avenida Santa Fe, Santa Fe Cuajimalpa, Mexico City, Mexico
Dentsu Aegis Network Morocco SARL	Morocco	100	5th Floor, Residence La Tourette, 5 Angle Bd, Zerkouni et rue de Geneve, Casablanca, MAROC, Morocco
blue-infinity Ltd	Malta	100	Cali House, Triq Tal-Bala, San Gwann, SGN 9016, Malta
Achtung! B.V.	Netherlands	100	Prins Hendrikkade 20 2 hg, 1012 TL Amsterdam, Netherlands
Aegis International Holding Company BV	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Aegis Trademarks BV	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Amnet Nederland B.V.	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Carat Nederland BV	Netherlands	100	Moermanskkade 93, 1013 BC, Amsterdam, Netherlands
Dentsu Aegis Network Netherlands BV	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Dentsu Holdings CIS B.V.	Netherlands	76	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Group Carat (Nederland) BV	Netherlands	100	Moermanskkade 85, Amsterdam, 1013 BC, Netherlands
Gyro Benelux B.V.	Netherlands	100	Peperstraat 7, 1011 TJ, Amsterdam, Netherlands
iProspect Nederland BV	Netherlands	100	Moermanskkade 91, 1013 BC Amsterdam, Netherlands
Isobar Nederland BV	Netherlands	100	Moermanskkade 89, 1013 BC, Amsterdam, Netherlands
Kobalt Media Nederland BV	Netherlands	100	Moermanskkade 83, 1013 BC, Amsterdam, Netherlands
Media Embassy BV	Netherlands	100	Moermanskkade 81, 1013 BC, Amsterdam, Netherlands
Oxyma Group B.V.	Netherlands	79	Vasteland 74, Rotterdam, 3011 BN, Netherlands
Vizeum Netherlands BV	Netherlands	100	Moermanskkade 87, 1013 BC, Amsterdam, Netherlands
Aegis Media New Zealand Limited	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
Amnet Limited	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
Barnes, Catmur and Friends Limited	New Zealand	51	6/5, High Street, Auckland 1010, New Zealand
Carat New Zealand Limited	New Zealand	100	Level 4, 155 The Strand, Parnell, Auckland, New Zealand
Dentsu Aegis New Zealand Limited	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
iProspect New Zealand Limited	New Zealand	100	Pirrit Ca, 15 Farnham Street, Parnell, Auckland, New Zealand
Little Giant Design Ltd	New Zealand	100	7, Cathedral Place, Parnell, Auckland, New Zealand
MKTG New Zealand Limited	New Zealand	100	155 The Strand, Parnell, Auckland, New Zealand
Vizeum NZ Ltd	New Zealand	100	165, Level 4, The Strand, Parnell, New Zealand
Amnet-Pro Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A, Lagos, Kenya
Carat I.C.P Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Deals Warehouse Limited	Nigeria	25**	12, Oweh Street, Jibowu, Shomolu L.G.A., Lagos, Nigeria

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Dentsu Communications Community Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
Dentsu-X Nigeria Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
First Media Red Star International Company Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
Isobar Communications Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Media Fuse Dentsu Aegis Network Ltd	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Posterscope Nigeria Limited	Nigeria	25**	103B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
RapidXtra Limited	Nigeria	25**	99, Oduduwa Crescent, Ikeja, G.R.A. Lagos, Kenya
Sales net Nigeria Limited	Nigeria	25**	12, Oweh Street, Jibowu, Shomolu L.G.A., Lagos, Nigeria
Search Prospect Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Vizeum Nigeria Limited	Nigeria	25**	95B, Oduduwa Crescent, Ikeja, G.R.A., Lagos, Nigeria
Amnet Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Carat Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Dentsu Aegis Network Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
iProspect AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Isobar Norway AS	Norway	57	Pilestredet 8, Oslo, 0180, Norway
MKTG Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Vizeum Norge AS	Norway	100	Pilestredet 8, Oslo, 0180, Norway
Aegis Media Group Philippines, Inc.	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Aegis Media Myco Services, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Aegis Media Philippines Holding, Inc.	Philippines	30** ^	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Alt:Engine Digital Consultancy Inc	Philippines	100	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
ASPAC Creative Communications Inc.	Philippines	100	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Carat Philippines, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
HLLRD Holdings, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
INNOV8 Media Services, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Mediaforce Vizeum, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Posterscope Philippines, Inc	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Shuriken Creatives, Inc.	Philippines	70	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
STB Out of Home Inc.	Philippines	51	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Topdown Holdings, Inc	Philippines	30**	United Life Building, 837 Antonio Arnaiz Avenue, Bgy. San Lorenzo, 1223 Makati City, Philippines
Amnet Polska sp.z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Carat Polska Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Dentsu Aegis Network Polska Sp.z.o.o	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Hypermedia Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
iProspect Polska SP. z o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Isobar Polska Sp.zo.o	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
M20 Sp.Z.o.o	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Posterscope Polska S.A.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Socialformance Sp.Z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Socializer S.A.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
Vizeum Polska Sp. z.o.o.	Poland	100	12, Czerska Street, Warszawa, 00-732, Poland
blue-infinity, unipessoal, Lda	Portugal	100	Edificio Adamastor, Torre B, Av. D. Joao II, no. 9-1 Piso 8 Frannao A, Lisboa, 1990-077, Portugal
Carat Portugal Communicacao, Unipessoal Lda.	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Dentsu Aegis Network Portugal, Unipessoal Lda.	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Not So Ramdom Media - Unipessoal, Lda.	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
View - Design e Consultoria de Comunicacao	Portugal	94	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Vizeum Portugal - Publicidade e Comunicacao Unipessoal Lda	Portugal	100	R. Gen. Firmino Miguel, 3 - 6, 1600-100 Lisboa, Portugal
Dentsu Aegis Network Doha - LLC	Qatar	100	708, 7th Floor, Salant Glibex Business Centre, The Gate Tower 2, Doha, Qatar
Carat Romania S.R.L.	Romania	100	11, Grigore Mara Street, 2nd floor, bureau 3, Bucharest, Romania
Dentsu Aegis Network Romania SRL	Romania	100	11, Grigore Mara Street, 2nd floor, bureau 3, Bucharest, Romania
Kinecto International S.R.L.	Romania	100	11, Grigore Mara Street, 2nd floor, bureau 3, Bucharest, Romania
Vizeum Romania S.R.L.	Romania	100	11, Grigore Mara Street, 2nd floor, bureau 3, Bucharest, Romania
Ad O'Clock LLC	Russian Federation	76	8, Valovaya Street, bld 1, Moscow, 115054, Russian Federation
Adwatch Agency OOO	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Amnet OOO	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Carat-Russ Media LLC	Russian Federation	76	11, building 3, 1st floor, space11, office 42, Selskohozaystvennaya, Moscow, 129226, Russian Federation
Dentsu Aegis Central Services OOO	Russian Federation	76	Syromyatnichesky pr. 4,building 2, Moscow, Russian Federation
Dentsu Aegis Digital OOO	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Dentsu Aegis LLC	Russian Federation	76	Syromyatnichesky pr. 4,building 2, Moscow, Russian Federation
Dentsu New Ideas Limited Liability Company	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Dentsu X Limited Liability Company	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
iProspect OOO	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
Posterscope OOO	Russian Federation	76	Presnenskaya Embankment, 6, bld. 2, 123317, Moscow, Russian Federation
SNS LLC	Russian Federation	69	Office 011, House No. 50, 50-years Komsomola Street, Pushkino, Pushkinskiy District, muscoe Area, Russian Federation
Traffic Agency LLC	Russian Federation	76	h.41,Office 429, St Komsomola, St Petersburg, 195009, Russian Federation

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Vizeum 000	Russian Federation	76	Syromyatnicheskyi pr. 4, building 2, Moscow, Russian Federation
Aegis Media Asia Pacific Digital Pte Ltd	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Aegis Media Asia Pacific Pte Ltd	Singapore	100	1 Raffles Place #28-61, One Raffles Place Tower 2, 048616, Singapore
Amnet South East Asia Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Band Pte Ltd	Singapore	100	10 Raeburn Park #02-10, Singapore, 088702, Singapore
Bluecom Solutions Pte. Ltd.	Singapore	100	10 COLLYER QUAY, #40-91 OCEAN FINANCIAL CENTRE, 049315, Singapore
Carat Media Services Singapore Pte Ltd	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
David Wood & Associates Pte. Limited	Singapore	100	175A Bencoolen Street, 11-00 Burlington Square, 189650, Singapore
Dentsu Aegis Network Asia Pacific Pte Ltd	Singapore	100	1 Raffles Place #28-61, One Raffles Place Tower 2, 048616, Singapore
Dentsu Aegis Network Singapore Holdings Pte Ltd	Singapore	100	1 Raffles Place #28-61, One Raffles Place Tower 2, 048616, Singapore
Dentsu Asia Pte. Ltd.	Singapore	100	1 Wallich street, #22-01 Guoco Tower, Singapore 078881
Dentsu Singapore Pte. Ltd.	Singapore	100	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Dentsu X Pte Ltd	Singapore	100	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Gyro Communications PTE. LTD.	Singapore	100	One Marina Boulevard #28-00, Singapore, Singapore
Mofuro Pte Ltd	Singapore	70	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Novus Digital Solutions Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Novus Groups Holdings Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Novus Media Solutions Pte Ltd	Singapore	100	1 Wallich street, #20-01 Guoco Tower, Singapore 078881
Posterscope (South East Asia) Pte Ltd	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
The Upper Storey Pte Ltd	Singapore	70	1 Wallich street, #23-01 Guoco Tower, Singapore 078881
Vizeum Singapore Pte Ltd	Singapore	100	1 Wallich street, #21-01 Guoco Tower, Singapore 078881
Vizeum Taiwan Pte Ltd	Singapore	100	1 Raffles Place #28-61, One Raffles Place Tower 2, 048616, Singapore
Amnet Slovakia, s.r.o.	Slovakia	100	Teslova 20, Bratislava 25, 82005, Czech Republic
Carat - Slovakia, s.r.o.	Slovakia	100	Teslova 20, Bratislava 25, 82005, Czech Republic
Dentsu Aegis Network Slovakia, s.r.o.	Slovakia	100	Taslova 20, 82102 Bratislava, Slovakia
Vizeum Slovakia, s.r.o.	Slovakia	100	Teslova 20, Bratislava 25, 82005, Czech Republic
Aegis Media Central Services (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Aegis Media South Africa (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Carat Media South Africa (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Clickthinking Online (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Crimson Room Communication (Pty) Ltd	South Africa	52	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Dentsu Aegis Amnet SSA (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Full Circle Media (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
John Brown South Africa (Pty) Limited	South Africa	87	B4 Century Square, Heron Crescent, Century City, 7441, South Africa

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
MEC Carat (Pty) Ltd	South Africa	87^	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Posterscope (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Rapid Media Outdoor Services (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Trigger Communication Consulting (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Vizeum Media South Africa (Pty) Ltd	South Africa	87	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Actividades De Ocio Y Educacion, S.L.	Spain	51	Calle Alfarería 2. Pol. Ind. Los Rosales., 28933 Móstoles, Madrid, Spain
Amnet Spain S.L.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Carat España, S.A.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Dentsu Aegis Network Iberia S.L.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Dentsu Media, S.L.	Spain	100	Pº Castellana 83-85 planta 11 28046, Madrid, Spain
Divisadero Digital Intelligence S. L.	Spain	94	Calle Zurbano 34. 4-1, 28010 Madrid, Spain
Gyro Spain, S.L.	Spain	100	Numero 39, de la calle Cristobal Bordiu, No 22, Madrid, Spain
Inteligencia Y Media S.A.	Spain	80	Paseo de la Castellana, 83-85, 9a, Madrid, Spain
Inteligencia Yperform S.L.	Spain	80	Paseo de la Castellana, 83-85, 9a, Madrid, Spain
Mediasal 2000 S.A.	Spain	70	Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain
Merkle S.L.	Spain	74*	Av Diagonal 177- 183 Piso 7, Barcelona; 08018, Spain
Naturglobal Imagen, S.L.	Spain	51	Puerto de Navacerrada, 33, 28935 Móstoles, Madrid, Spain
NetThink Iberia S.L.U	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
Netthink North S.A.	Spain	68	Calle Elcano, 9 - 3ºB, Bilbao, CP48008, Spain
Posterscope Iberia S.A.U.	Spain	100	Gta. del Mar Caribe nº 1 - Avda., Piceas 26., "Edificio Tucumán", 28043 MADRID, Spain
RPM Racing, S.L.	Spain	100	8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain
Wink Transforming Through Digital S.L.	Spain	73	Paseo de la Castellana, 83-85, 9a, Madrid, Spain
Dentsu Aegis Network (Private) Limited	Sri Lanka	70	No.5, Githanjali Place, Colombo 3, Sri Lanka
Dentsu Grant (Private) Limited	Sri Lanka	85	No.5, Githanjali Place, Colombo 3, Sri Lanka
R N Media (Private) Limited	Sri Lanka	70	No.5, Githanjali Place, Colombo 3, Sri Lanka
Amnet Sverige AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Carat Sverige AB	Sweden	100	Box 4125, Stockholm, 102 63, Sweden
Dentsu Aegis Network Nordic AB	Sweden	100	Box 4125, Stockholm, 102 63, Sweden
Dentsu Aegis Network Sverige AB	Sweden	100	Box 4125, Stockholm, 102 63, Sweden
iProspect AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Isobar Sweden AB	Sweden	57	108, Asogatan, Stockholm, 118 29
MKTG Sverige AB	Sweden	100	108, Asogatan, Stockholm, 118 29
Outfox Intelligence AB	Sweden	95	Box 2205, 10315, Stockholm, Sweden
Posterscope Sverige AB	Sweden	100	Box 4194, Stockholm, 102 64, Sweden
Vizeum Sverige AB	Sweden	100	Box 11940, Goteborg, 404 39, Sweden

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
blue-infinity (Software) SA	Switzerland	100	35, Rte des Jeunes, 1227 Carouge, Switzerland
blue-infinity (Switzerland) SA	Switzerland	100	35, Rte des Jeunes, 1227 Carouge, Switzerland
blue-infinity SA	Switzerland	100	4 Rue de l'Avant-Poste, 1005 Lausanne, Switzerland
Carat Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
Dentsu Aegis Network Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
iProspect Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
Vizeum Switzerland AG	Switzerland	100	Kanzleistrasse 57, Zurich, 8004, Switzerland
AAA Media Ltd	Taiwan	100	5th Floor, No 132, Sec 3, Ming Sheng East Road, Taipei, Taiwan
Amnet Taiwan Ltd.	Taiwan	100	5th Floor, No 132, Sec 3, Ming Sheng East Road, Taipei, Taiwan
Carat Media Taiwan Ltd	Taiwan	100	8th Floor, No 138 Sec 3,Ming Sheng East Road, Taipei, Taiwan
iProspect Taiwan Ltd	Taiwan	100	13th Floor, No 132, Sec 3,Ming Sheng East Road, Taipei, Taiwan
Isobar Taiwan Co., Ltd	Taiwan	100	5th Floor, No 138, Sec 3,Ming Sheng E. Road, Taipei 105, Taiwan
Posterscope International Co., Ltd	Taiwan	100	5th Floor, No 132, Sec 3,Ming Sheng East Road, Taipei, Taiwan
Vizeum Taiwan Co Ltd	Taiwan	100	13th Floor, No 132, Sec 3,Ming Sheng East Road, Taipei, Taiwan
WIS Performance Media Inc.	Taiwan	100	6F, 337, Fuxing N. Road, Taipei City, Taiwan
Dentsu Aegis Network Tanzania Limited	Tanzania	100	Plot 1736, Khama Court, Khama Road, Masaki, Dar Es Salaam, Tanzania
Posterscope Tanzania Limited	Tanzania	100	Plot 174, Ruhinde Street, Ada Estate Street, Dar Es Salaam, Tanzania
Aegis Media (Thailand) Ltd	Thailand	83^	968, U Chu Liang Building, 22nd Floor, Rama IV Rd, Silom, Bangrak, Bangkok, 10500, Thailand
Buffyshrek Holding Co., Limited	Thailand	49**	968 U Chu Liang Bldg., 22nd Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Carat (Thailand) Co., Ltd	Thailand	100^	968 U Chu Liang Bldg., 36th Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Dentsu Holdings (Thailand) Ltd.	Thailand	49**	27th Fl,U Chu Liang Bldg.,968 Rama Iv,Silom,Bangrak,Bangkok 10500, Bangkok, Thailand
Dentsu One (Bangkok) Ltd.	Thailand	66	323 United Center Bldg. 16th Floor, Unit 1601-1602A, Silom Road, Silom, Bangrak, Bangkok 10500, Bangkok, Thailand
Dentsu X (Thailand) Ltd	Thailand	74	15th Floor Zone B, U-Chu Liang Bldg, Silom, Bangrak 10500, Bangkok, Thailand
Dentsu (Thailand) Ltd.	Thailand	72	27th-28th Floor, U-Chu Liang Bldg., 968 Rama IV Road, Silom, Bangrak, Bangkok 10500, Bangkok, Thailand
Digitalis Interactive Co., Ltd	Thailand	94	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Flexmedia Co., Ltd.	Thailand	51	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
iProspect (Thailand) Co., Ltd	Thailand	83	968, U Chu Liang Building, 12th Floor, Rama IV Rd, Silom, Bangrak, Bangkok 10500, Thailand
Isobar (Thailand) Co., Ltd	Thailand	92	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Posterscope (Thailand) Co., Ltd	Thailand	83	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Vizeum (Thailand) Co., Ltd	Thailand	92	968 U Chu Liang Bldg., 33rd Floor, Rama IV Rd., Silom, Bangrak,Bangkok, 10500, Thailand
Carat Tunisia SA	Tunisia	51	6 ave abderrahman Azzem BP no.83, Montplaisir, 1002, Tunisia
Amnet Reklamcılık ve Medya İletişim Hizmetleri Tic. Ltd Sti	Turkey	100	No. 9, K: 17, Elmadağ, Süzer Plaza, Askerocağı Cad., Sisli, İstanbul, 34367, Turkey, Europe

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Carat Medya ve İletişim Hizmetleri A.S.	Turkey	100	No. 9, K: 17, Elmadağ, Süzer Plaza, Askerocağı Cad., Sisli, İstanbul, 34367, Turkey, Europe
Dentsu Aegis Network Turkey Medya Hizmetleri Ltd Sti	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe
iProspect Reklamcılık Pazarlama Ve Bilsim Hizmetleri Sti.	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe
Posterscope Medya Reklamcılık Ve İletişim Hizmetleri Limited Şirketi	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe
Sesli Harfler Reklam Tanitim ve Yayın Hizmetleri San. Tic. A.S.	Turkey	100	Merkez Mah. iyiniyet Sok, No. 33 Karper Plaza, Kat:4 Bomonti, Sisli, İstanbul, Turkey
Vizeum Medya Ve İletişim Hiz A.S.	Turkey	100	Cad.No 9, K: 18, Elmadağ Süzer Plaza, Askerocağı, Sisli, İstanbul, 34367, Turkey, Europe
Dentsu Aegis Uganda Limited	Uganda	100	5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda
Posterscope Uganda Limited	Uganda	100	5th Floor, Rwenzori Towers, Nakasero Road, Kampala, Uganda
Amnet Mena FZ-LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Carat Middle East FZ LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Dentsu Aegis Network FZ-LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
iProspect FZ LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Isobar FZ LLC	United Arab Emirates	51	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Posterscope FZ LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Vizeum FZ LLC	United Arab Emirates	100	Loft Office 3, Entrance B, Office 410, Dubai Media City, P.O .Box 502177, Dubai, United Arab Emirates
Accordant Media (UK) Limited	United Kingdom	100	16, Great Queen Street, Covent Garden, London, WC2B 5AH
Admatics.com Ltd	United Kingdom	100	The Picasso Building, Caldervale Road, Wakefield, West Yorkshire, WF1 5PF, England
Aegis Europe Finance (Alpha) Limited	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Europe Finance Limited	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis Group Participations Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis International (Administration) Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Aegis International Limited	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Alban Communications Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amnet Limited - UK	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amnet Manchester Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amplifi Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Amplifi Technology Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Avid Media Ltd	United Kingdom	51	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Carat Media Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Citrus Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Clownfish Marketing Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Comet Solutions Holdings Ltd	United Kingdom	74*	10, Triton Street, Regent's Place, London, NW1 3BF, England
D 2 D Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
DAN Regents Place Finance Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis Edinburgh Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis Leeds Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis London Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Dentsu Aegis Manchester Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Diffiniti UK Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
DWA Treasury Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Feather Brooksbank (No.2) Limited	United Kingdom	100	32, Raeburn House, York Place, Edinburgh, United Kingdom
Feather Brooksbank Limited	United Kingdom	100	32, Raeburn House, York Place, Edinburgh, United Kingdom
Gleam Digital Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Futures International Holdings Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Futures Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gleam Group Limited	United Kingdom	89	10, Triton Street, Regent's Place, London, NW1 3BF, England
Gravity Europe Ltd	United Kingdom	100	8, Lincoln's Inn Fields, London, WC2A 3BP, England
Gyro Communications Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Heavyweight Sports Marketing Limited	United Kingdom	100	Suite 5B, Brook House, 77 Fountain Street, Manchester, M2 2EE
I Spy Marketing Limited	United Kingdom	100^	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar Commerce Global Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar Dormant Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Isobar London Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Catalogues Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Digital Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Magazines Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
John Brown Publishing Group Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Lakechart Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Liveposter Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Marvellous Ideas Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Media Vision (Manchester) Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle Marketing Limited	United Kingdom	74*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK One Limited	United Kingdom	74*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK Three Limited	United Kingdom	74*	10, Triton Street, Regent's Place, London, NW1 3BF, England
Merkle UK Two Limited	United Kingdom	74*	10, Triton Street, Regent's Place, London, NW1 3BF, England
MJP Media Services Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
MMA Technologies Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Open Outdoor Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Outdoor Life Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Paragon Digital Services Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Portman Square US Holdings Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Poster Audit Bureau (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
Poster Management (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
Posterscope Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Source Out Of Home (N.I.) Limited	United Kingdom	100	College House, Citylink Business Park, Albert Street, Belfast, Antrim, BT12 4HQ, Northern Ireland
TCF-SCHEMA Holdings Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Tempero Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
The SCHEMA Customer Framework Ltd	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Vizeum Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Vizeum Manchester Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
Vizeum UK Limited	United Kingdom	100	10, Triton Street, Regent's Place, London, NW1 3BF, England
360i LLC	United States	100	32 Avenue of the Americas, 6th Floor, New York, New York 10013, New York, NY, United States
500Friends, LLC	United States	74*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
5th International US, Inc.	United States	74*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Accordant Media, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Aegis Lifestyle, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Aegis Media Americas, LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Aegis Media Deep Blue, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Aegis Media Innov8 LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Agyle Advantage, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Innov8 Content, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Innov8 OOH, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Innov8 Search, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
AM Trade Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Amnet Group, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Amplifi, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
blue-infinity (USA), Inc	United States	100	200, Suite 401, Continental Drive, Newark, DE, DE19713, United States
Bluestreak Group Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
C2C Media LLC	United States	100	Harvard Business Services, Inc., 16192 Costal Highway, Lewes, DE, 19958, United States
Carat Direct, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States

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Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Carat Exchange Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Carat Media Consultants, Inc.	United States	100	1925 Century Park East, Suite 1850, Los Angeles, CA 90067, United States
Carat Trade, Inc.	United States	100	310, Agents for Delaware Corporations, Inc., Alder Road, POB 841, Dover, DE, DE 19904, United States
Carat USA, Inc.	United States	100	CT, 818W, Seventh St, Los Angeles, CA90017, United States
Carat/IMS, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Cardinal Path LLC	United States	100	St Service Co., 4250 North Drinkwater Boulevard, Fourth Floor, Scottsdale, AZ, AZ85251-3693, United States
Clownfish Marketing Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Comet Global Consulting Holdings, LLC	United States	74*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Comet Global Consulting LLC	United States	74*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Copernicus: The Marketing Investment Strategy Group, Inc.	United States	100	1, Corporate Centre, Hartford, CT, CT 06103, United States
Covario, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
CVH Group LLC	United States	100	National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States
D1 Ink, Ltd	United States	100	16211, N Scottsdale Road #484, Scottsdale, AZ, 85254, United States
Data2Decisions, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
David Wood and Associates Inc.	United States	74*	1160, Suite 400, Battery Street West, San Francisco, CA, CA94111
Dentsu Aegis Advertising, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Dentsu Aegis Network US Holdings, Inc.	United States	100	CT, 820 Bear Tavern Road, West Trenton, New Jersey, 08628, United States
Dentsu America, LLC	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Dentsu Attik, LLC	United States	100	85 Second Street San Francisco, CA, San Francisco, CA, United States
Dentsu Holdings USA LLC	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Dentsu Innovation Interactive, LLC	United States	100	32 Avenue of the Americas, 25th Floor, New York, New York 10013, New York, NY, United States
Dentsu McGarry Bowen, LLC	United States	100	601W 26th Street NY NY 10001, New York, NY, United States
Dentsu X, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Eaton Gate LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Fetch Media, Inc.	United States	100	3500, South Dupont Highway, City of Dover, County of Kent, Delaware, 19901, United States
Findr Group, LLC	United States	100	Leslee Schwartz, JD, 9 Tilton Drive, Ocecan Township, NJ, 07712, United States
Findr Interactive, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Firstborn Multimedia Corporation	United States	100	32 Avenue of the Americas, 16th FL, New York, NY, 10013, United States
Forbes Consulting Group, LLC	United States	100	24, Hartwell Avenue, Lexington, United States
Fuel Professional Casting Network LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Gleam Futures LLC	United States	89	2140 South Dupont Highway, Camden, DE, 19934, United States
Gravity Media, LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
Gyro, LLC	United States	100^	115, Broadway, New York, NY, United States
GyroHSR Inc.	United States	100	115, Broadway, New York, NY, United States
HelloWorld Inc.	United States	64*	Suite 2100, 3000 Town Centre, Southfield, MI, M1 48075, United States
ICUC/iProspect Moderation Services, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Impaqt LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Interprise B2B, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
iProspect.com, Inc.	United States	100	200, Clarendon Street, Boston, MA, 02116, United States
Isobar, INC.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
John Brown Holdings (US) Corp.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
John Brown US LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Leapfrog Direct Response LLC	United States	100	National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States
Leapfrog Online Customer Acquisition, LLC	United States	100	Corporate Creations Network In, 3411 Silverside Road, Tatnall Building, Suite 104, Wilmington, Delaware, 19810, United States
Leapfrog Online I, Incorporated	United States	100	National Registered Agents, In, 160 Greentree Drive, Suite 101, Dover, Delaware 19904, 19904, United States
McGarry Bowen, LLC	United States	100	601W 26th Street NY NY 10001, New York, NY, United States
Merkle Analytics LLC	United States	74*	Suite 800, 10800NE 8th St, Bellevue, WA, 98004-4462, United States
Merkle Creative LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Dentsu Aegis Axis LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Group Inc.	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Inc.	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle International Holdings LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Mobile LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Muscle LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle Response Services, Inc.	United States	74*	100, Jamison Court, Hagerstown, MD, United States
Merkle Search LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Merkle UK LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
Mitchell Communications Group, LLC	United States	100	2 College Ave, Fayetteville, AR, 72701, United States
MKTG, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
New Control, LLC	United States	74*	33, Suite 500, W. Monroe St, Chicago, IL, United States

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Outdoor Vision Inc.	United States	100	Suit 240, 13181 Crossroads Parkway, City of Industry, California, 91746, United States
Paragon Digital Services, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
PointMarc Consulting LLC	United States	74*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Portman Square Acquisition Co.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Posterscope USA, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Posterscope, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Rockett Interactive, Inc.	United States	100	400, Widdington Lane, Cary, NC 27519, United States
Roundarch Isobar Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Same Same USA inc.	United States	100	RFI Studio, 840 East 59th Street, New York, NY10022, United States
Social AMP, LLC	United States	74*	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Studio 630 LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Swirl, Inc.	United States	100	Martin Lauber, 101 Montgomery St #200, San Francisco, CA, CA94129, United States
Team Epic LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Tempero, Inc.	United States	100	1995 Broadway, 16th Floor, New York, NY10023, United States
The Rimm-Kaufman Group, LLC	United States	74*	7001, Columbia Gateway Drive, Columbia, MD, 21046, United States
The Story Lab, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Trade Media Management, Inc.	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Triomphant Communications LLC	United States	100	114 West, 26th Street, 8th Floor, New York, NY, 10001, United States
V2, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Velocity Sports & Entertainment LLC	United States	100	One Landmark Square, Ste 1400, Stamford, Connecticut, United States
Vivid Marketing, LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Vizeum Interactive, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Vizeum Trade, LLC	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Vizeum, Inc.	United States	100	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Wave Influence LLC	United States	100	1209, Orange Street, Wilmington, DE, 19801, United States
Aegis Media (Vietnam) Co., Ltd	Vietnam	90	16th Floor Vincom Center, 72 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam
Bluecom Solutions Vietnam One Member Limited Liability Company	Vietnam	100	Lầu 7, Tòa nhà Scetpa 19A, Cộng Hòa, Phường 12, Tân Bình District, Ho Chi Minh City, Vietnam
Dentsu Vietnam Limited	Vietnam	72	16th Floor Vincom Center, 72 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam

Dentsu Aegis Network Ltd

Notes to the Company's financial statements (continued)

For the year ended 31 December 2017

Section 2 - Subsidiaries held indirectly by the Company (continued)	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Emerald Consulting Company Limited	Vietnam	51	40, 2nd floor, Ward 06, Pham Ngoc Thach, District 3, Ho Chi Minh, Vietnam

* Diluted base: 69% (HelloWorld Inc.: 60%)

** The Group consolidates these entities in accordance with IFRS.

^ The Group also holds 100% of one or more classes of preference shares in these entities, with the following exceptions:

70% for PPR, Brazil

87% for MEC Carat, South Africa

30% for Aegis Media, Philippines

49% for Aegis Media, Thailand

83% for Carat, Thailand

Section 3 - Associates held indirectly by the Company	Country of incorporation	% of equity capital and voting rights held by the Company	Registered office address
Cox Inall Ridgeway Pty Ltd	Australia	25	Level 1, 38-44 Mountain Street, Ultimo, NSW 2007, Australia
Locatus Gesellschaft für lokale Marktforderung mbH	Germany	28	Steinheilstrasse 10, Ismaning b, 85737, Germany
Media Matrix Kft	Hungary	40	15-23, Kacsa utca, Budapest, 1027, Hungary
Taproot Dentsu India Communication Private Limited	India	48	Plot No. 123, Konkan Nagar Hall Premises, Lt. Prakash Narayan Kotnis Marg, near Hinduja Hospital, Mahim (West), Mumbai 400 016, India
Media Base Advertising Sdn Bhd	Malaysia	49	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Perunding Pakar Media Sdn Bhd	Malaysia	30	No.9-2B, Jalan PJU 1/D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor, Malaysia
Mangham Gaxiola Pte Ltd	Singapore	20	91, 02-07, Tanglin Road, Singapore, Singapore, 247918, Singapore
MGLB Pte Ltd	Singapore	20	91, 02-07, Tanglin Road, Singapore, Singapore, 247918, Singapore
Dentsu Aegis Network Employee Scheme (PTY) Ltd	South Africa	49	31, Brickfield Road, Salt River, Cape Town, 7925, South Africa
Titan World Series S.L.	Spain	50	8-10, calle Gran Via, P.6, L'Hospitalet de Llobregat, Barcelona, 08902, Spain
Jiji Press (Thailand) Co., Ltd	Thailand	21	138 Boonmitr Bldg, 8th Floor, Silom Road, Bangrak, Bangkok, Thailand
Meridian Outdoor Advertising Limited	United Kingdom	50	Pembroke Building, Kensington village, Avonmore Road, London, W14 8DG, England
SMRS Ltd	United Kingdom	25	Brook House, 77 Fountain Street, Manchester, Greater Manchester, M2 2EE, England
Storm Marketing Solutions Limited	United Kingdom	42	Unit 5, The Keele Centre, Three Mile Lane, Keele, Newcastle Under Lyme, Staffordshire, ST5 5HH, England
Stripped Bear Limited	United Kingdom	48	7-12, 2nd Floor Waverley House, Noel Street, London, W1F 8GQ, England
The Creator Store Limited	United Kingdom	45	48, Charlotte Street, London, W1T 2NS, England
AGAR Productions LLC	United States	50	Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States

Dentsu Aegis Network Ltd
Consolidated five-year summary

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Income statement					
Revenue	3,326.1	2,586.6	1,972.2	1,502.0	1,322.5
Profit before tax	308.4	144.8	143.5	104.8	157.4
Profit attributable to equity holders of the parent	266.6	69.9	79.8	54.7	100.4
Balance sheet					
Non-current assets	4,896.7	4,749.3	2,482.5	2,300.3	1,682.0
Net current (liabilities)/assets	(771.3)	(1,312.9)	(111.9)	42.4	(97.7)
Non-current liabilities	(2,871.0)	(2,520.0)	(1,658.0)	(1,591.8)	(957.9)
Net assets	1,254.4	916.4	712.6	750.9	626.4
Financed by:					
Equity	1,065.8	782.4	664.4	721.1	614.1
Non-controlling interests	188.6	134.0	48.2	29.8	12.3
	1,254.4	916.4	712.6	750.9	626.4