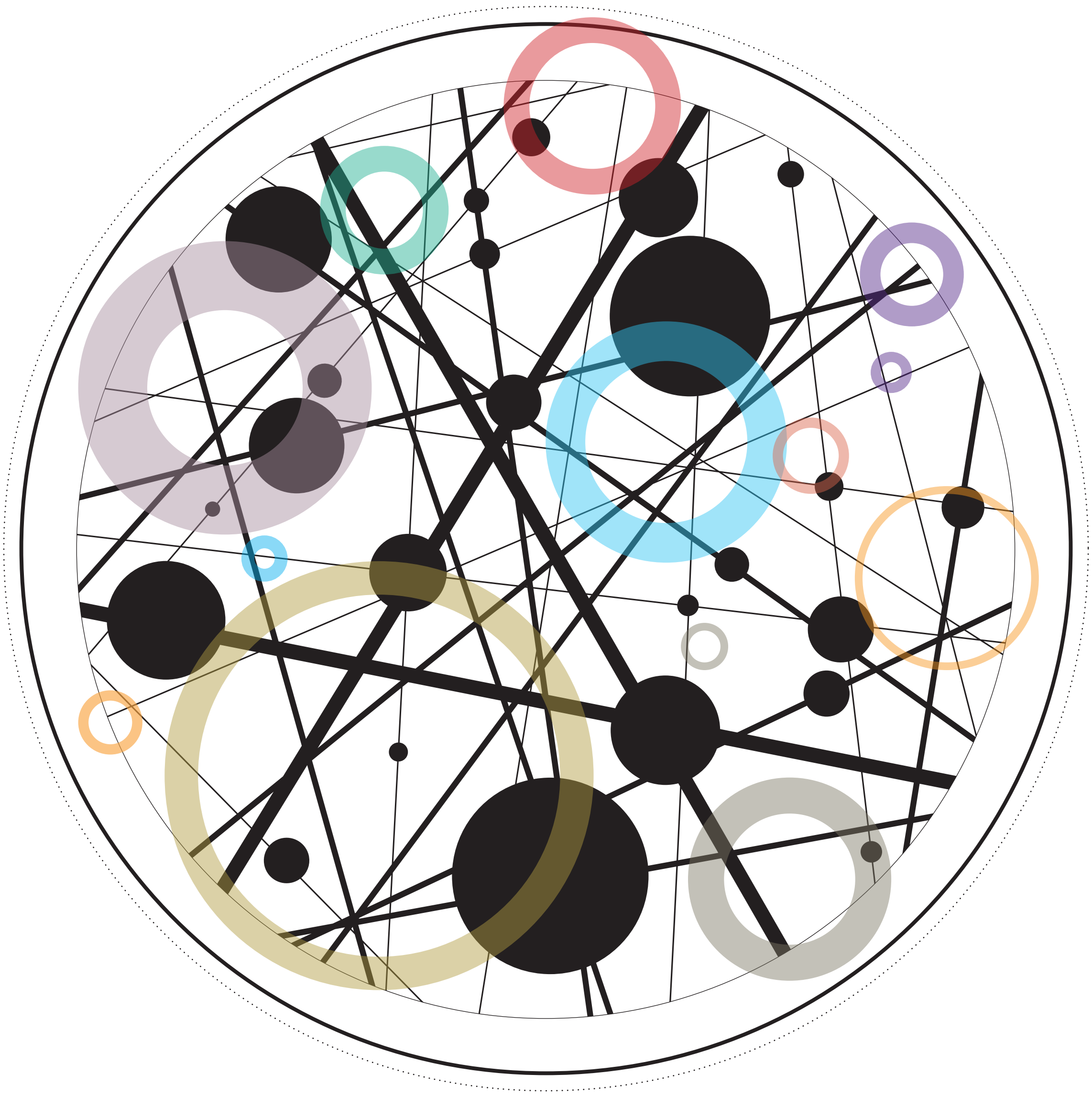
the mission



ANNUAL REPORT AND ACCOUNTS 2016

YEAR ENDED 31 DECEMBER

WE BELIEVE IN THE POWER OF CONNECTIONS

IT RUNS THROUGH OUR NETWORK OF AGENCIES

IT TURNS SPECIALISTS INTO COLLABORATORS

IT TRANSFORMS IDEAS INTO ACTION

IT BRINGS OUR CLIENTS CLOSER TO THEIR AUDIENCES

IT DRIVES THE NEXT GENERATION OF TECHNOLOGY

IT INSPIRES OUR ENTREPRENEURS TO REACH NEW GOALS

IT SEES ONE INNOVATION LEAD TO ANOTHER

IT MAKES **the mission**(tm)

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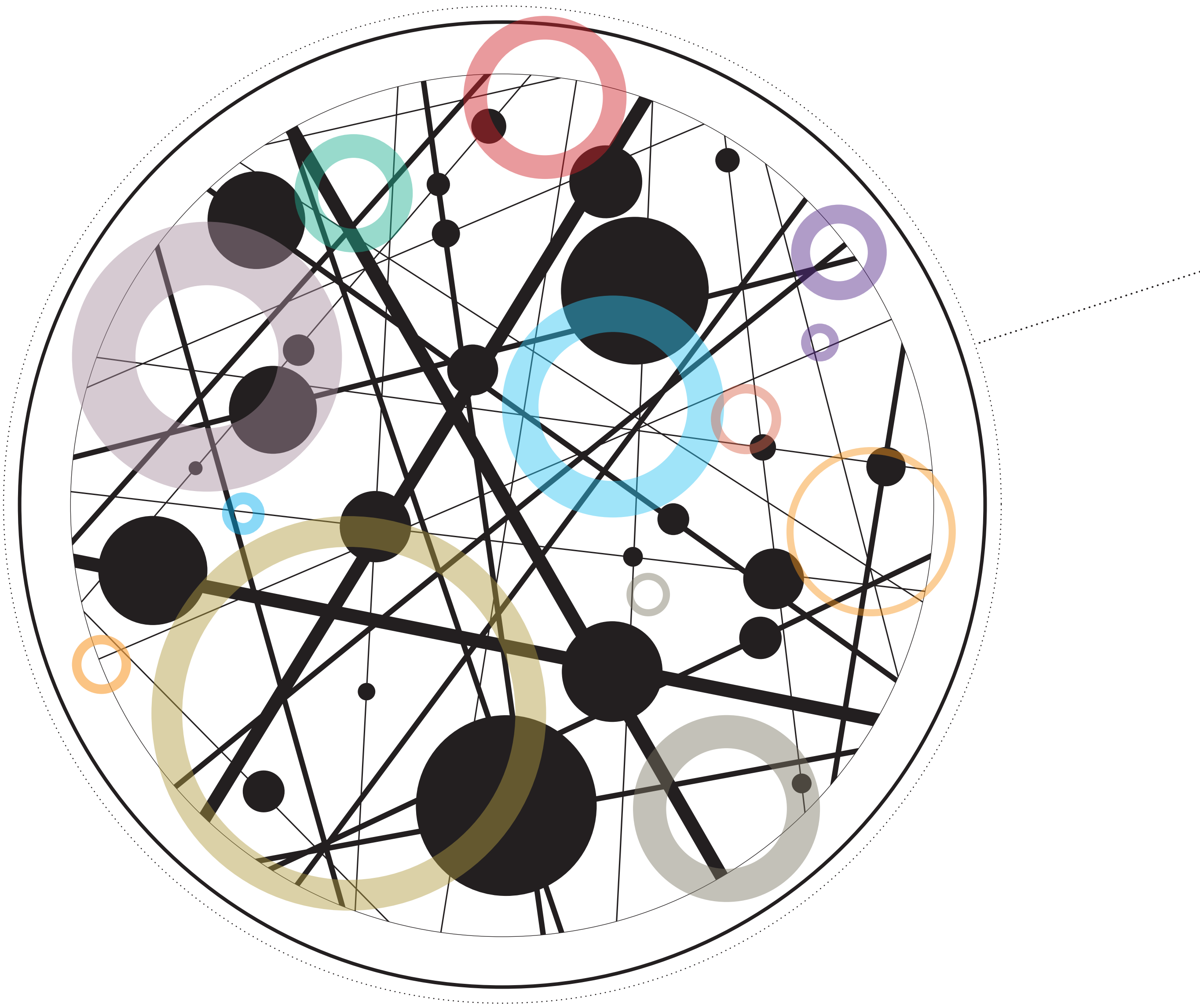


WE ARE THE MISSION

13

24

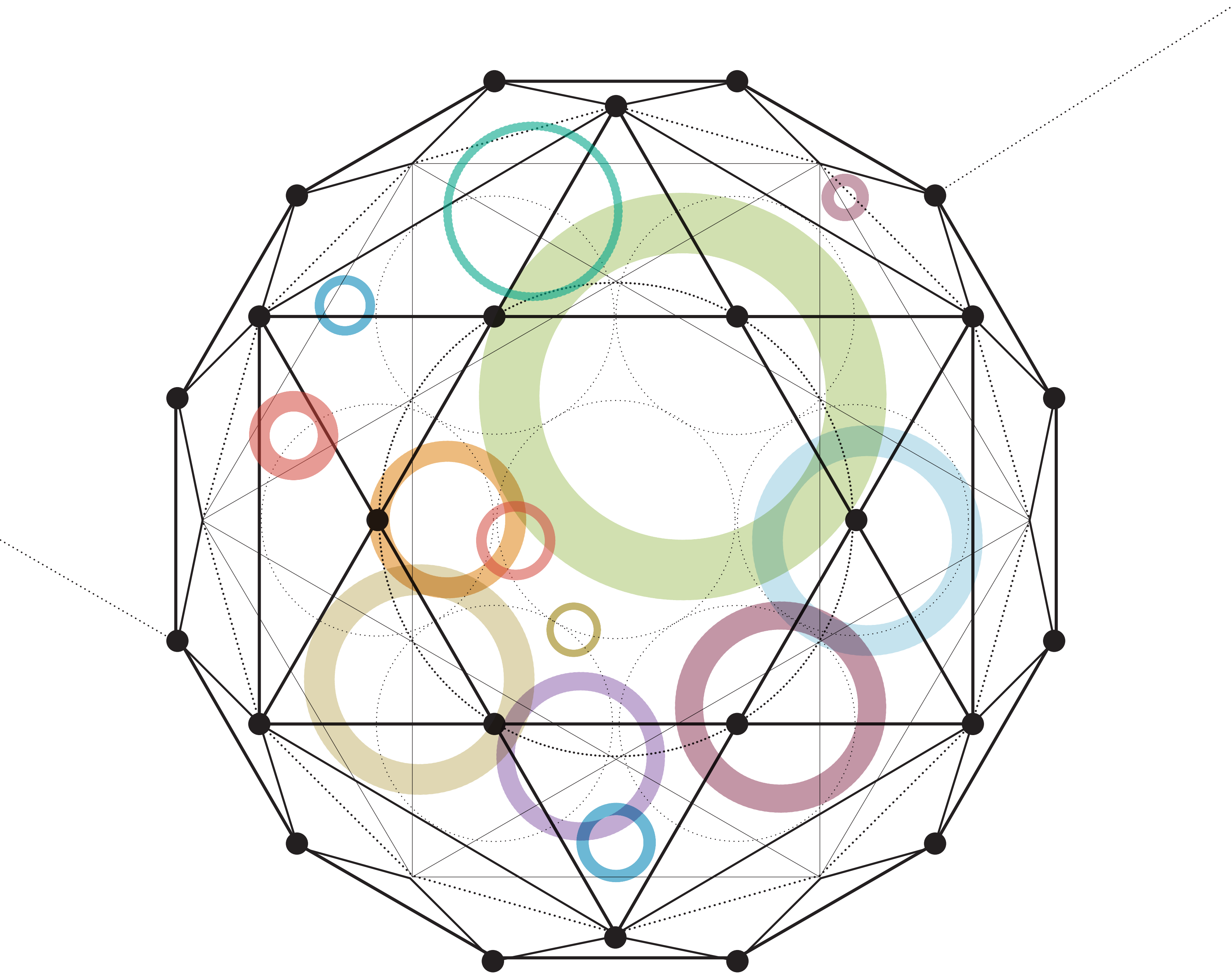
WE ARE FAST BECOMING THE UK'S LEADING, MOST RESPECTED AGENCY GROUP. DELIVERING OUTSTANDING RESULTS FOR OUR CLIENTS WHEREVER THEY OPERATE.

WE ACHIEVE THIS BY PROVIDING IMPARTIAL ADVICE AND BY CHALLENGING INDUSTRY CONVENTIONS. WE ALSO HARNESS INNOVATIVE TECHNOLOGIES AND INCREDIBLE CREATIVITY. ACROSS 13 AGENCIES WITH 24 OFFICES IN THE UK, ASIA AND THE USA, WE'RE DEDICATED TO HELPING OUR CLIENTS GROW AND SUCCEED.

THE HOME OF THE ENTREPRENEUR

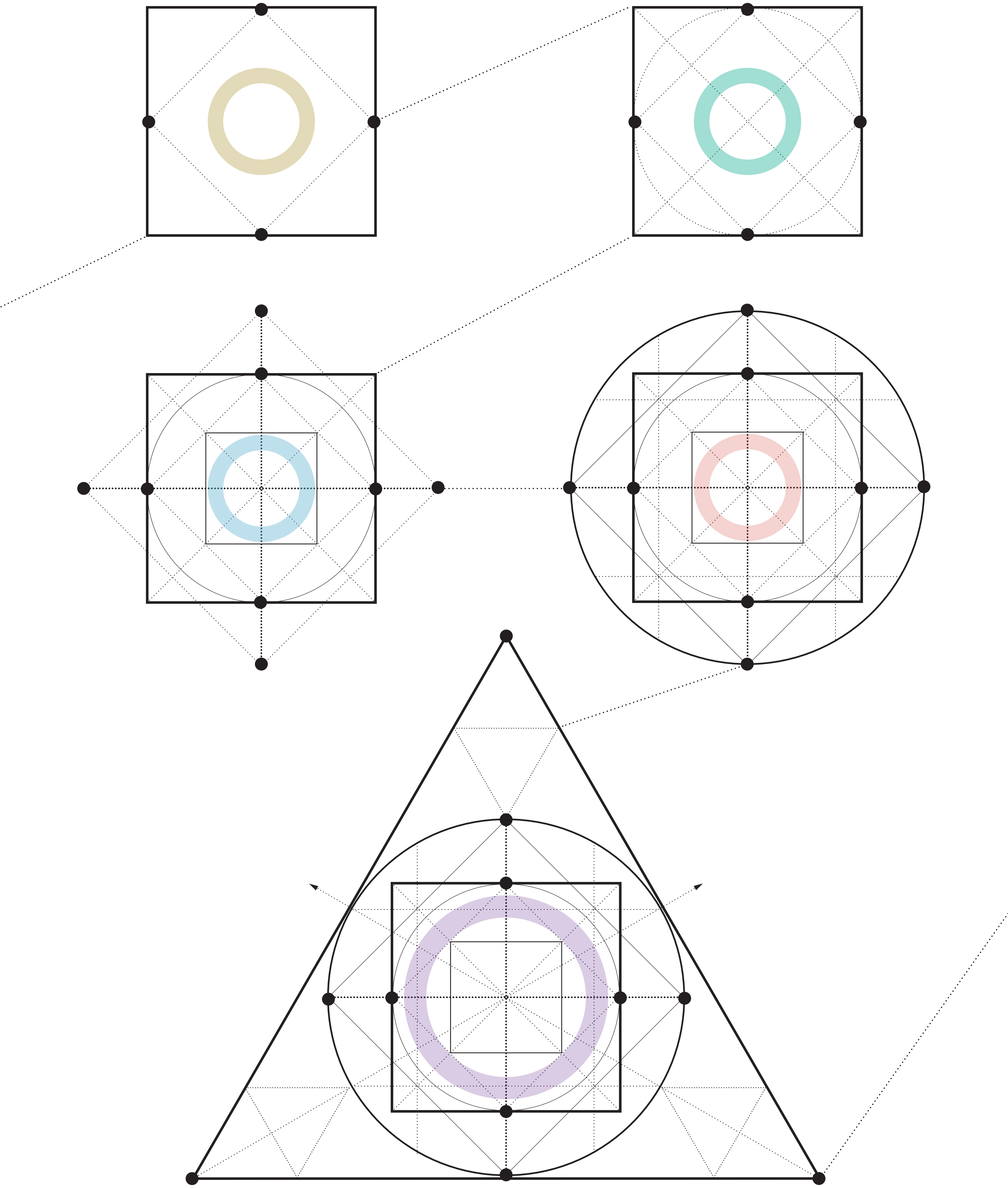
MARKETING IS A TALENT BUSINESS. AND WE ATTRACT AND RETAIN THE BEST OUT THERE. WHEN AN AGENCY JOINS US, WE BELIEVE IN ALLOWING THEM TO KEEP DOING JUST WHAT MADE US WANT THEM AS PART OF THE GROUP – STAYING ENTREPRENEURS. THIS APPROACH CREATES AN INSPIRATIONAL ENVIRONMENT RIGHT ACROSS THE BUSINESS. IT ALSO DELIVERS A STRONGER OFFERING FOR OUR CLIENTS AS WE DEVELOP NEW WAYS TO GROW THEIR BUSINESSES.

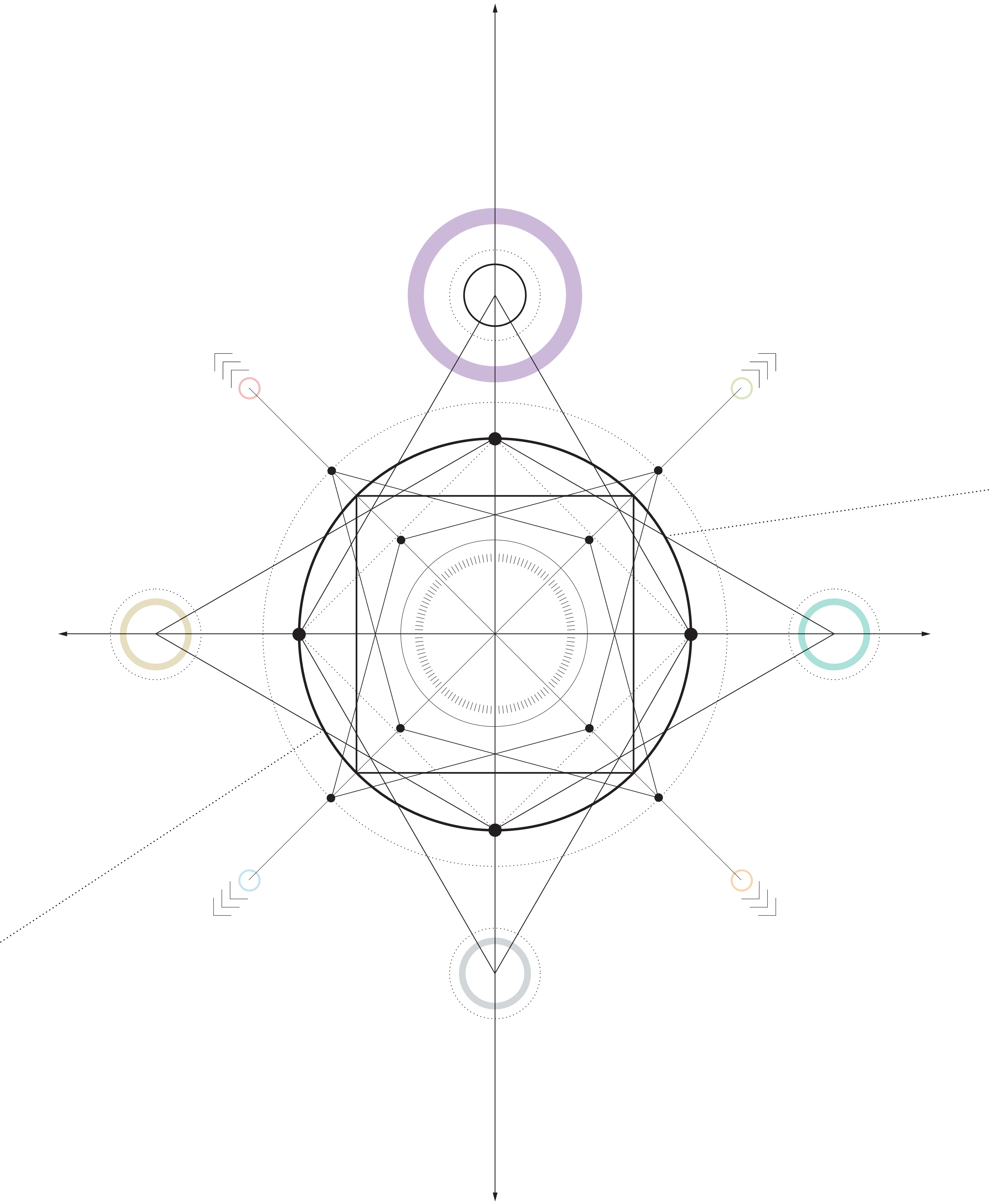
WE BELIEVE OUR ENTREPRENEURIAL ETHOS IS THE REASON WE HAVE A BETTER RECORD OF RETAINING KEY TALENT THAN ANYONE ELSE. IN FACT, NO LESS THAN 95% OF THE LEADERS WHO JOIN US, STAY WITH US.



INVENTORS AND INNOVATORS

TODAY'S ENTREPRENEURS ARE INVENTORS AND INNOVATORS. THERE ARE MORE WAYS FOR BRANDS TO CONNECT AND COMMUNICATE THAN EVER BEFORE. AND FOR THE ENTREPRENEURS WITHIN **the mission**, NEW TECHNOLOGY MEANS NEW COMMERCIAL OPPORTUNITIES. DEVELOPING FRESH INNOVATIONS, PLATFORMS AND TECH TO DRIVE SUCCESS.





BRAND NAVIGATORS

THE MODERN MARKETING WORLD IS COMPLEX AND EVER-CHANGING. BUT WE'RE WELL EQUIPPED TO GUIDE OUR CLIENTS THROUGH EVERY CHALLENGE AND OPPORTUNITY. WITH A WEALTH OF SPECIALISMS AND SKILLS – AS WELL AS IMPARTIAL ADVICE – WE CAN DELIVER THE RIGHT TALENTS IN THE MOST EFFECTIVE WAYS. WHETHER THAT'S A PRODUCTIVE RELATIONSHIP WITH A SINGLE ONE OF OUR AGENCIES OR EXPERTISE CAREFULLY SELECTED FROM THE SPECIALISMS AVAILABLE ACROSS THE GROUP. WITH SO MANY NEW DIRECTIONS AVAILABLE TO TODAY'S BRANDS, WE CREATE THE PERFECT APPROACH.

A YEAR OF RESULTS

HEADLINE PROFIT BEFORE TAX

UP 9% TO £7.0m

2015:£6.5m

FULL YEAR DIVIDEND

UP BY 25% TO 1.5 PENCE

2015:1.2 PENCE

REVENUE
(OPERATING INCOME)

UP 8% TO £65.9m

2015:£61.0m

HEADLINE TRADING PROFIT
(OPERATING PROFIT BEFORE CENTRAL COSTS)

UP 9% TO £9.3m

2015:£8.5m

RECURRING REVENUE

57% FROM CLIENTS OF 5 YEARS OR MORE

39% FROM CLIENTS OF 10 YEARS OR MORE

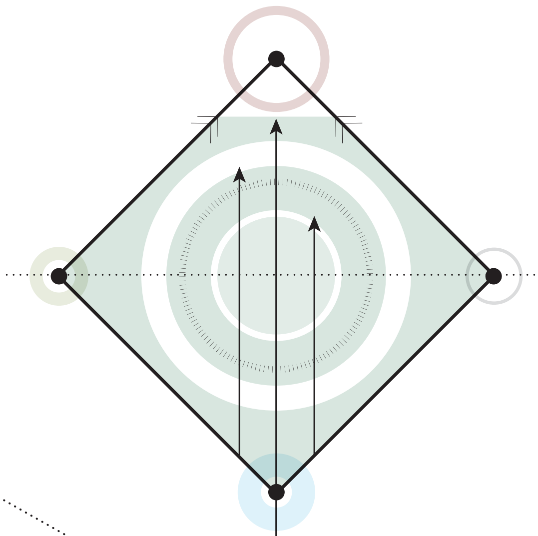
21% FROM CLIENTS OF 20 YEARS OR MORE

HEADLINE DILUTED EPS

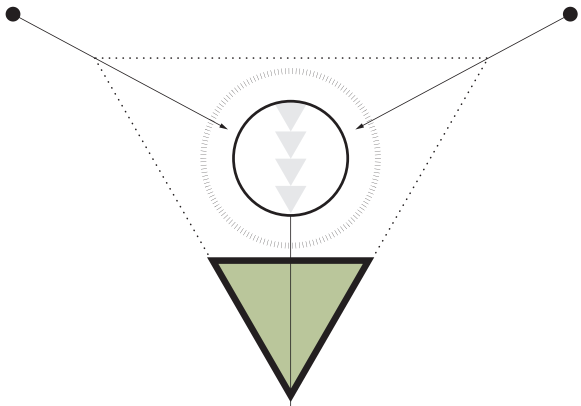
UP BY 8% TO 6.41 PENCE

2015:5.91 PENCE

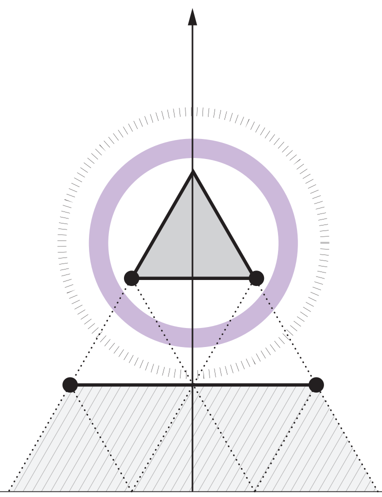
2016 WAS ANOTHER YEAR OF IMPRESSIVE COMMERCIAL PERFORMANCE ACROSS **the mission**



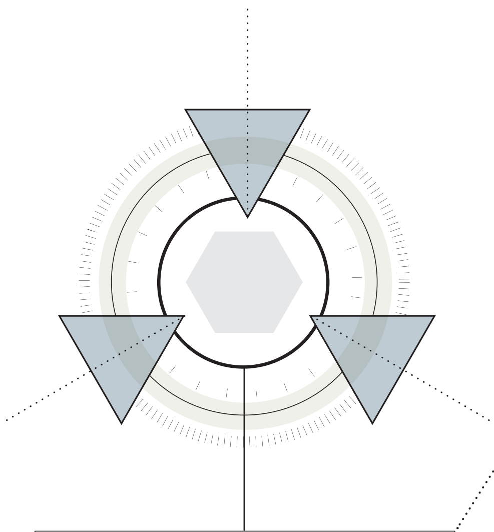
FREE CASH FLOW OF
£5.3M GENERATED



TOTAL DEBT
REDUCED BY OVER £3m



DEBT LEVERAGE HEADROOM
VERY COMFORTABLE



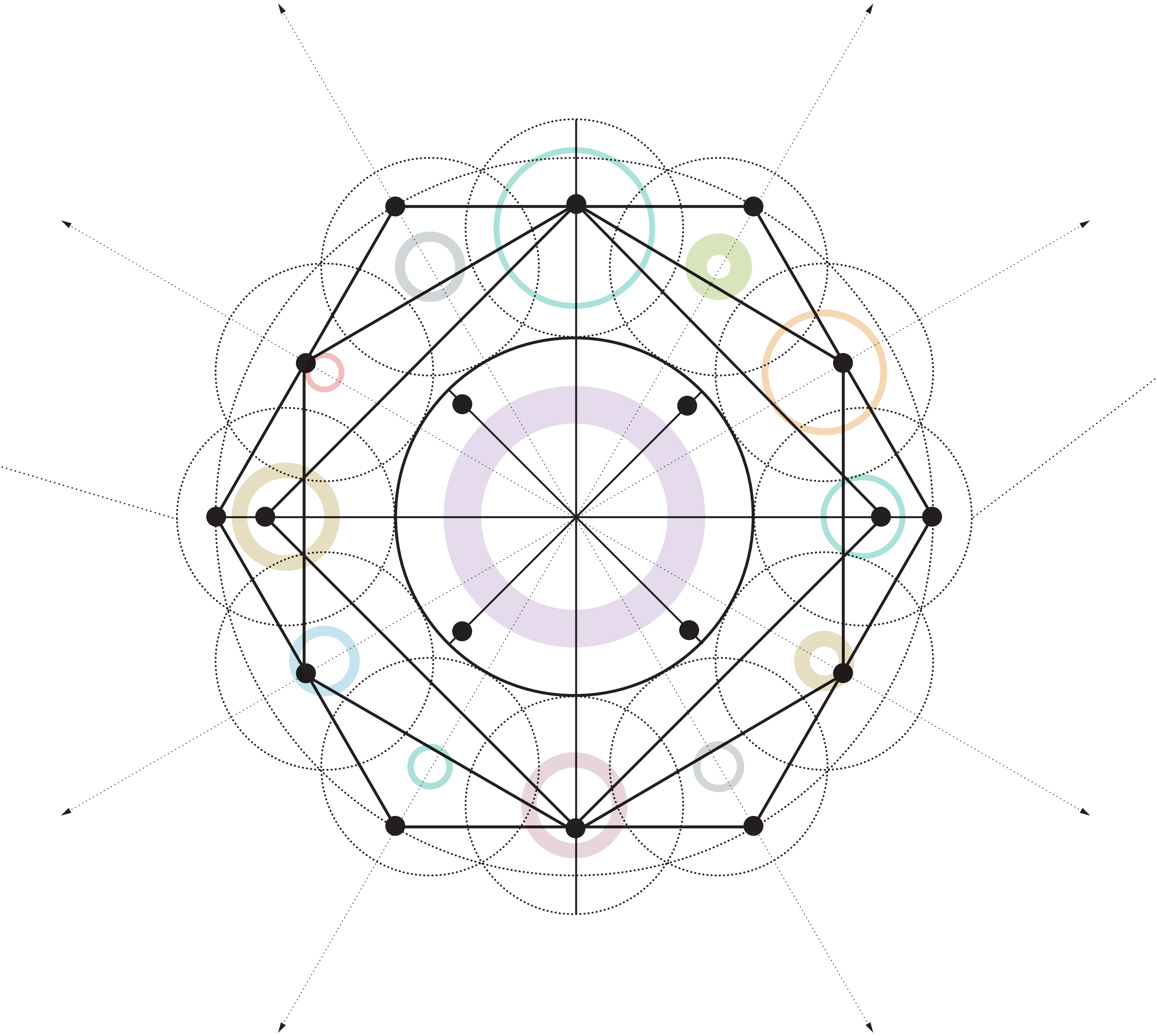
£0.8m INVESTED IN SOFTWARE DEVELOPMENT
creating new forms of intellectual property

WORKING TOGETHER FOR SUCCESS

AT THE HEART OF OUR BUSINESS ARE THE ENTREPRENEURS WHO LEAD OUR AGENCIES, EACH OF WHOM, LIKE VERY MANY OF OUR STAFF, ARE SHAREHOLDERS IN the mission[tm]. GIVING THEM A PERSONAL INVESTMENT IN OUR SHARED SUCCESS; AND MOTIVATING THEM TO KEEP GROWING THEIR AGENCIES AND THE GROUP AS A WHOLE.

OUR AGENCY FOUNDERS SIT ON OUR BOARD, ALONG WITH A NON-EXECUTIVE CORE THAT ENSURES COMPLIANCE AND INDEPENDENT SHAREHOLDER REPRESENTATION.

THIS GIVES US A DIVERSITY OF IDEAS – BUT ALSO A CONTINUITY OF LEADERSHIP THAT HELPS OUR PEOPLE STAY WITH US FAR LONGER THAN THE INDUSTRY AVERAGE. AND WITH A HUGE RANGE OF TALENT ACROSS THE NETWORK, OUR AGENCIES CAN PARTNER TOGETHER AND CREATE TEAMS THAT OFFER BEST-IN-CLASS SERVICE.



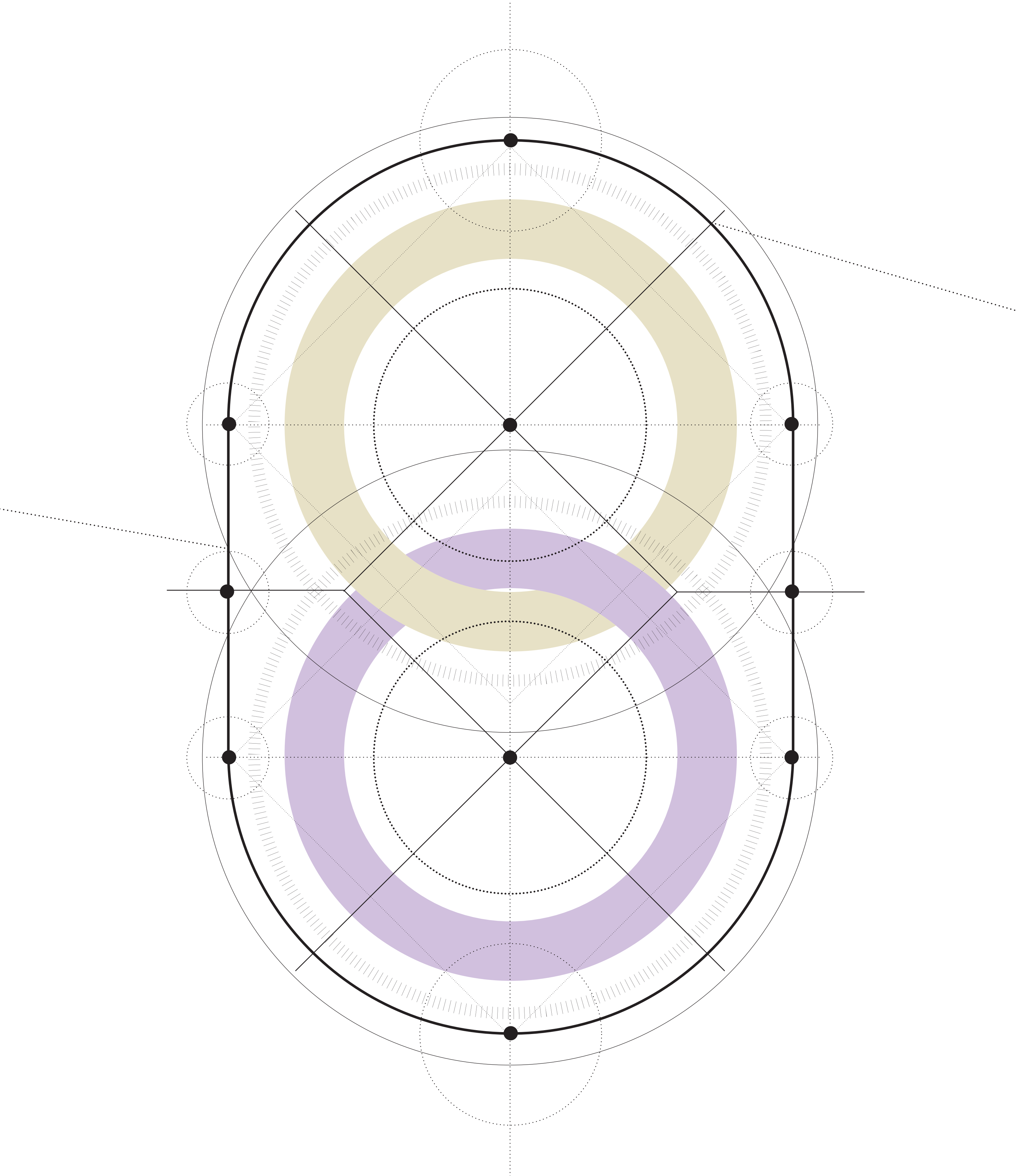
RELATIONSHIPS THAT LAST

IT'S NOT JUST STAFF WHO CHOOSE TO STAY WITH US. OUR STRONG COLLABORATIVE CULTURE HAS HELPED US CREATE LASTING, PROFITABLE RELATIONSHIPS WITH MANY CLIENTS.

AS A RESULT, WE HAVE A CLEAR VIEW OF FUTURE REVENUE FROM MANY BRANDS THAT WE'VE WORKED WITH AND GROWN. NEW BUSINESS WILL ALWAYS BE IMPORTANT, BUT WE NEVER UNDERESTIMATE THE VALUE OF A LONG-TERM PARTNERSHIP.

- 957 CLIENTS ACROSS THE GROUP
- HIGH DEGREE OF VISIBILITY OF 2017 REVENUE
- FURTHER GROWTH FROM EXISTING CLIENTS FORMS A KEY PART OF NEW BUSINESS TARGETS
- 57% OF CLIENT REVENUE IS FROM CLIENTS THAT HAVE BEEN WITH US FOR 5 YEARS OR MORE, 39% FROM CLIENTS OF 10 YEARS OR MORE AND 21% FROM CLIENTS OF 20 YEARS OR MORE.

OVERALL, WE ESTIMATE THAT OVER 80% OF OUR REVENUES RECUR YEAR-ON-YEAR, AS WE CONTINUE TO OUTPERFORM OUR COMPETITORS AND DELIVER GROWTH. WE ALSO STRIVE TO DEVELOP NEW AND UNIQUE SYSTEMS, ALONG WITH IP-OWNED TECHNOLOGIES – INNOVATIONS THAT ENHANCE WHAT WE DO AND CREATE ASSETS THAT ADD VALUE TO OUR BUSINESS.



ONE MISSION

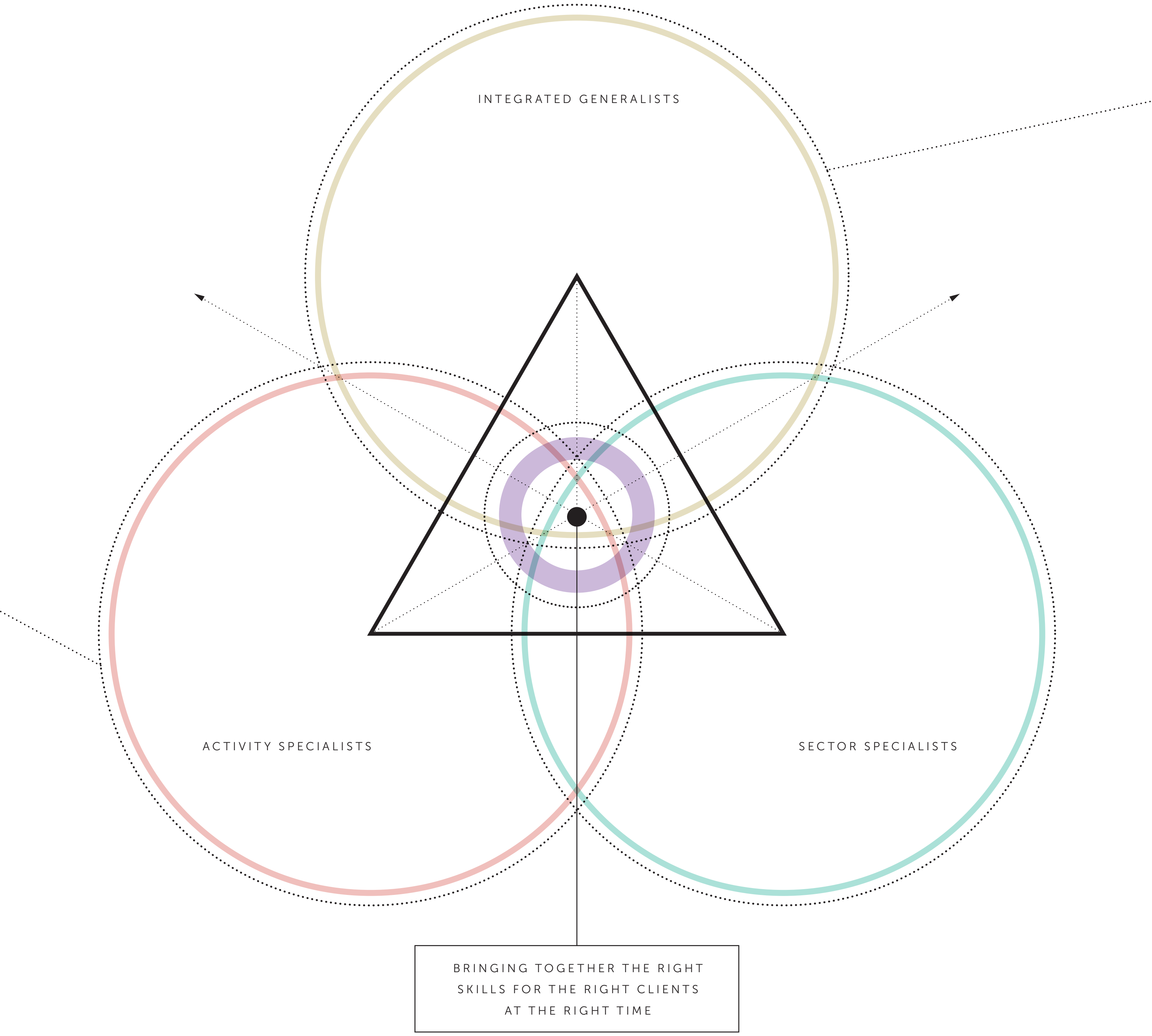
OUR AGENCIES COVER EVERY PART OF THE MARKETING LANDSCAPE, GIVING US THE FREEDOM TO SUPPORT CLIENTS WITH TALENT DRAWN FROM ACROSS THE GROUP. WITH EVERYTHING FROM HEALTHCARE TO CONSUMER SPECIALISTS, AND SEO TO DATA EXPERTS, WE CAN CREATE MULTI-SKILLED TEAMS TAILOR-MADE FOR CLIENTS' NEEDS.

WE CALL THIS APPROACH **CONCINNITY.** COMBINING OUR TALENTS IN THE MOST EFFECTIVE, CREATIVE WAY POSSIBLE. EMPLOYING THE RIGHT BLEND OF SKILLS, EXPERIENCE AND DISCIPLINES FROM OUR NETWORK TO TRANSFORM A CLIENT'S BUSINESS, OR EVEN THEIR ENTIRE MARKET.

IN ADDITION, OUR DIGITAL GLOBAL WORKGROUP PROVIDES TOOLS AND OPPORTUNITIES TO SHARE BEST PRACTICE, INNOVATION AND TECHNOLOGY ACROSS OUR 250+ TALENTED DIGITAL EXPERTS. DELIVERING VALUE THROUGH KNOWLEDGE AND CREATING AN EMPOWERED INTERNATIONAL TEAM FOR CLIENTS AROUND THE WORLD.

THERE'S NEVER ANY COMPETITION BETWEEN AGENCIES, JUST A SHARED COMMITMENT TO SUCCESS.

WE'RE MORE POWERFUL TOGETHER.


INTEGRATED GENERALISTS
ACTIVITY SPECIALISTS
SECTOR SPECIALISTS
BRINGING TOGETHER THE RIGHT
SKILLS FOR THE RIGHT CLIENTS
AT THE RIGHT TIME

A WORLD OF TALENT

THESE ARE OUR BRAND NAVIGATORS. GUIDING CLIENTS ACROSS THE EVER-CHANGING MARKETING LANDSCAPE WITH SKILL AND INSIGHT.

aprilsix

A TECHNOLOGY MARKETING AGENCY DELIVERING STRATEGIC MARKETING SERVICES FOR SOME OF THE WORLD'S MOST RESPECTED TECHNOLOGY BRANDS FROM OFFICES IN THE UK, THE US AND ASIA.

aprilsixproof

A TECHNOLOGY AND SCIENCE PR AGENCY, WHICH DELIVERS POWERFUL INFLUENCER STRATEGIES FOR MAJOR CLIENTS AT THE LEADING EDGE OF INNOVATION.

bigdog

A MULTI-AWARD WINNING CREATIVE AGENCY PRODUCING COMPELLING, MEDIA-NEUTRAL IDEAS THAT YOU CAN'T IGNORE.

bray leino

A PIONEER OF INTEGRATED BRANDBUILDING, THIS TOP-20 AGENCY WORKS WITH CLIENTS THROUGH EVERY CHANNEL ACROSS THE BUSINESS SPECTRUM.

CHAPTER

DELIVERING THE AWARD-WINNING HIGH STANDARDS AND EXPERTISE OF A LARGE CREATIVE AGENCY, WITH THE COST BASE AND AGILITY OF A SMALL ONE. NOT BIGGER AND BETTER, BUT SHARPER & BETTER.

mongoose

AN INTEGRATED MARKETING AGENCY SPECIALISING IN SPORTS & FITNESS COMMUNICATIONS, SPONSORSHIP AND SALES PROMOTION. UTILISING THE POWER OF COMMERCIAL PARTNERSHIPS AND PROMOTIONAL TECHNIQUES TO CREATE ACTIONABLE INSIGHT AND CHANGES IN BEHAVIOUR.

RLA

AN AGENCY WITH UNRIVALLED EXPERTISE IN INTERNATIONAL CHANNEL MARKETING PROGRAMMES IN THE AUTOMOTIVE, RETAIL AND ALLIED SECTORS.

Robson Brown

REGARDED AS ONE OF THE NORTH OF ENGLAND'S MAJOR ADVERTISING BRANDS, WITH PROVEN SKILLS IN INTEGRATED COMMUNICATIONS.

SOLARIS health

A SPECIALIST MEDICAL COMMUNICATIONS AGENCY THAT THRIVES IN AREAS OF UNMET NEED OR WHEN INNOVATIVE TARGETED TECHNOLOGIES CAN MAKE A POSITIVE IMPACT. VIVACITY, A DIVISION OF SOLARIS HEALTH, DELIVERS CREATIVE HEALTH AND WELLNESS BRAND COMMUNICATIONS.

speed

AN AMBITIOUS, CREATIVE AND COMMERCIALLY-MINDED PR AGENCY SPECIALISING IN DRIVING BUSINESSES AND BRANDS FORWARD. SPEED'S EXPERTISE COVERS CONSUMER, BUSINESS & CORPORATE AND FOOD & HOSPITALITY.

Splash Interactive

HEADQUARTERED IN SINGAPORE WITH OFFICES IN SHANGHAI, HONG KONG, MALAYSIA AND VIETNAM, A FULL-SERVICE DIGITAL AGENCY HELPING MULTINATIONAL BRANDS BUILD WEBSITES AND MARKET THEIR PRODUCTS ACROSS ALL DIGITAL CHANNELS.

'story'

BASED IN EDINBURGH, STORY IS AN AWARD-WINNING INTEGRATED AGENCY WORKING WITH LEADING CONSUMER BRANDS AND SERVICES.

thinkbdw

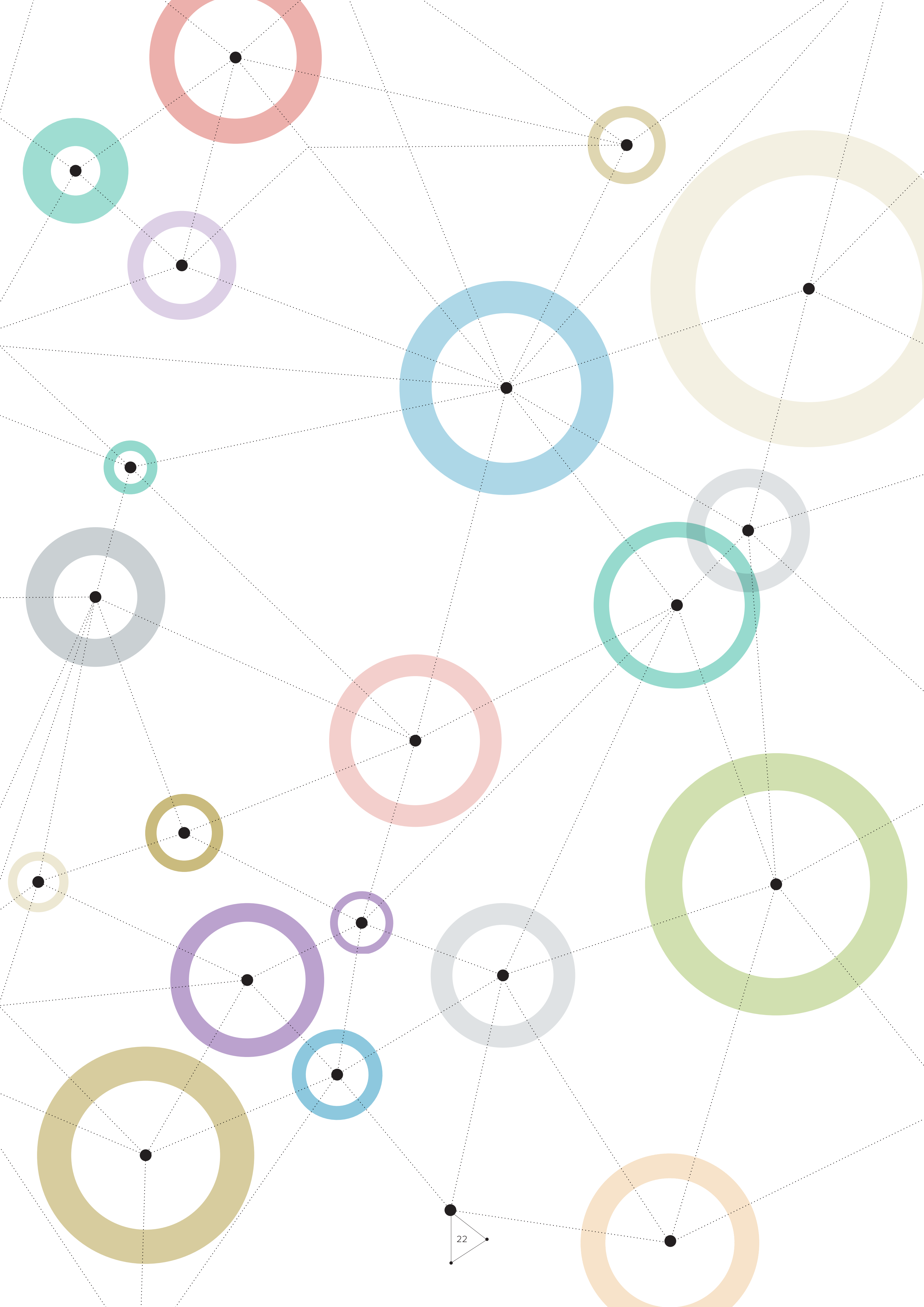
THE LEADING PROPERTY INTEGRATED MARKETING AGENCY IN THE UK, WORKING WITH DEVELOPERS ACROSS ALL ASPECTS OF THEIR SALES SUPPORT PROGRAMMES, FROM ADVERTISING TO SHOW HOMES. THINKMEDIA IS ONE OF THE LARGEST BUYERS OF ESTATE AGENCY MEDIA IN THE UK.

TRUE ENTREPRENEURS RECOGNISE GOOD OPPORTUNITIES. THAT'S WHY WE ENHANCE OUR OFFER WITH ACQUISITIONS THAT ADD NEW DISCIPLINES OR IMPROVED SERVICES TO OUR AGENCIES. BRINGING STATE-OF-THE-ART EXPERTISE TO OUR CLIENTS AND SUPPORTING THEM WHEREVER THEY NEED US.

IN DEPLOYING THE GROUP'S CAPITAL, WE ALWAYS AIM TO SUPPORT EXISTING MANAGEMENT WHO HAVE DEMONSTRATED AN ABILITY TO ACHIEVE HIGH MARGINS.

WE ALSO TARGET NEW HIGH-GROWTH MARKET SECTORS – ALONG WITH SERVICE OR TECHNOLOGY OPPORTUNITIES - WHICH MEET STRICT RETURN ON INVESTMENT CRITERIA. PLUS, WE LOOK AT BUSINESSES THAT ARE CORE TO OUR CURRENT ACTIVITIES AND WHOSE GROWTH CAN BE ACCELERATED BY JOINING THE GROUP.

GROWING THE NETWORK



ONE YEAR, MANY HIGHLIGHTS

THE GROUP WENT FROM STRENGTH TO STRENGTH IN 2016. WITH IMPRESSIVE CLIENT WINS, THE DEVELOPMENT OF NEW SPECIALIST AGENCY OFFERINGS AND OVER 50 INDUSTRY ACCOLADES, THERE WAS PLENTY OF GOOD NEWS.

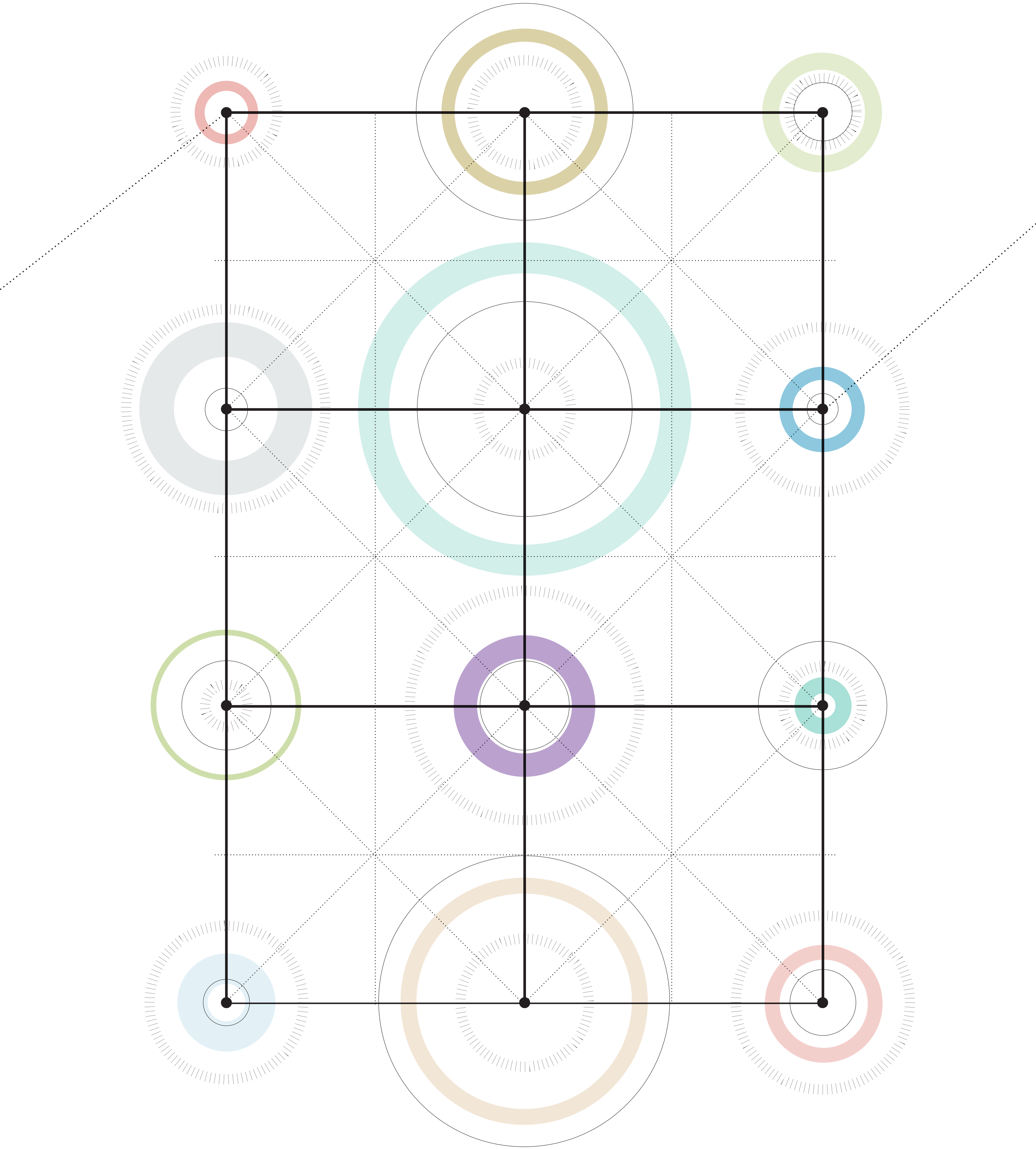
OUR NETWORK CONTINUED TO GROW AT A HEALTHY RATE. FOR EXAMPLE, **CHAPTER'S** FIRST FULL YEAR WITH US WAS A RESOUNDING SUCCESS, WITH HUGE CLIENT GAINS SUCH AS TNT AND BENTLEY COLLECTION, PLUS NUMEROUS AWARDS. MEANWHILE, THE **SOLARIS HEALTH** TEAM FORGED A GLOBAL REACH THROUGH A JOINT VENTURE WITH VIVACTIS HEALTH.

IN ADDITION, **MONGOOSE'S** ACQUISITION OF GENERATE ADDED SPONSORSHIP SALES ACTIVITIES TO THEIR BRAND ACTIVATION APPROACH. THE AGENCY ALSO MERGED WITH THE SPORTS & FITNESS DIVISION OF SPEED TO CREATE A NEW, FULLY-INTEGRATED SPORTS, FITNESS AND ENTERTAINMENT MARKETING AGENCY, AND IN OCTOBER SPECIALIST SALES PROMOTION BUSINESS, MONGOOSE PROMOTIONS WAS LAUNCHED.

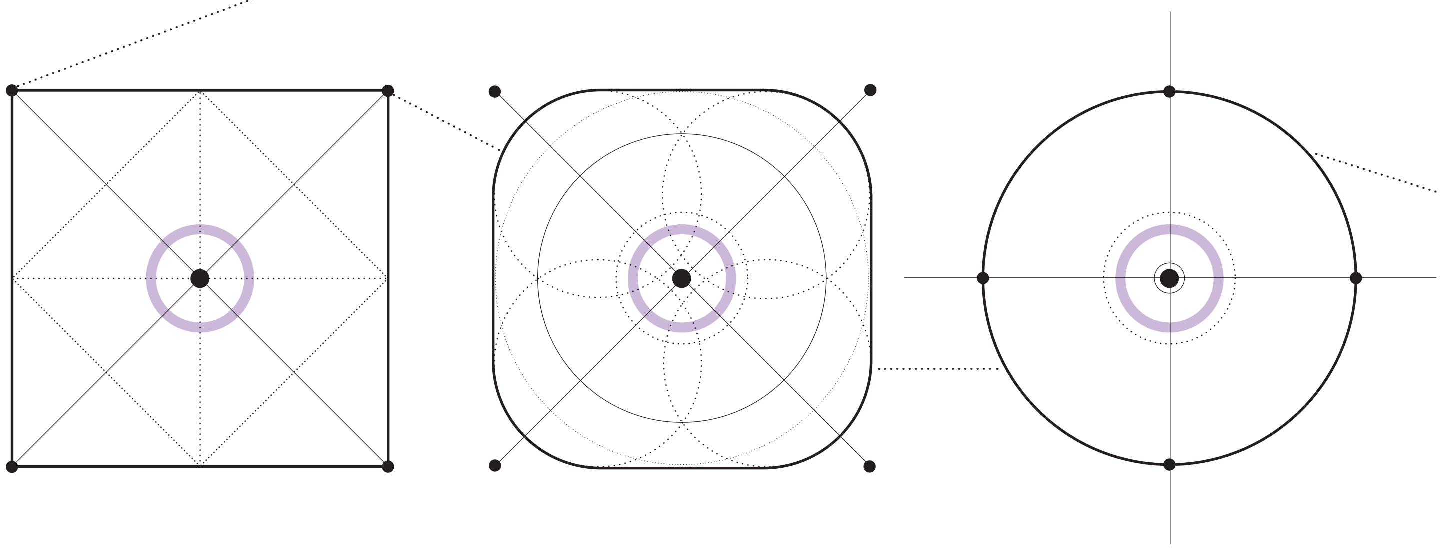
THE TALENTS OF OUR AGENCIES CONTINUED TO ATTRACT SOME HIGHLY PRESTIGIOUS CLIENTS. FOR INSTANCE, **BIGDOG** WELCOMED VOCALINK AND SKY BETTING & GAMING; **APRIL SIX** BEGAN WORKING WITH 02; **BRAY LEINO** WON HS2; AND **SPEED** ADDED BOSCH AND MULLER TO THEIR CLIENT LIST. PLUS, **SPLASH** WON BUSINESS FROM PORSCHE CHINA, DULUX AND DIGI COMMUNICATIONS - THEIR BIGGEST CLIENT TO DATE.

2016 ALSO SAW MANY EXCITING TECH ADVANCES. OUR TECHNOLOGY AGENCY **APRILSIX** ENJOYED IMPRESSIVE PERFORMANCE FROM THEIR NEW SINGAPORE OFFICE. WHAT'S MORE, **THINKBDW** FOUND GREAT SUCCESS WITH NEW PRODUCTS, PROVIDING OCULUS RIFT, GOOGLE VR AND MATTERSPORT TECHNOLOGY FOR SHANLY HOMES.

THESE ARE JUST A HANDFUL OF THE HIGHLIGHTS FROM 2016; BUT EVERY SINGLE AGENCY ACROSS OUR NETWORK DELIVERED IMPRESSIVE RESULTS, NEW CLIENTS AND INNOVATIVE COMMS SOLUTIONS.

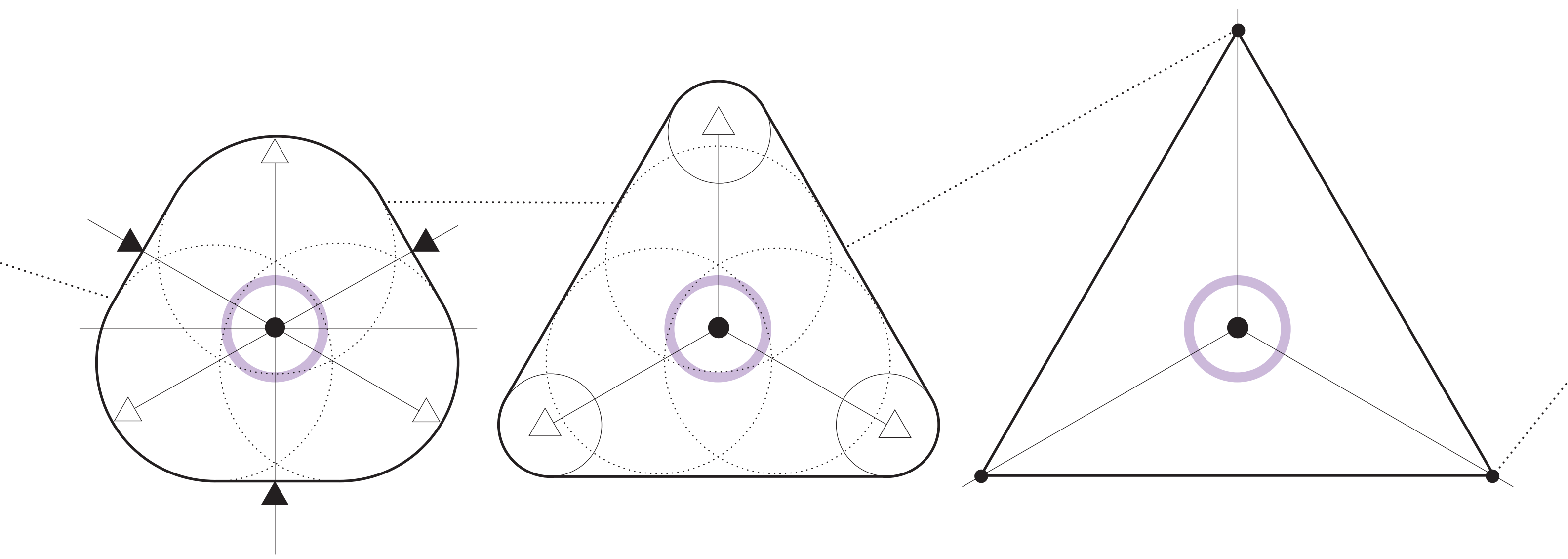


FUSE - OUR TECHNOLOGY HUB



FUSE IS THE LATEST OFFERING FROM the mission™. GETTING READY FOR LAUNCH IN H2 2017, IT EMBRACES EMERGING TECHNOLOGIES AND INNOVATION IN HARDWARE AND SOFTWARE. CREATING TRANSFORMATIVE PRODUCTS THAT DELIVER MEASURABLE BENEFITS.

THE INVENTIVE SOLUTIONS DELIVERED BY OUR AGENCIES VIA FUSE OFFER PLATFORMS THAT HELP OUR CLIENTS WORK SMARTER, FASTER AND MORE EFFICIENTLY. AND THEY GIVE US A BROADER GROUP OFFERING WITH EVEN MORE COMMERCIAL OPPORTUNITIES. OUR SOLUTIONS CAN COME FROM EITHER ADDRESSING A GAP IN THE MARKET, OR A DIRECT CLIENT BRIEF OR CHALLENGE.



THE FUSE PORTFOLIO INCLUDES:

- **PATHFINDR –** INDOOR NAVIGATION AND ASSET TRACKING
- **BROADCARE –** END TO END HEALTHCARE SOFTWARE PLATFORM
- **EASL –** SERVICES INFORMATION SYSTEM
- **CORTEX –** REGIONAL MARKETING PLATFORM

FUSE WILL ALSO BE AN INNOVATION ENGINE WITHIN THE GROUP AS IT LOOKS TO ESTABLISH AN EMPLOYEE ENGAGEMENT PROGRAMME TO REWARD INNOVATION. KNOWN INTERNALLY AS **IGNITION,** THIS PROGRAMME WILL SEEK NEXT GENERATION THINKING FROM MORE THAN 950 EMPLOYEES WITHIN THE GROUP, ACROSS THREE CONTINENTS.

OUR CLIENTS

HERE'S JUST A FEW OF THE 950+ BRANDS THAT **the mission** GROUP AGENCIES ARE PROUD TO WORK FOR.

O2

Harley-Davidson Motor Cycles

Freederm

Pret

Bellway

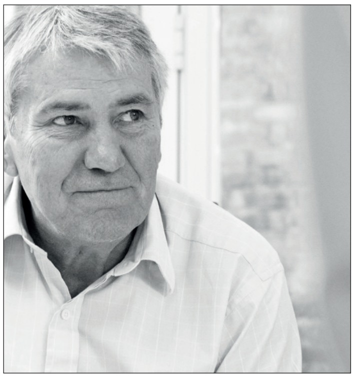
FIAT

AVIVA

bp

BARCLAYS

M&S BANK



DAVID MORGAN
EXECUTIVE CHAIRMAN

David founded Bray Leino, the Group's largest Agency, in 1974 and was its CEO until 2008. He became Non-Executive Chairman of Bray Leino in 2008 and was appointed Chairman of **the mission** in April 2010. Before founding Bray Leino he worked in a number of London advertising agencies including Dorlands.

JULIAN HANSON-SMITH
NON-EXECUTIVE DIRECTOR

An entrepreneur and PE investor with significant experience in marketing services. In 1986 Julian co-founded what is now FTI Consulting, one of Europe's largest business communications consultancies, and following its sale in 1999 became COO of Lighthouse Global Network. In 2001 he joined US-based PE firm Lake Capital before co-founding Iceni Capital in 2007, investing in UK-based business services companies. He joined the Board in October 2015.

CHRIS MORRIS
NON-EXECUTIVE DEPUTY CHAIRMAN

Chris adds further operational experience to the Board as a founder partner of Big Communications, bought by **the mission** in 2005 prior to its AIM listing in 2006. Chris has over 35 years' industry knowledge having previously been Managing Director of Cogent Elliott, one of the UK's top three regional advertising agencies. Chris was appointed to the Board in December 2009.

DYLAN BOGG
EXECUTIVE DIRECTOR

Dylan is Chief Creative Officer of bigdog and was one of the founding partners of Big Communications. He had built a successful business by the age of 24 and this was used as the bedrock for the launch of Big Communications in 1996. Dylan oversees all creative output for bigdog across four UK locations. Dylan was appointed to the Board in April 2010.

JAMES CLIFTON
EXECUTIVE DIRECTOR

Chief Executive of bigdog, James started out Client-side before working for various agencies within the global networks that are Omnicom and WPP. He created balloon dog in 2008 having led an MBO of Fox Murphy. balloon dog was acquired by **the mission** and James was appointed to the Board in October 2012.

ROBERT DAY
EXECUTIVE DIRECTOR

Robert is Chief Executive of ThinkBDW, a company he founded as Robert Day Associates in 1987 at the age of 22. Re-branding as ThinkBDW in 2004, Robert has led the company to its position as the leading property marketing specialist in the UK. The business was acquired by **the mission** in March 2007 and Robert joined the Board in April 2010.

TALENT DRIVES US FORWARD. ACROSS THE GROUP, WE LOOK TO SURROUND OURSELVES WITH DEDICATED AND ORIGINAL THINKERS AND DOERS. PEOPLE WHO ARE EXCITED ABOUT DISCOVERING AND DEVELOPING NEW WAYS TO GROW AND CONNECT. CREATING A STRONGER OFFERING FOR OUR CLIENTS AND PROVIDING NEW OPPORTUNITIES FOR **the mission**.

THIS APPROACH INSPIRES EVERY LEVEL OF OUR BUSINESS, BUT IT BEGINS WITH THE ENTREPRENEURS AND LEADERS ON OUR BOARD.

PETER FITZWILLIAM
FINANCE DIRECTOR

Peter is a Chartered Accountant with over 25 years' financial and management advisory experience in private and quoted companies across a range of industry sectors. Finance Director of Business Post Group plc (now UK Mail Group plc) from 1999-2006, he helped take it into the FTSE 250. Peter supported **the mission** through its refinancing in April 2010 and joined the Board in September 2010.

CHRIS GOODWIN
EXECUTIVE DIRECTOR

Chris was Chief Executive of RLA until February 2016 when he became Commercial Director of **the mission**. Chris joined the Group with over 25 years' experience in the automotive industry at Firestone and then Federal Mogul, with varied roles in sales, marketing and general management, both at regional and global levels. He was appointed to the Board in April 2011 and recently announced his intention to step down on 31 March 2017.

GILES LEE
EXECUTIVE DIRECTOR

Giles joined Bray Leino in 2005 as Group Finance Director following his successful role in transforming Merrydown plc from its fundamental financial restructure in 2000 to its acquisition in 2005. Giles was appointed CFO/COO of Bray Leino in 2011 and Executive Chairman in 2013 and has overseen fourteen acquisitions and a number of strategic investments. He was appointed to the Board in March 2013.

SUE MULLEN
EXECUTIVE DIRECTOR

Sue is Chief Executive of Story and started her advertising career at Branns in Cirencester before moving to Edinburgh to head up One Agency. She left in 2002 and, alongside three colleagues, set up Story, an award-winning creative and direct communications Agency. Story was acquired by **the mission** in 2007 and Sue joined the Board in June 2012.

MIKE ROSE
EXECUTIVE DIRECTOR

After working at some of the best regional agencies in the UK, Mike founded Chapter, along with his two Creative Director partners, in April 2009. The three of them went on to build Chapter into an award-winning, internationally respected creative agency. **the mission** acquired Chapter in November 2015 and Mike was appointed to the Board on 1 January 2016.

FIONA SHEPHERD
EXECUTIVE DIRECTOR

Fiona is Chief Executive of April Six and AprilSix Proof and has worked in the technology industry for over 20 years, holding both Client and Agency positions, with some of the world's largest technology brands. Fiona was a founder of April Six and has managed its success as a well respected global technology Agency with offices in London, San Francisco and Singapore. Fiona joined the Board in April 2010.

CHAIRMAN'S STATEMENT

ALL THE STUFF GOING ON IN THE WORLD DIDN'T MAKE FOR AN EASY 2016, BUT I'M DELIGHTED TO REPORT THAT OUR AGENCIES VERY MUCH ROSE TO THE OCCASION. AS A RESULT, WE DELIVERED ANOTHER YEAR OF CONTINUED GROWTH AND ARE WELL PLACED TO MAKE 2017 ANOTHER SUCCESSFUL YEAR.

A COMBINATION OF SPIRIT, PASSION, PLANNING AND FOCUS ENSURED THAT WE MADE REAL PROGRESS AGAINST OUR INTERNAL PERFORMANCE MEASURES. OUR FOCUS ON CONCINNITY, WHERE OUR MOVING PARTS OFTEN BEHAVE AS ONE, BROUGHT INCREASED SUPPORT AND EXPERTISE TO OUR CLIENTS AND HELPED EACH AGENCY TO DELIVER REMARKABLE SUCCESSES.

MORE BUSINESS-RELATED INNOVATION SAW FURTHER DEVELOPMENT OF OUR PATHFINDR AND ETHOLOGY TECHNOLOGY-DRIVEN INITIATIVES, AND OUR BROADCARE PATIENT MANAGEMENT SYSTEM HAS NOW BEEN WIDELY ADOPTED WITHIN THE NHS.

AWARDS FOR CREATIVE EXCELLENCE ACROSS MANY OF OUR AGENCIES ADDED TO THE EXCITEMENT GENERATED ACROSS **the mission**ⓣⓜ, AS DID FURTHER DEVELOPMENT IN ASIA, A REVITALISATION OF OUR SPEED AND MONGOOSE BRANDS, AND THE LATTER'S VENTURE INTO SALES PROMOTION.

CORE CLIENTS CONTINUED TO UNDERPIN OUR REVENUES, AND STRONG NEW BUSINESS GENERATION WAS ACHIEVED THROUGHOUT **the mission**ⓣⓜ - WINS FROM THE LIKES OF O2, THOMSON REUTERS, SKY BINGO, HS2, ABBVIE, BOSCH, MULLER, PORSCHE CHINA, DULUX AND FIRST DIRECT WILL HELP US MAKE FURTHER PROGRESS IN 2017.

THE ACQUISITION OF CHAPTER IN 2015 IS PROVING TO BE A GREAT SUCCESS BOTH FINANCIALLY AND CULTURALLY AS THEY HAVE SEGUED SEAMLESSLY INTO **the mission**ⓣⓜ. OUR START-UP INVESTMENTS ARE BEGINNING TO GAIN TRACTION AND WE ARE SEEING STRONG SUPPORT FOR OUR INTEGRATED APPROACH WHERE CROSS-AGENCY TEAMS ARE BEING FOCUSSED ON CLIENTS' REQUIREMENTS. THERE REMAIN MANY OPPORTUNITIES TO PROVIDE EXISTING CLIENTS WITH ADDITIONAL EXPERTISE AND SERVICES. THIS INTEGRATED APPROACH HELPS UNDERPIN OUR CONFIDENCE FOR THE YEAR AHEAD.

IN APRIL 2016 MIKE SMITH JOINED US FROM INNOCEAN AS CEO OF OUR RLA AGENCY. MIKE BRINGS A WEALTH OF ADVERTISING AND AUTOMOTIVE EXPERIENCE AND SEES CLEAR OPPORTUNITIES FOR RLA TO BUILD FURTHER THROUGH THE COMMERCIALISATION OF ITS TECHNOLOGY PLATFORMS THAT HE CONSIDERS TO BE UNRIVALLED IN THE SECTOR.

WE WILL ENDEAVOUR TO CAPITALISE ON OUR SYNCRETISTIC STRATEGY AS WE GROW, DEVELOPING AND EXPANDING BOTH THE REACH AND THE EXPERTISE OF OUR BUSINESS IN A WAY THAT DELIVERS A TRULY EXCELLENT SERVICE TO OUR CLIENTS. OUR CONTINUED PROGRESS ACROSS THE BUSINESS ENDORSES OUR OBJECTIVE OF BEING THE UK'S MOST RESPECTED AGENCY GROUP.

DAVID MORGAN, CHAIRMAN
MARCH 2017

A COMBINATION OF SPIRIT, PASSION, PLANNING AND FOCUS ENSURED THAT WE MADE REAL PROGRESS AGAINST OUR INTERNAL PERFORMANCE MEASURES

AIMS AND AMBITION

The modern marketing world is complex and ever-changing. But we're well-equipped to guide our Clients through every challenge and opportunity. Our mission is simple: to grow **the mission** into the UK's leading, most respected Agency group. Across 13 Agencies with 24 offices in the UK, Asia and the US, we're dedicated to helping our Clients grow and succeed.

We aim to reward shareholders both through capital growth and dividends, and to provide a rewarding, challenging and fun environment for our staff. We will focus first and foremost on organic growth, but we will enhance our offer with acquisitions that add new disciplines or improved services to our Agencies. In deploying the Group's capital, we always aim to support existing management who have demonstrated an ability to grow their businesses and to achieve consistently high margins. We also target new high-growth market sectors, along with service or technology opportunities, which meet strict return on investment criteria. In addition, we will also look at businesses that are core to our current activities and whose growth can be accelerated by joining the Group.

As well as acquisitions, we also consider launching new businesses that may require more time to become established but which will have a smaller investment cost/lower risk profile.

Although primarily operating in the UK, we will continue to develop our international footprint in response to Client demand and where we see strong opportunities to leverage our well-established UK strengths elsewhere in the world.

We look to maintain a balance of equity and debt financing to give shareholders the advantages of financial leverage but without placing the business at financial risk.

RISKS AND UNCERTAINTIES

The Group's principal operating risks and uncertainties are set out below. The management of risk is the responsibility of the Board, assisted where appropriate by the Remuneration and Audit Committees, as described further in the Corporate Governance Report. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

Adverse Economic Conditions

Such conditions could lead to a reduction in Clients' marketing budgets. As a network of Agencies which are run, in most cases, by the entrepreneurs who originally founded them, we offer strong local and personalised "boutique" Client service backed up by a multi-national infrastructure. We believe that this approach makes us less susceptible to the generic effects of the economy. We also undertake strenuous new business activity and we minimise overheads wherever possible, always recognising that there is a level below which overheads cannot be reduced without Client service being affected. As the Group expands outside the UK, we are also reducing the concentration of economic risk.

Loss of Key Clients

There are many reasons why a Client changes its communications agency, several of which are outside our control. The risk of Client loss as a result of something we can control is mitigated by the efforts of dedicated account teams, who strive to ensure the quality of work we do meets or exceeds our Clients' expectations at all times and who modify our approach when necessary. The risk of Client loss for reasons beyond our control is mitigated by the Group's broad spread of Clients, which limits its exposure to any individual loss. No Client represents more than 10% of Group revenue. One measure of our success is that, in 2016, nearly 60% of our revenue was again from Clients that have been with us for 5 years or more and over 20% from Clients of 20 years or more.

Loss of Key Staff

In common with all service businesses, the Group is reliant on the quality of its staff. Strenuous efforts are made to provide a rewarding work environment and remuneration package to retain and motivate our leadership teams. One measure of our success is that, in some 95% of cases, the core management of our acquired businesses remains in place today. The system of financial rewards is reviewed regularly by the Board and, since the end of the year, a new Growth Share Scheme has been implemented, designed to provide a powerful retention incentive for key business leaders who it is believed will be crucial to the Group's long term ambitions. Further information about the scheme is set out in the Corporate Governance Report.

Underperformance of Acquired Businesses

Potential acquisitions are carefully considered by the Board as part of its recurring business, and legal, commercial and financial due diligence is carried out on all but the smallest acquisitions. The Directors consider that the main risk is overpaying for the level of profits subsequently generated and so, wherever possible, agree payment terms for acquisitions in a way that results in the majority of consideration being conditional on the post-acquisition profitability of the acquired business. In this way, if it underperforms against expectations set at the time of the acquisition, the total amount paid for the acquired business will reduce correspondingly.

KEY PERFORMANCE INDICATORS

The Group manages its internal operational performance and capital management by monitoring various key performance indicators ("KPIs''). The KPIs are tailored to the level at which they are used and their purpose. The Board has reviewed and revised its financial KPIs during the year, introducing specific performance targets. The revised KPIs, which are quantified and commented on in the Financial Review of the Year below, are:

- operating income ("revenue"), which the Group aims to grow by at least 5% per year;
- headline operating profit margins, which the Group is targeting to increase from 11.5% to 14% over the next three years;
- headline profit before tax, which the Group aims to increase by 10% year-on-year; and
- indebtedness, where the Group intends to maintain the ratio of net bank debt to EBITDA* below x2.0 and the ratio of total debt (including both bank debt and deferred acquisition consideration) to EBITDA below x2.5.

*EBITDA is headline operating profit before depreciation and amortisation charges.

At the individual Agency level, the Group's financial KPIs comprise revenue and profitability measures, predominantly the achievement of annual budget. More detailed KPIs are applied within individual Agencies.

In addition to financial KPIs, the Board periodically monitors the length of Client relationships, the forward visibility of revenue and the retention of key staff. This year's annual report again contains statistics to illustrate the Group's performance against these measures.

BUSINESS AND FINANCIAL REVIEW OF THE YEAR

A review of the business and future developments is provided below and in the Chairman's Statement, which forms part of this Strategic Report.

2016 was a year of further progress for the Group, achieving all the plans we set out this time last year. Chapter, acquired in 2015, has contributed well to the growth of our business, and the Group has again been strengthened during the year through further investments in core skills and new initiatives. April Six's expansion into Asia took root during 2016 and is now sustainably profitable. We also launched a new Sales Promotion start-up venture in the second half of the year, established a healthcare joint venture to formalise our relationship with our European partners, and April Six launched its PR offering in the US.

Elsewhere, 2016 saw strong developments in the use of technology as a product in its own right. We have long used technology to enable the delivery of communications via multiple channels but recently we have been developing intellectual property that can be sold in new and innovative ways. 2017 will see an increased focus in this area.

As with any group, not all our Agencies quite met expectations but our portfolio nature reduces our exposure to any individual Agency and there are many reasons to feel positive about the year ahead.

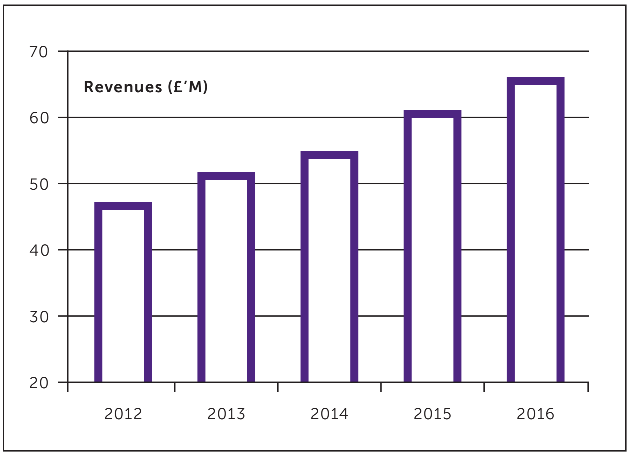
Headline Trading Performance

The Directors are primarily interested in monitoring and managing the Group's core operating activities, without the volatility and distortions created by one-off events and non-cash accounting adjustments relating to acquisitions. Accordingly, the Directors measure and report the Group's performance by reference to headline results, calculated before exceptional items, acquisition adjustments and losses from start-up activities (as set out in Note 3).

Billings and revenue

Turnover (billings) was 9% higher than the previous year, at £144.1m (2015: £132.2m) but since billings include pass-through costs (eg. TV companies' charges for buying air-time), the Board does not consider turnover to be a key performance measure. Instead, the Board views operating income (turnover less third party costs) as a more meaningful measure of Agency activity levels.

Operating income (referred to as "revenue") increased 8% to £65.9m (2015: £61.0m) continuing the consistent revenue growth achieved over the last five years as illustrated in the chart below.



Although the acquisition of Chapter in 2015 boosted revenue growth during the year, it was particularly pleasing to see underlying growth in both our core activity of Branding, Advertising and Digital, and also in Events and Learning, which showed the benefit of the restructuring carried out in 2015.

The property sector was where we saw the biggest uncertainties resulting from the Brexit vote and, as a consequence, revenue from our Media buying activities reduced slightly, but our other specialist property marketing activities held up well.

Given the general delays, cancellations and uncertainties created by the referendum, we are pleased to have achieved overall revenue growth of 8%. Helping us to achieve this growth, our new business performance and Client retention record were again very strong, with net new business wins amounting to over £5m and more than 20% of our revenue again being generated from Clients that have been with us for 20 years or more. The Board believes this Client retention statistic is second to none in the marketing services sector.

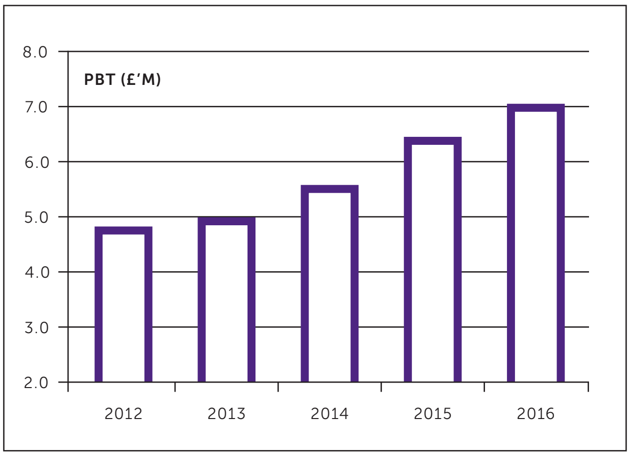
Profit and margins

Trading profits (i.e. segmental headline operating profit, before central costs, as set out in Note 2) increased by 9%, slightly ahead of revenue growth, to £9.3m (2015: £8.5m) and headline operating profit also increased by 9% to £7.6m (2015: £6.9m).

Clients' spending patterns repeated those of previous years, with the second half of the year particularly busy, resulting in over 60% of our operating profits being generated in this period. Profit margins (headline operating profit as a percentage of revenue) were over 14% in H2 (2015: 14%), increasing our overall margin for the year to 11.5% (2015: 11.4%). With no sign of any easing in the downward pressure on margins, we are again pleased with this small year-on-year improvement.

Net interest costs, at £0.5m, were almost unchanged from the previous year, reflecting the cash investment in expansion during the year (see cash flow on page 36) which resulted in a small increase in net bank debt over the course of the year.

After financing costs and a small loss from share of joint ventures and associates, headline profit before tax increased by 9% to £7.0m (2015: £6.5m), continuing the growth achieved over the last five years as illustrated in the following chart.



Taxation

The Group's effective headline tax rate increased slightly to 21.0% (2015: 20.2%), compared with the statutory rate of 20.0% (2015: 20.25%). The Group's effective tax rate is normally above the statutory rate as a result of non-deductible entertaining expenditure and the higher rates of taxation in the US. In 2015 the effective tax rate was somewhat reduced as a result of adjustments to prior year estimates.

Headline Items and Reported Profit

Adjustments to reported profits in 2016 comprise acquisition-related items of £0.7m (2015: £0.1m) and losses from start-up activities totaling £0.5m (2015: £0.3m). In 2015 profits were also adjusted for restructuring costs totaling £0.9m; there were no such exceptional items incurred during 2016. After these adjustments, reported profit before tax was 14% higher at £5.9m (2015: £5.1m).

The Group's effective reported tax rate in 2016 was 23.3% (2015: 20.2%). The effective tax rate is expected to be consistently higher than the statutory rate since the amortisation of acquisition-related intangibles is not deductible for tax purposes. This effect was offset in 2015 as a result of the more significant movements in the fair value of contingent consideration, which are non-taxable.

Earnings Per Share

On a headline basis, EPS increased by 8% to 6.63 pence (2015: 6.14 pence) and fully diluted EPS increased similarly, to 6.41 pence (2015: 5.91).

Reported EPS increased by 10% to 5.36 pence (2015: 4.86 pence) and fully diluted EPS increased by 11% to 5.19 pence (2015: 4.68 pence).

Dividends

Since the Group was refinanced in 2010, the Board has taken a cautious approach to dividends but, after a period of sustained and strong cash generation, recommends a final dividend of 1.0 pence per share, bringing the total for the year to 1.5 pence per share, representing an increase of 25% over 2015. The final dividend will be payable on 24 July 2017 to shareholders on the register at 14 July 2017. The corresponding ex-dividend date is 13 July 2017. The Board will continue to keep under regular review the best use of the Group's cash resources, always balancing the desire to reward shareholders via dividends with the need to fund further growth, but it remains the Board's intention to follow a progressive policy provided trading conditions allow.

Balance Sheet

As a people business, the main features of the Group's balance sheet are the goodwill and other intangible assets resulting from acquisitions made over the years, and the debt taken on in connection with those acquisitions.

The level of intangible assets relating to acquisitions decreased slightly over the course of 2016 as the level of annual amortisation exceeded the additional goodwill acquired from the small in-fill acquisitions made during the year. At the same time, the level of total debt (combined bank debt and acquisition obligations) reduced by over £3m.

The Board undertakes an annual assessment of the value of all goodwill, explained further in Note 12, and at 31 December 2016 again concluded that no impairment in the carrying value was required.

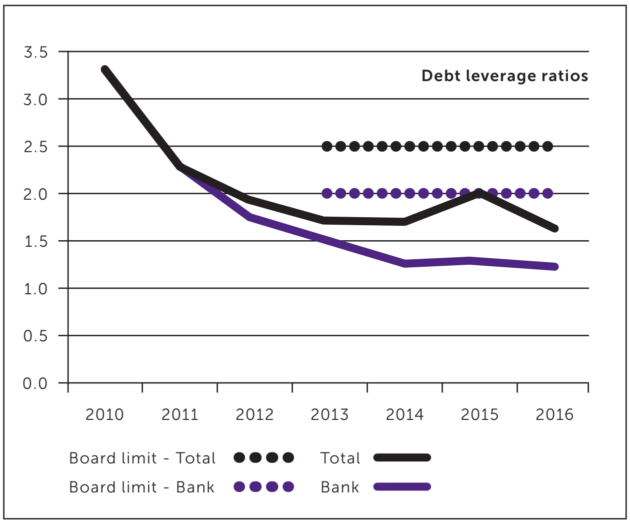
Cash Flow

In 2016, the Group returned to its more normal record of strong cash flow, with headline profit after tax of £5.6m converting into £5.3m of "free cash flow" (defined as net cash inflow from operating activities less tangible capital expenditure).

This free cash flow was used to expand the business, develop new initiatives, make acquisitions and pay dividends as follows:

- new acquisitions, amounting to £0.4m (2015: £0.7m);
- settlement of contingent consideration obligations relating to the strong performance and profits generated by our previous acquisitions, totaling £3.2m (2015: £0.9m);
- investment in a number of other areas in support of the Group's expansion, notably £0.8m (2015: nil) invested in software development; and
- dividends of £1.3m (2015: £0.9m)

Despite a year in which significant cash investments have been made in the development of the Group, net bank debt increased by only £0.3m to £11.3m (2015: £11.0m). Importantly, the leverage ratio of net bank debt to headline EBITDA remained unchanged at x1.3 at 31 December 2016. The Group's ratio of total debt, including remaining acquisition obligations, to EBITDA at 31 December 2016 (calculated by reference to the amount of consideration which would be payable if the acquired business were to maintain its current level of profitability) reduced to x1.7 (2015: x2.0), increasing the already comfortable headroom against the Board's limit of x2.5. The following chart illustrates the initial reduction and subsequent careful management of the Group's indebtedness during the period the current management has been in place.



Outlook

We expect further revenue and profit growth in the coming year. Although there are a number of macro economic uncertainties, we again have a high degree of visibility over forecast revenue and current indications are that we should expect good organic growth during the year ahead. We continue to seek out attractive acquisition opportunities to further enhance both our range of services and our rate of growth. With our newly-set KPIs, we have an increased focus on margins and have streamlined a number of activities in the first quarter of 2017. The restructuring costs associated with this action are estimated at £0.5m. The other area of focus for 2017 will be Fuse, a central sales and marketing hub created to introduce new markets to the opportunities created by our new technology products. All in all it promises to be another busy and exciting year.

On behalf of the Board
Peter Fitzwilliam
Finance Director
23 March 2017

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in presenting their report and the financial statements of The Mission Marketing Group plc (" **the mission**® ") for the year ended 31 December 2016. The Directors provide a separate Corporate Governance Report, which forms part of this Report of the Directors.

Directors

The following Directors held office during the year;

DYLAN BOGG
JAMES CLIFTON
ROBERT DAY
PETER FITZWILLIAM
CHRISTOPHER GOODWIN
JULIAN HANSON-SMITH
GILES LEE
DAVID MORGAN
CHRISTOPHER MORRIS
SUE MULLEN
MIKE ROSE – appointed 1 January 2016
FIONA SHEPHERD

Directors' Interests in Shares and Options

The interests of the Directors and their families in the shares of the Company were as follows:

Number of ordinary shares of 10p each

	31 DECEMBER 2016	31 DECEMBER 2015 OR ON APPOINTMENT
DYLAN BOGG	1,486,823	1,486,823
JAMES CLIFTON	165,113	165,113
ROBERT DAY	6,153,524	6,141,924
PETER FITZWILLIAM	693,129	688,420
CHRISTOPHER GOODWIN	389,064	389,012
GILES LEE	754,499	749,790
DAVID MORGAN	6,144,127	6,144,018
CHRISTOPHER MORRIS	1,025,009	1,025,009
SUE MULLEN	1,084,054	1,084,054
MIKE ROSE	153,571	-
FIONA SHEPHERD	1,270,073	1,270,073

The following unexercised options over shares were held by Directors:

DIRECTORS	AT 1 JANUARY 2016 (OR ON APPOINTMENT)	LAPSED IN YEAR	EXERCISED IN YEAR	GRANTED IN YEAR	AT 31 DECEMBER 2016	DATE FROM WHICH EXERCISABLE	EXPIRY DATE
DYLAN BOGG	30,000	(30,000)	-	-	-	JULY 2016	JULY 2023
	17,500	-	-	-	17,500	JULY 2017	JULY 2024
	52,000	-	-	-	52,000	APRIL 2018	MARCH 2025
	-	-	-	35,000	35,000	MAY 2019	MAY 2026
JAMES CLIFTON	56,000	(56,000)	-	-	-	JULY 2016	JULY 2023
	31,215	-	-	-	31,215	JULY 2017	JULY 2024
	52,000	-	-	-	52,000	APRIL 2018	MARCH 2025
	-	-	-	35,000	35,000	MAY 2019	MAY 2026
ROBERT DAY	110,000	(110,000)	-	-	-	JULY 2016	JULY 2023
	60,000	-	-	-	60,000	JULY 2017	JULY 2024
	46,667	-	-	-	46,667	APRIL 2018	MARCH 2025
	-	-	-	50,000	50,000	MAY 2019	MAY 2026
PETER FITZWILLIAM	50,000	(50,000)	-	-	-	JULY 2016	JULY 2023
	25,000	-	-	-	25,000	JULY 2017	JULY 2024
	25,000	-	-	-	25,000	APRIL 2018	MARCH 2025
	-	-	-	25,000	25,000	MAY 2019	MAY 2026
CHRIS GOODWIN	35,000	(35,000)	-	-	-	JULY 2016	JULY 2023
	20,000	-	-	-	20,000	JULY 2017	JULY 2024
	17,500	-	-	-	17,500	APRIL 2018	MARCH 2025
	-	-	-	25,000	25,000	MAY 2019	MAY 2026
GILES LEE	70,000	(70,000)	-	-	-	JULY 2016	JULY 2023
	80,000	-	-	-	80,000	JULY 2017	JULY 2024
	72,000	-	-	-	72,000	APRIL 2018	MARCH 2025
	-	-	-	50,000	50,000	MAY 2019	MAY 2026
DAVID MORGAN	50,000	(50,000)	-	-	-	JULY 2016	JULY 2023
	25,000	-	-	-	25,000	JULY 2017	JULY 2024
	25,000	-	-	-	25,000	APRIL 2018	MARCH 2025
	-	-	-	20,000	20,000	MAY 2019	MAY 2026
CHRIS MORRIS	50,000	(50,000)	-	-	-	JULY 2016	JULY 2023
	25,000	-	-	-	25,000	JULY 2017	JULY 2024
	25,000	-	-	-	25,000	APRIL 2018	MARCH 2025
	-	-	-	20,000	20,000	MAY 2019	MAY 2026
SUE MULLEN	22,500	(22,500)	-	-	-	JULY 2016	JULY 2023
	10,000	-	-	-	10,000	JULY 2017	JULY 2024
	10,000	-	-	-	10,000	APRIL 2018	MARCH 2025
	-	-	-	20,000	20,000	MAY 2019	MAY 2026
FIONA SHEPHERD	50,000	(50,000)	-	-	-	JULY 2016	JULY 2023
	20,000	-	-	-	20,000	JULY 2017	JULY 2024
	40,000	-	-	-	40,000	APRIL 2018	MARCH 2025
	-	-	-	50,000	50,000	MAY 2019	MAY 2026

All share options in existence at 31 December 2016 are nil-cost options granted under the Company's Long Term Incentive Plan.

Options granted in 2016 are dependent upon the achievement of profit targets over the period ending 31 December 2018, with a minimum growth requirement of 3% per annum for any options to vest. Maximum vesting is dependent upon growth of 10% per annum.

Substantial Shareholdings

Other than the Directors' interests disclosed on pages 37-38, as at 23 March 2017, notification had been received of the following interests in 3% or more of the issued share capital of the Company:

	Number of shares	%
Herald Investment Management Ltd	4,500,000	5.35
Objectif Investissement Microcaps FCP	4,230,477	5.03
Polar Capital Forager Fund Ltd	3,995,000	4.75

Share Capital

The issued share capital of the Company at the date of this report is 84,120,234 Ordinary shares. The total number of voting rights in the Company is 84,120,234.

Directors' Indemnity Insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Directors, indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRSs as adopted by the EU have been followed by the Group and FRS 102 by the parent company, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position, performance, business model and strategy.

Auditors

PKF Francis Clark have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 2006, it is proposed that they be re-appointed auditors to the Company for the ensuing year.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Each of the Directors has taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Financial Risk Exposure and Management

As a communications Agency group, the main financial risks that arise from day-to-day activities are credit and currency risk. The Group's policy is to eliminate risk where it is cost-effective, including the use of credit insurance and currency hedges, and to mitigate it where not, including close monitoring of credit-worthiness and the use of Client payment plans if possible. The Group's policy is not to use any financial instruments for speculating.

In common with any business, the Group is exposed to cash flow risk if the capital structure is not balanced (relative proportions of debt and equity, and the availability of cash resources). Several years ago, the Group had too much debt and its ability to continue as a going concern was seriously endangered, but has progressively reduced debt, increased equity and secured banking facilities which provide comfortable levels of headroom within the Group's covenants. The Group's policy is to maintain a balance of equity and debt financing to give shareholders the advantages of financial leverage but without placing the business at financial risk.

Further details on the Group's capital and financial risk management are set out in Note 27.

Post Balance Sheet Events

After the end of the financial year, a new company, The Mission Marketing Holdings Ltd ("TMMH"), was incorporated as a wholly owned subsidiary of the Company. On 21 February 2017, all the Company's shareholdings in subsidiaries were transferred to TMMH in return for the issuance of 20,000,002 Ordinary shares. On the same day, various individuals subscribed for a total of 5,720,171 A Ordinary shares in TMMH as part of the Growth Share Scheme referred to in the Corporate Governance Report.

On 16 March 2017 the Directors agreed an increase and an extension to the maturity date for the revolving credit facility. Further details of these facilities are set out in Note 19.

Going Concern

The Directors have considered the financial projections for the Group, including cash flow forecasts, the availability of committed bank facilities and the headroom against covenant tests for the coming 12 months. They are satisfied that, taking account of reasonably possible changes in trading performance, it is appropriate to adopt the going concern basis in preparing the financial statements.

Future Developments

An indication of likely future developments in the business of the Group is provided in the Chairman's Statement and Strategic Report.

The Environment

The business of the Group is delivering marketing and advertising related services to Clients. The direct and indirect impact of these services on the environment is negligible and considered low risk, however we continue to take action to reduce our environmental impact where viable.

Employee Policies

It is the Group's policy not to discriminate between employees or potential employees on any grounds. The Group is committed to full and fair consideration of all applications. Selection of employees for recruitment, training, development and promotion is based on their skills, abilities and relevant requirements for the job.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Dividends

The Group paid a dividend of 0.5 pence per share in December 2016 and the Board recommends the payment of a final dividend of 1.0 pence, subject to approval by shareholders at the Annual General Meeting.

Annual General Meeting

A notice convening the Annual General Meeting to be held on Monday 19 June 2017 at 12 noon is enclosed with this report.

On behalf of the Board
Peter Fitzwilliam
Finance Director
23 March 2017

CORPORATE GOVERNANCE

The Board of The Mission Marketing Group plc is collectively accountable to the Company's shareholders for good corporate governance. As an AIM-listed company, **the mission** is not required to comply with the UK Corporate Governance Code (September 2014) (the "Code") but has regard to it.

Board of Directors

Throughout the year, the Board consisted of the CEOs of the Group's eight principal Agencies, most of whom are the original founders of those Agencies, a Finance Director and two Non-Executive Directors, under the Executive Chairmanship of David Morgan, the founder of the Group's largest Agency. This structure results in an operator-led and entrepreneurial organisation, but with a suitable balance of independent oversight and input. David Morgan is well regarded both within **the mission** and within the industry and the Board continues to believe that, although combining the roles of Chairman and Chief Executive does not meet "best practice" under the Code, his role as Executive Chairman remains appropriate and that introducing a separate Chief Executive would disturb the balance of the Board.

The Non-Executive Directors during the year were Chris Morris and Julian Hanson-Smith. Chris was one of the founders of Big Communications, now part of bigdog, but has not been actively involved in day to day management for many years. Although Chris is a recipient of share options and provides some consulting services to the Group, neither of which is significant in financial value, he is considered to be independent of management by virtue of his attitude. Julian is a private equity investor with significant experience in marketing services, having co-founded Financial Dynamics (now FTI Consulting) in 1986 and co-founded Iceni Capital, specialising in UK-based business services companies, in 2006. Julian is independent by virtue of having no executive responsibilities within the Group.

The Directors are collectively responsible for the strategic direction, investment decisions and effective control of the Group. The principal risks and uncertainties facing the Group are set out in more detail in the Strategic Report and the Non-Executive Directors periodically consider whether or not this remains up to date. Of these risks, primary responsibility for maintaining strong Client relationships and retaining key staff lies with the Agency CEOs and this is monitored both via written monthly reports and also Board attendance. Potential acquisitions and changes in incentive and rewards systems, designed to motivate and retain key staff, are considered by the full Board when it meets in person, most months, or via regular telephonic and electronic contact in between meetings.

The Board is satisfied that it receives information of a quality and to a timetable that permits it to discharge its duties.

All Directors are subject to election by Shareholders at the first opportunity after their appointment. They are required to retire every three years and may seek re-appointment.

The Board has established three committees to deal with specific aspects of the Group's affairs.

Audit Committee

The Audit Committee consists of the two independent Non-Executive Directors, with Julian Hanson-Smith as Chairman during the year. The Committee considers matters relating to the reporting of results, financial controls, and the cost and effectiveness of the audit process. It aims to meet at least twice a year with the Group's external auditors in attendance. Other Directors attend as required. The terms of reference of the Committee are available on request.

The Audit Committee is satisfied that the Group's auditors, PKF Francis Clark, have been objective and independent of the Group. The Group's auditors performed non-audit services for the Group as outlined in Note 7 but the value of this work was neither significant in relation to the size of the audit fee nor carried out by the audit team and as a consequence the Audit Committee is satisfied that their objectivity and independence was not impaired by such work.

Remuneration Committee

The Board maintains a policy of providing executive remuneration packages that will attract, motivate and retain Directors of the calibre necessary to deliver the Group's growth strategy and to reward them for enhancing shareholder value. The Remuneration Committee consists of the two independent Non-Executive Directors, with Chris Morris as Chairman during the year. The Committee determines the remuneration of the Executive Directors and makes recommendations to the Board with regard to remuneration policy and related matters.

With regard to Executive Directors' remuneration, their packages during the year consisted of three elements:

- basic salary and benefit package
- performance related bonus – the Group operates a performance-related bonus scheme, related to the delivery of profit targets
- share option incentives – details of share options granted to the Executive Directors at the discretion of the Remuneration Committee are shown in the Directors' report.

The Remuneration Committee reviews the components of each Executive Director's remuneration package annually.

With regard to remuneration policy, the Remuneration Committee gives specific consideration each year to the nature and quantum of incentive arrangements to ensure they remain relevant and effective for the retention of key staff, including not just Executive Directors but also senior staff within the Group's Agencies. Inter alia, this includes setting the profit targets which trigger annual performance-related cash bonuses, determining the amount of the Group's share capital to make available for annual share option awards, and approving the allocation of incentives to individuals.

Mindful of the success the group has experienced to date as a result of retaining the founders and CEOs of the Agencies acquired over the years, the Remuneration Committee gave consideration during the year to ways in which this success could best be continued in the years ahead from retention and shareholder value incentives. After considering the existing and alternative long term share-based incentives, the Remuneration Committee concluded that a Growth Share Scheme provided a powerful incentive for key people who it is believed will be crucial to the Company's long term ambitions to deliver substantial increases in shareholder value.

The details of the Growth Share Scheme were finalised after the financial year end and implemented on 21 February 2017. Participants in the scheme were invited to subscribe for Ordinary A shares in The Mission Marketing

Holdings Limited (the "growth shares") at a nominal value. These growth shares can be exchanged for an equivalent number of Ordinary Shares in **the mission** in just over three years time if **the mission**'s share price equals or exceeds 75p for at least 15 days during this period; if not, they will have no value. At the time the scheme was introduced, achieving the target share price of 75p would result in dilution to existing shareholders of less than 7% but would also represent an increase in market capitalisation of over 80%. A total of 17 individuals were invited to participate in the scheme, of which 10 were Board members. Anyone participating in the scheme will no longer be eligible to participate in the Company's LTIP scheme.

The remuneration and terms and conditions of appointment of the Non-Executive Directors are determined by the Board. No Director is involved in setting his or her own remuneration. The Remuneration Committee meets as and when required. The terms of reference of the Committee are available on request.

Nomination Committee

The Nomination Committee consists of the Group's Executive Chairman, David Morgan, as the Committee Chairman, and the two Non-Executive Directors. The Committee is responsible for reviewing and making proposals to the Board on the appointment of Directors and meets as necessary. The terms of reference of the Committee are available on request.

Shareholder Communications

The Company believes in good communication with shareholders. The Board encourages shareholders to attend its Annual General Meeting. The Chairman and the Finance Director meet analysts and institutional shareholders periodically in order to ensure that the strategy and performance of the Group are clearly understood, and they provide the first point of contact for any queries raised by shareholders. In the event that these Directors fail to resolve any queries, or where a Non-Executive Director is more appropriate, the Senior Independent Director (Julian Hanson-Smith), is available to meet shareholders.

Internal Financial Control

The Board is responsible for ensuring that the Group maintains a system of internal financial controls. The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is timely and reliable. Any such system can only provide reasonable, but not absolute, assurance against material loss or misstatement.

The Board does not consider it would be appropriate to have its own internal audit function at the present time, given the Group's size and the nature of its business. At present the internal audit of internal financial controls forms part of the responsibilities of the Group's finance function.

All the day to day operational decisions are taken initially by the Executive Directors, in accordance with the Group's strategy. The Executive Directors are also responsible for initiating commercial transactions and approving payments, save for those relating to their own employment.

The key internal controls include the specific levels of delegated authority and the segregation of duties; the prior approval of all acquisitions; the review of pertinent commercial, financial and other information by the Board on a regular basis; the prior approval of all significant strategic decisions; and maintaining a formal strategy for business activities.

On behalf of the board
Peter Fitzwilliam
Finance Director
23 March 2017

Summary of Directors' Attendance

	BOARD MEETINGS		REMUNERATION COMMITTEE		AUDIT COMMITTEE	
	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED
DYLAN BOGG	9	9	N/A	N/A	N/A	N/A
JAMES CLIFTON	9	9	N/A	N/A	N/A	N/A
ROBERT DAY	9	8	N/A	N/A	N/A	N/A
PETER FITZWILLIAM	9	9	N/A	N/A	N/A	N/A
CHRIS GOODWIN	9	9	N/A	N/A	N/A	N/A
JULIAN HANSON-SMITH	9	8	2	2	3	3
GILES LEE	9	9	N/A	N/A	N/A	N/A
DAVID MORGAN	9	9	N/A	N/A	N/A	N/A
CHRIS MORRIS	9	9	2	2	3	3
SUE MULLEN	9	7	N/A	N/A	N/A	N/A
MIKE ROSE	9	9	N/A	N/A	N/A	N/A
FIONA SHEPHERD	9	8	N/A	N/A	N/A	N/A

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

We have audited the financial statements of The Mission Marketing Group plc for the year ended 31 December 2016 which comprise the Consolidated Statements of Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibilities and those of the Directors for the financial statements and the audit

As explained more fully in the Directors' Responsibilities Statement set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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:

- 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 no exceptions to report in respect of either of these matters.

Other matter

We have reported separately on the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2016.

Glenn Nicol BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of PKF Francis Clark
Chartered Accountants and Statutory Auditors
Vantage Point
Pynes Hill
Exeter
EX2 5FD
23 March 2017

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	**YEAR TO 31 DECEMBER 2016**	YEAR TO 31 DECEMBER 2015
		£'000	£'000
TURNOVER	**2**	**144,096**	132,246
COST OF SALES		**(78,198)**	(71,209)
OPERATING INCOME	**2**	**65,898**	61,037
HEADLINE OPERATING EXPENSES		**(58,341)**	(54,107)
HEADLINE OPERATING PROFIT		**7,557**	6,930
EXCEPTIONAL ITEMS	**3**	**-**	(873)
ACQUISITION ADJUSTMENTS	**3**	**(666)**	(108)
START-UP COSTS	**3**	**(491)**	(343)
OPERATING PROFIT		**6,400**	5,606
SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES		**(33)**	-
PROFIT BEFORE INTEREST AND TAXATION		**6,367**	5,606
NET FINANCE COSTS	**6**	**(487)**	(469)
PROFIT BEFORE TAXATION	**7**	**5,880**	5,137
TAXATION	**9**	**(1,369)**	(1,035)
PROFIT FOR THE YEAR		**4,511**	4,102
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		**4,434**	4,011
NON-CONTROLLING INTERESTS		**77**	91
		4,511	4,102
BASIC EARNINGS PER SHARE (PENCE)	**11**	**5.36**	4.86
DILUTED EARNINGS PER SHARE (PENCE)	**11**	**5.19**	4.68
HEADLINE BASIC EARNINGS PER SHARE (PENCE)	**11**	**6.63**	6.14
HEADLINE DILUTED EARNINGS PER SHARE (PENCE)	**11**	**6.41**	5.91

The earnings per share figures derive from continuing and total operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	YEAR TO 31 DECEMBER 2016	YEAR TO 31 DECEMBER 2015
	£'000	£'000
PROFIT FOR THE YEAR	**4,511**	4,102
OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY BE RECLASSIFIED SEPARATELY TO PROFIT OR LOSS:		
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**214**	21
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,725**	4,123
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**4,578**	4,032
NON-CONTROLLING INTERESTS	**147**	91
	4,725	4,123

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

	NOTE	AS AT 31 DECEMBER 2016 £'000	AS AT 31 DECEMBER 2015 £'000
FIXED ASSETS			
INTANGIBLE ASSETS	12	**83,075**	82,102
PROPERTY, PLANT AND EQUIPMENT	14	**3,531**	4,526
INTERESTS IN JOINT VENTURES		**-**	7
INVESTMENTS IN ASSOCIATES	15	**324**	350
DEFERRED TAX ASSETS		**45**	146
		86,975	87,131
CURRENT ASSETS			
STOCK AND WORK IN PROGRESS		**485**	461
TRADE AND OTHER RECEIVABLES	16	**32,611**	31,347
CASH AND SHORT TERM DEPOSITS	17	**1,002**	1,784
		34,098	33,592
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	18	**(15,119)**	(14,032)
ACCRUALS		**(11,075)**	(10,833)
CORPORATION TAX PAYABLE		**(527)**	(1,064)
BANK LOANS	19	**(2,250)**	(1,500)
ACQUISITION OBLIGATIONS	21.1	**(1,645)**	(3,203)
		(30,616)	(30,632)
NET CURRENT ASSETS		**3,482**	2,960
TOTAL ASSETS LESS CURRENT LIABILITIES		**90,457**	90,091
NON CURRENT LIABILITIES			
BANK LOANS	19	**(10,023)**	(11,210)
OTHER LONG TERM LOANS		**(76)**	-
OBLIGATIONS UNDER FINANCE LEASES	20	**(216)**	(298)
ACQUISITION OBLIGATIONS	21.1	**(3,014)**	(4,954)
DEFERRED TAX LIABILITIES		**(200)**	(264)
		(13,529)	(16,726)
NET ASSETS		**76,928**	73,365
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	23	**8,412**	8,361
SHARE PREMIUM ACCOUNT		**42,431**	42,268
OWN SHARES	24	**(556)**	(455)
SHARE OPTION RESERVE	25	**249**	298
FOREIGN CURRENCY TRANSLATION RESERVE		**195**	51
RETAINED EARNINGS		**25,740**	22,414
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**76,471**	72,937
NON-CONTROLLING INTERESTS		**457**	428
TOTAL EQUITY		**76,928**	73,365

The financial statements were approved and authorised for issue on 23 March 2017 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam
Finance Director

Company registration number: 05733632

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	YEAR TO 31 DECEMBER 2016	YEAR TO 31 DECEMBER 2015
	£'000	£'000
OPERATING PROFIT	**6,400**	5,606
DEPRECIATION AND AMORTISATION CHARGES	**2,120**	2,122
MOVEMENTS IN THE FAIR VALUE OF CONTINGENT CONSIDERATION	**(48)**	(618)
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**4**	6
LOSS ON DISPOSAL OF INTANGIBLE ASSETS	**2**	-
NON CASH (CREDIT) / CHARGE FOR SHARE OPTIONS AND SHARES AWARDED	**(45)**	37
INCREASE IN RECEIVABLES	**(1,037)**	(3,963)
INCREASE IN STOCK AND WORK IN PROGRESS	**(24)**	(94)
INCREASE IN PAYABLES	**1,120**	1,256
OPERATING CASH FLOWS	**8,492**	4,352
NET FINANCE COSTS	**(422)**	(711)
TAX PAID	**(1,869)**	(1,233)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**6,201**	2,408
INVESTING ACTIVITIES		
PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**33**	74
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	**(914)**	(1,295)
INVESTMENT IN SOFTWARE DEVELOPMENT	**(777)**	-
ACQUISITION OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES DURING THE YEAR	**(466)**	(2,086)
PAYMENT OF OBLIGATIONS RELATING TO ACQUISITIONS MADE IN PRIOR YEARS	**(3,179)**	(871)
CASH ACQUIRED WITH SUBSIDIARIES	**65**	1,431
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(5,238)**	(2,747)
FINANCING ACTIVITIES		
DIVIDENDS PAID	**(1,158)**	(948)
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	**(118)**	-
REPAYMENT OF FINANCE LEASES	**(90)**	(57)
(REPAYMENT OF) / INCREASE IN LONG TERM BANK LOANS	**(500)**	1,875
PROCEEDS FROM OTHER LONG TERM LOANS	**76**	-
PURCHASE OF OWN SHARES HELD IN EBT, NET OF DISPOSALS	**(169)**	(317)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**(1,959)**	553
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(996)**	214
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN SUBSIDIARIES	**214**	21
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,784**	1,549
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,002**	1,784

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	OWN SHARES £'000	SHARE OPTION RESERVE £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	RETAINED EARNINGS £'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT £'000	NON-CONTROLLING INTEREST £'000	TOTAL EQUITY £'000
AT 1 JANUARY 2015	**8,340**	**42,203**	**(260)**	**264**	**30**	**19,470**	**70,047**	**337**	**70,384**
PROFIT FOR THE YEAR	-	-	-	-	-	4,011	4,011	91	4,102
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	-	-	-	-	21	-	21	-	21
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	21	4,011	4,032	91	4,123
NEW SHARES ISSUED	21	65	-	-	-	-	86	-	86
SHARE OPTION CHARGE	-	-	-	34	-	-	34	-	34
OWN SHARES PURCHASED	-	-	(317)	-	-	-	(317)	-	(317)
SHARES AWARDED TO EMPLOYEES FROM OWN SHARES	-	-	122	-	-	(119)	3	-	3
DIVIDEND PAID	-	-	-	-	-	(948)	(948)	-	(948)
AT 31 DECEMBER 2015	**8,361**	**42,268**	**(455)**	**298**	**51**	**22,414**	**72,937**	**428**	**73,365**
PROFIT FOR THE YEAR	**-**	**-**	**-**	**-**	**-**	**4,434**	**4,434**	**77**	**4,511**
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**-**	**-**	**-**	**-**	**144**	**-**	**144**	**70**	**214**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**-**	**144**	**4,434**	**4,578**	**147**	**4,725**
NEW SHARES ISSUED	**51**	**163**	**-**	**-**	**-**	**-**	**214**	**-**	**214**
SHARE OPTION CREDIT	**-**	**-**	**-**	**(49)**	**-**	**-**	**(49)**	**-**	**(49)**
OWN SHARES PURCHASED	**-**	**-**	**(212)**	**-**	**-**	**-**	**(212)**	**-**	**(212)**
SHARES AWARDED AND SOLD FROM OWN SHARES	**-**	**-**	**111**	**-**	**-**	**50**	**161**	**-**	**161**
DIVIDEND PAID	**-**	**-**	**-**	**-**	**-**	**(1,158)**	**(1,158)**	**(118)**	**(1,276)**
AT 31 DECEMBER 2016	**8,412**	**42,431**	**(556)**	**249**	**195**	**25,740**	**76,471**	**457**	**76,928**

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The Group's financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. They have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and on the historical cost basis.

Basis of consolidation

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Turnover and revenue recognition

The Group's operating subsidiaries carry out a range of different activities. The following policies apply consistently across subsidiaries and business segments.

Turnover represents fees, commissions, rechargeable expenses and sales of materials performed subject to specific contracts. Income is recognised on the following basis:

- Retainer fees are apportioned over the time period to which they relate
- Project income is recognised by apportioning the fees billed or billable to the time period for which those fees were earned by relationship to the percentage of completeness of the project to which they relate
- Media commission is recognised when the advertising has been satisfactorily aired or placed
- Unbilled costs relating to contracts for services are included at rechargeable value in accrued income.

Where recorded turnover exceeds amounts invoiced to Clients, the excess is classified as accrued income (within Trade and other receivables). Where amounts invoiced to Clients exceed recorded turnover, the excess is classified as deferred income (within Accruals).

Goodwill and other intangible assets

Goodwill

Goodwill arising from the purchase of subsidiary undertakings and trade acquisitions represents the excess of the total cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. The total cost of acquisition represents both the unconditional payments made in cash and shares on acquisition and an estimate of future contingent consideration payments to vendors in respect of earn-outs.

Goodwill is not amortised, but is reviewed annually for impairment. Goodwill impairment is assessed by comparing the carrying value of goodwill for each cash-generating unit to the future cash flows, discounted to their net present value using an appropriate discount rate, derived from the relevant underlying assets. Where the net present value of future cash flows is below the carrying value of goodwill, an impairment adjustment is recognised in profit or loss and is not subsequently reversed.

Other intangible assets

Costs associated with the development of identifiable software products where it is probable that the economic benefits will exceed the costs of development are recognised as intangible assets. These assets are carried at cost less accumulated amortisation and are amortised over periods of between 3 and 5 years. Amortisation of software development costs is included within operating expenses.

Other intangible assets separately identified as part of an acquisition are amortised over periods of between 3 and 10 years, except certain brand names which are considered to have an indefinite useful life. The value of such brand names is not amortised, but rather an annual impairment test is applied and any shortfall in the present value of future cash flows derived from the brand name versus the carrying value is recognised in profit and loss. Amortisation and impairment charges are excluded from headline profit.

Contingent consideration payments

The Directors manage the financial risk associated with making business acquisitions by structuring the terms of the acquisition, wherever possible, to include an element of the total consideration payable for the business which is contingent on its future profitability (ie earn-out). Contingent consideration is initially recognised at its estimated fair value based on a reasonable estimate of the amounts expected to be paid. Changes in the fair value of the contingent consideration that arise from additional information obtained during the first twelve months from the acquisition date, about facts and circumstances that existed at the acquisition date, are adjusted retrospectively, with corresponding adjustments against goodwill. The fair value of contingent consideration is reviewed annually and subsequent changes in the fair value are recognised in profit or loss, but excluded from headline profits.

Accounting estimates and judgements

The Group makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are, in order of significance:

Potential impairment of goodwill

The potential impairment of goodwill is based on estimates of future cash flows derived from the financial projections of each cash-generating unit over an initial three year period and assumptions about growth thereafter, discussed in more detail in Note 12.

Contingent payments in respect of acquisitions

Contingent consideration, by definition, depends on uncertain future events. At the time of purchasing a business, the Directors use the financial projections obtained during due diligence as the basis for estimating contingent consideration. Subsequent estimates benefit from the greater insight gained in the post-acquisition period and the business' track record of financial performance.

Revenue recognition policies in respect of contracts which straddle the year end

Estimates of revenue to be recognised on contracts which straddle the year end are typically based on the amount of time so far committed to those contracts by reference to timesheets in relation to the total estimated time to complete them.

Valuation of intangible assets on acquisitions

Determining the separate components of intangible assets acquired on acquisitions is a matter of judgement exercised by the Directors. Brand names, customer relationships and intellectual property rights are the most frequently identified intangible assets. When considering the valuation of intangible assets on acquisitions, a range of methods are undertaken both for identifying intangibles and placing valuations on them. The valuation of each element is assessed by reference to commonly used techniques, such as "relief from royalty" and "excess earnings" and to industry leaders and competitors. Estimating the length of customer retention is the principal uncertainty and draws on historic experience.

1. PRINCIPAL ACCOUNTING POLICIES (CONT.)

Share-based payment transactions

Equity-settled share-based payments, such as share options, are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model on the grounds that there are no market related vesting conditions. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Market price on any given day is obtained from external publicly available sources.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies arising from normal trading activities are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are reflected in the profit or loss accordingly.

The income statements of overseas subsidiary undertakings are translated at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets are reported in the Consolidated Statement of Comprehensive Income.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, as follows:

Short leasehold property	Period of the lease
Motor vehicles	25% per annum
Fixtures, fittings and office equipment	10-33% per annum
Computer equipment	25-33% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments. Financial liabilities are released to income when the liability is extinguished.

Lease commitments

Where the Group bears substantially all the risks and rewards related to the ownership of a leased asset, the related asset is recognised at the time of inception of the lease at its fair value or, if lower, the present value of the minimum lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Consolidated Income Statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Consolidated Income Statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Deferred taxation

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 it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Where material intangible assets are recognised on acquisition which will be amortised over their useful lives, a deferred tax liability is also recognised and released against income over the corresponding period.

New standards, interpretations and amendments to existing standards

There are no material impacts arising from standards and interpretations applicable for the first time to these financial statements, as detailed in the prior year financial statements.

The Directors have considered all IFRS and IFRIC Interpretations issued but not yet in force. IFRS 15, Revenue from Contracts with Customers, will apply to the Group's 2018 financial statements. A detailed review of the impact of IFRS 15 will be undertaken in 2017. In addition, IFRS 16, Leases, will apply to the Group's 2019 financial statements. A review of the impact of IFRS 16 will also be undertaken in due course. It is not practicable to provide a reasonable estimate of the effect of either IFRS 15 or IFRS 16 until such reviews have been completed.

2. SEGMENTAL INFORMATION

Business segmentation

For management purposes the Group had thirteen operating units during the year, each of which carries out a range of activities. These activities have been divided into four business and operating segments as defined by IFRS 8 which form the basis of the Group's primary reporting segments, namely: Branding, Advertising and Digital; Media; Events and Learning; and Public Relations.

YEAR TO 31 DECEMBER 2016	BRANDING, ADVERTISING & DIGITAL £'000	MEDIA £'000	EVENTS & LEARNING £'000	PUBLIC RELATIONS £'000	GROUP £'000
TURNOVER	79,657	45,741	9,922	8,776	144,096
OPERATING INCOME	51,740	4,061	3,320	6,777	65,898
SEGMENTAL OPERATING PROFIT ("TRADING PROFIT")	7,323	1,135	325	487	9,270
UNALLOCATED CENTRAL COSTS					(1,713)
HEADLINE OPERATING PROFIT					7,557
SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES					(33)
NET FINANCE COSTS					(487)
HEADLINE PROFIT BEFORE TAX					7,037

YEAR TO 31 DECEMBER 2015	BRANDING, ADVERTISING & DIGITAL £'000	MEDIA £'000	EVENTS & LEARNING £'000	PUBLIC RELATIONS £'000	GROUP £'000
TURNOVER	71,728	45,732	7,146	7,640	132,246
OPERATING INCOME	47,715	4,210	2,765	6,347	61,037
SEGMENTAL OPERATING PROFIT ("TRADING PROFIT")	6,228	1,245	265	768	8,506
UNALLOCATED CENTRAL COSTS					(1,576)
HEADLINE OPERATING PROFIT					6,930
NET FINANCE COSTS					(469)
HEADLINE PROFIT BEFORE TAX					6,461

Geographical segmentation

The Group continues to expand its activities outside the UK, but substantially all the Group's business remains based and executed in the UK, with less than 10% of operating income attributed to territories outside of the UK.

3. RECONCILIATION OF HEADLINE PROFIT TO REPORTED PROFIT

The Board believes that headline profits, which eliminate certain amounts from the reported figures, provide a better understanding of the underlying trading of the Group. The adjustments to reported profits fall into three categories: exceptional items, acquisition-related items and start-up costs.

	YEAR TO 31 DECEMBER 2016		YEAR TO 31 DECEMBER 2015	
	PBT £'000	**PAT £'000**	PBT £'000	PAT £'000
HEADLINE PROFIT	**7,037**	**5,559**	6,461	5,157
EXCEPTIONAL ITEMS (NOTE 4)	**-**	**-**	(873)	(694)
ACQUISITION ADJUSTMENTS (NOTE 5)	**(666)**	**(655)**	(108)	(89)
START-UP COSTS	**(491)**	**(393)**	(343)	(272)
REPORTED PROFIT	**5,880**	**4,511**	5,137	4,102

Start-up costs derive from organically started businesses and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable. Start-up costs in 2016 relate to the launch of new ventures Mongoose Sports & Entertainment and Mongoose Promotions and April Six's new operations in Singapore and the US. Start-up costs in 2015 related to the launch of Mongoose Sports & Entertainment and April Six's new operations in Singapore.

4. EXCEPTIONAL ITEMS

Exceptional items represent revenue or costs that, either by their size or nature, require separate disclosure in order to give a fuller understanding of the Group's financial performance.

Exceptional costs in 2015 comprised amounts payable for loss of office and other costs incurred relating to the restructuring of certain operations in order to streamline activities and underpin the Board's growth expectations.

5. ACQUISITION ADJUSTMENTS

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
MOVEMENT IN FAIR VALUE OF CONTINGENT CONSIDERATION	**48**	618
AMORTISATION OF OTHER INTANGIBLES RECOGNISED ON ACQUISITIONS	**(645)**	(574)
ACQUISITION TRANSACTION COSTS EXPENSED	**(69)**	(152)
	(666)	(108)

The movement in fair value of contingent consideration relates to a net downward revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to the acquisitions made during the year as detailed in Note 21.

6. NET FINANCE COSTS

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
INTEREST ON BANK LOANS AND OVERDRAFTS, NET OF INTEREST ON BANK DEPOSITS	**(407)**	(390)
AMORTISATION OF BANK DEBT ARRANGEMENT FEES	**(64)**	(65)
INTEREST ON FINANCE LEASES	**(16)**	(14)
NET FINANCE COSTS	**(487)**	(469)

7. PROFIT BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:-

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
DEPRECIATION OF OWNED TANGIBLE FIXED ASSETS	**1,164**	1,476
DEPRECIATION OF TANGIBLE FIXED ASSETS HELD UNDER FINANCE LEASES	**94**	72
AMORTISATION OF INTANGIBLE ASSETS RECOGNISED ON ACQUISITIONS	**645**	574
AMORTISATION OF OTHER INTANGIBLE ASSETS	**217**	-
OPERATING LEASE RENTALS – LAND AND BUILDINGS	**2,384**	2,090
OPERATING LEASE RENTALS – PLANT AND EQUIPMENT	**287**	292
OPERATING LEASE RENTALS – OTHER ASSETS	**139**	129
STAFF COSTS (SEE NOTE 8)	**44,352**	41,004
AUDITORS' REMUNERATION	**221**	224
(GAIN) / LOSS ON FOREIGN EXCHANGE	**(14)**	43

Auditors' remuneration may be analysed by:

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
AUDIT OF GROUP'S ANNUAL REPORT AND FINANCIAL STATEMENTS	**35**	36
AUDIT OF SUBSIDIARIES	**140**	126
AUDIT RELATED ASSURANCE SERVICES	**4**	4
TAX COMPLIANCE SERVICES	**25**	21
TAX ADVISORY SERVICES	**-**	2
CORPORATE FINANCE	**17**	35
	221	224

8. EMPLOYEE INFORMATION

The average number of Directors and staff employed by the Group during the year analysed by segment, was as follows:

	YEAR TO 31 DECEMBER 2016	YEAR TO 31 DECEMBER 2015
BRANDING, ADVERTISING & DIGITAL	**787**	760
MEDIA	**35**	43
EVENTS AND LEARNING	**62**	64
PUBLIC RELATIONS	**98**	98
CENTRAL	**4**	4
	986	969

The aggregate employee costs of these persons were as follows:

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
WAGES AND SALARIES	**38,685**	35,697
SOCIAL SECURITY COSTS	**4,170**	3,645
PENSION COSTS	**1,546**	1,628
SHARE BASED PAYMENT (CREDIT)/EXPENSE	**(49)**	34
	44,352	41,004

The Group operates seventeen defined contributions pension schemes. The pension cost charge for the year represents contributions payable by the Group to the schemes. At the end of the financial year outstanding contributions amounted to £116,000 (2015: £95,000).

8. EMPLOYEE INFORMATION (CONT.)

Directors' remuneration

Directors' remuneration and other benefits for the year were as follows (all amounts in £'s):

	SALARY / FEES	PERFORMANCE - RELATED PAYMENTS	BENEFITS	PENSION	GAIN ON EXERCISE OF SHARE OPTIONS	TOTAL 31 DECEMBER 2016	TOTAL 31 DECEMBER 2015
CURRENT DIRECTORS							
DYLAN BOGG	158,135	-	1,916	9,750	-	169,801	159,013
JAMES CLIFTON	176,410	-	1,560	22,657	-	200,627	169,109
ROBERT DAY	156,667	-	6,988	-	-	163,655	196,279
PETER FITZWILLIAM	160,625	-	-	11,875	-	172,500	195,953
CHRIS GOODWIN	120,900	-	15,800	10,840	-	147,540	147,727
JULIAN HANSON-SMITH (note 2) (from 1 October 2015)	35,004	-	-	-	-	35,004	8,751
GILES LEE	148,855	-	20,780	12,742	-	182,377	240,879
DAVID MORGAN	134,020	-	44,100	-	-	178,120	195,970
CHRIS MORRIS (note 3)	52,225	-	4,112	33,942	-	90,279	114,097
SUE MULLEN	148,293	-	315	13,125	-	161,733	163,303
MIKE ROSE (from 1 January 2016)	70,000	-	12,000	-	-	82,000	-
FIONA SHEPHERD	174,500	-	3,716	8,560	-	186,776	223,720
FORMER DIRECTORS							
STEPHEN BOYD (to 31 December 2015)	-	-	-	-	-	-	37,500
	1,535,634	**-**	**111,287**	**123,491**	**-**	**1,770,412**	**1,852,301**

Notes:

1. Dylan Bogg, James Clifton, Robert Day, Giles Lee, Sue Mullen and Fiona Shepherd were paid £12,500 as TMMG plc Directors, with the balance of their remuneration paid as Directors and employees of subsidiary companies for services rendered there.
2. Julian Hanson-Smith was paid £7,500 (2015: £1,875) as a TMMG plc Director during the year. In addition he was paid £27,504 (2015: £6,876) for his services through a consultancy practice owned by him, HS Consultancy Services.
3. Chris Morris was paid £53,334 (2015: £65,542) as a TMMG plc Director during the year. In addition, he was paid for his consulting services through a consultancy practice owned by him, Morris Marketing Consultancy.

9. TAXATION

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
CURRENT TAX:-		
UK CORPORATION TAX AT 20.00% (2015: 20.25%)	**972**	907
ADJUSTMENT FOR PRIOR PERIODS	**51**	(49)
FOREIGN TAX ON PROFITS OF THE PERIOD	**233**	289
	1,256	1,147
DEFERRED TAX:-		
CURRENT YEAR REVERSING/(ORIGINATING) TEMPORARY DIFFERENCES	**107**	(64)
ADJUSTMENT FOR PRIOR PERIODS	**15**	(52)
FOREIGN DEFERRED TAX ON OVERSEAS SUBSIDIARIES	**(9)**	4
TAX CHARGE FOR THE YEAR	**1,369**	1,035

Factors affecting the tax charge for the current year:

The tax assessed for the year is higher (2015: lower) than the standard rate of corporation tax in the UK. The differences are:

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
PROFIT BEFORE TAXATION	**5,880**	5,137
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX AT THE STANDARD RATE OF CORPORATION TAX OF 20.00% (2015: 20.25%)	**1,176**	1,040
EFFECT OF:		
NON-DEDUCTIBLE EXPENSES/INCOME NOT TAXABLE	**102**	121
TIMING DIFFERENCES RELATING TO DEDUCTIBILITY OF SHARE OPTIONS	**(11)**	(23)
MOVEMENT IN FAIR VALUE OF CONTINGENT CONSIDERATION, NOT TAXABLE	**11**	(125)
IMPACT OF R&D CLAIMS	**(158)**	-
ADJUSTMENTS TO PRIOR PERIODS	**67**	(101)
HIGHER TAX RATES ON OVERSEAS EARNINGS	**80**	81
DEPRECIATION IN EXCESS OF CAPITAL ALLOWANCES	**110**	32
OTHER DIFFERENCES	**(8)**	10
ACTUAL TAX CHARGE FOR THE YEAR	**1,369**	1,035

10. DIVIDENDS

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
AMOUNTS RECOGNISED AS DISTRIBUTIONS TO EQUITY HOLDERS IN THE YEAR:		
INTERIM DIVIDEND OF 0.50 PENCE (2015: 0.30 PENCE) PER SHARE	**414**	247
PRIOR YEAR FINAL DIVIDEND OF 0.90 PENCE (2015: 0.85 PENCE) PER SHARE	**744**	701
	1,158	948

A final dividend of 1.0 pence per share is to be paid in July 2017 should it be approved by shareholders at the AGM. In accordance with IFRS this final dividend will be recognised in the 2017 accounts.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data, determined in accordance with the provisions of IAS 33: Earnings per Share.

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
EARNINGS		
REPORTED PROFIT FOR THE YEAR	**4,511**	4,102
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**4,434**	4,011
NON-CONTROLLING INTERESTS	**77**	91
	4,511	4,102
HEADLINE EARNINGS (NOTE 3)	**5,559**	5,157
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**5,482**	5,066
NON-CONTROLLING INTERESTS	**77**	91
	5,559	5,157
NUMBER OF SHARES		
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR THE PURPOSE OF BASIC EARNINGS PER SHARE	**82,651,400**	82,479,427
DILUTIVE EFFECT OF SECURITIES:		
EMPLOYEE SHARE OPTIONS	**2,862,471**	3,269,681
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR THE PURPOSE OF DILUTED EARNINGS PER SHARE	**85,513,871**	85,749,108
REPORTED BASIS:		
BASIC EARNINGS PER SHARE (PENCE)	**5.36**	4.86
DILUTED EARNINGS PER SHARE (PENCE)	**5.19**	4.68
HEADLINE BASIS:		
BASIC EARNINGS PER SHARE (PENCE)	**6.63**	6.14
DILUTED EARNINGS PER SHARE (PENCE)	**6.41**	5.91

Basic earnings per share includes shares to be issued subject only to time as if they had been issued at the beginning of the period.

A reconciliation of the profit after tax on a reported basis and the headline basis is given in Note 3.

12. INTANGIBLE ASSETS

GOODWILL	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
COST		
AT 1 JANUARY	**83,606**	79,326
RECOGNISED ON ACQUISITION OF SUBSIDIARIES	**457**	4,315
ADJUSTMENT TO CONSIDERATION / NET ASSETS ACQUIRED	**(11)**	(35)
AT 31 DECEMBER	**84,052**	83,606
IMPAIRMENT ADJUSTMENT		
AT 1 JANUARY	**4,273**	4,273
IMPAIRMENT DURING THE YEAR	**-**	-
AT 31 DECEMBER	**4,273**	4,273
NET BOOK VALUE AT 31 DECEMBER	**79,779**	79,333

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill. The review performed assesses whether the carrying value of goodwill is supported by the net present value of projected cash flows derived from the underlying assets for each cash-generating unit ("CGU"). It is the Directors' judgement that each distinct Agency represents a CGU. The initial projection period of three years includes the annual budget for each CGU, based on insight into Clients' planned marketing expenditure and targets for net new business growth derived from historical experience, and extrapolations of the budget in subsequent years based on known factors and estimated trends. The key assumptions used by each CGU concern revenue growth and staffing levels and different assumptions are made by different CGUs based on their individual circumstances. After the initial projection period, an annual growth rate of 2.5% was assumed for all units and the resulting pre-tax cash flow forecasts were discounted using the Group's estimated pre-tax weighted average cost of capital, which is 7.42%. For all CGUs, the Directors assessed the sensitivity of the impairment test results to changes in key assumptions (in particular expectations of future growth) and concluded that a reasonably possible change to the key assumptions would not cause the carrying value of goodwill to exceed the net present value of its projected cash flows.

Goodwill arose from the acquisition of the following subsidiary companies and trade assets and is comprised of the following substantial components:

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
APRIL SIX LTD	**9,411**	9,411
BIG DOG AGENCY LTD	**9,639**	9,639
BRAY LEINO LTD	**27,761**	27,761
CHAPTER AGENCY LTD	**3,440**	3,440
APRIL SIX PROOF LTD (FORMERLY PROOF COMMUNICATION LTD)	**576**	576
SPEED COMMUNICATIONS AGENCY LTD	**3,686**	3,686
RLA GROUP LTD	**6,572**	6,572
SOLARIS HEALTHCARE NETWORK LTD	**1,058**	1,058
SPLASH INTERACTIVE PTE. LTD	**2,356**	2,356
STORY UK LTD*	**7,516**	6,969
THE WEATHER DIGITAL AND PRINT COMMUNICATIONS LTD*	**-**	547
THINKBDW LTD	**6,283**	6,283
OTHER SMALLER ACQUISITIONS	**1,481**	1,035
	79,779	79,333

*In 2016, the business of The Weather Digital and Print Communications Ltd was transferred into Story UK Ltd. The goodwill of The Weather Digital and Print Communications Ltd has therefore been transferred into Story UK Ltd.

12. INTANGIBLE ASSETS (CONT.)

OTHER INTANGIBLE ASSETS	SOFTWARE DEVELOPMENT AND LICENCES £'000	TRADE NAMES £'000	CUSTOMER RELATIONSHIPS £'000	TOTAL £'000
COST				
AT 1 JANUARY 2015	**51**	**669**	**2,661**	**3,381**
ADDITIONS	-	230	990	1,220
AT 31 DECEMBER 2015	**51**	**899**	**3,651**	**4,601**
TRANSFER FROM PROPERTY, PLANT AND EQUIPMENT**	1,467	-	-	1,467
ADDITIONS	777	-	-	777
DISPOSALS	(234)	-	-	(234)
AT 31 DECEMBER 2016	**2,061**	**899**	**3,651**	**6,611**
AMORTISATION AND IMPAIRMENT				
AT 1 JANUARY 2015	**9**	**20**	**1,229**	**1,258**
CHARGE FOR THE YEAR	8	-	566	574
AT 31 DECEMBER 2015	**17**	**20**	**1,795**	**1,832**
TRANSFER FROM PROPERTY, PLANT AND EQUIPMENT**	853	-	-	853
CHARGE FOR THE YEAR	217	77	568	862
DISPOSALS	(232)	-	-	(232)
AT 31 DECEMBER 2016	**855**	**97**	**2,363**	**3,315**
NET BOOK VALUE AT 31 DECEMBER 2016	**1,206**	**802**	**1,288**	**3,296**
NET BOOK VALUE AT 31 DECEMBER 2015	**34**	**879**	**1,856**	**2,769**

**As software development costs have become increasingly significant, they have been transferred from computer equipment (see note 14) and reported separately within intangible assets.

Additions of £777,000 in the year include costs associated with the development of identifiable software products that are expected to generate economic benefits in excess of the costs of development. In 2015 the additions of £1,220,000 included Client relationships and trade names acquired relating to the Chapter acquisition, all of which are being amortised over finite useful lives.

Included within the value of intangible assets is an amount of £649,000 (2015: £649,000) relating to trade names of businesses acquired, which are deemed to have indefinite useful lives. These trade names have attained recognition in the market place and the companies acquired will continue to operate under the relevant trade names, which will play a role in developing and sustaining customer relationships for the foreseeable future. As such, it is the Directors' judgement that the useful life of these trade names is considered to be indefinite.

13. SUBSIDIARIES

The Group's principal trading subsidiaries are listed below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, except for Splash Interactive Pte. Ltd, which is 70% owned and incorporated in Singapore. A full list of all Group companies at 31 December 2016 can be found in Note 44 to the Company Financial Statements.

SUBSIDIARY UNDERTAKING	NATURE OF BUSINESS
APRIL SIX LTD	MARKETING COMMUNICATIONS, SPECIALISING IN THE TECHNOLOGY SECTOR
BIG DOG AGENCY LTD	MARKETING COMMUNICATIONS
BRAY LEINO LTD	ADVERTISING, MEDIA BUYING, DIGITAL MARKETING, EVENTS AND TRAINING
CHAPTER AGENCY LTD	MARKETING COMMUNICATIONS
APRIL SIX PROOF LTD (formerly Proof Communication Ltd) *	PUBLIC RELATIONS, SPECIALISING IN SCIENCE, ENGINEERING AND TECHNOLOGY
SPEED COMMUNICATIONS AGENCY LTD	PUBLIC RELATIONS
RLA GROUP LTD	MARKETING COMMUNICATIONS
SOLARIS HEALTHCARE NETWORK LTD	MARKETING COMMUNICATIONS, SPECIALISING IN THE MEDICAL SECTOR
SPLASH INTERACTIVE PTE. LTD *	DIGITAL MARKETING
STORY UK LTD	BRAND DEVELOPMENT AND CREATIVE DIRECT COMMUNICATION
THINKBDW LTD	PROPERTY MARKETING, PROVIDING ADVERTISING, MEDIA, BROCHURES, SIGNAGE, EXHIBITIONS, CGI, ANIMATION, INTRANET, PHOTOGRAPHY

* All subsidiaries are held directly by The Mission Marketing Group plc except where indicated by an asterisk.

14. PROPERTY, PLANT AND EQUIPMENT

	SHORT LEASEHOLD PROPERTY £'000	FIXTURES & FITTINGS AND OFFICE EQUIPMENT £'000	COMPUTER EQUIPMENT £'000	MOTOR VEHICLES £'000	TOTAL £'000
COST OR VALUATION					
AT 1 JANUARY 2015	**1,987**	**4,296**	**4,388**	**209**	**10,880**
RECLASSIFICATION	220	(220)	-	-	-
ACQUISITION OF SUBSIDIARIES	14	54	64	10	142
ADDITIONS	58	824	826	10	1,718
DISPOSALS	-	(344)	(275)	(33)	(652)
AT 31 DECEMBER 2015	**2,279**	**4,610**	**5,003**	**196**	**12,088**
TRANSFER TO OTHER INTANGIBLES*	-	-	(1,467)	-	(1,467)
ACQUISITION OF SUBSIDIARIES	-	-	1	-	1
ADDITIONS	49	221	644	-	914
DISPOSALS	(35)	(564)	(1,014)	(47)	(1,660)
AT 31 DECEMBER 2016	**2,293**	**4,267**	**3,167**	**149**	**9,876**
DEPRECIATION					
AT 1 JANUARY 2015	**1,261**	**2,292**	**2,805**	**156**	**6,514**
RECLASSIFICATION	17	(17)	-	-	-
ACQUISITION OF SUBSIDIARIES	4	40	22	6	72
CHARGE FOR THE YEAR	159	544	820	25	1,548
DISPOSALS	-	(270)	(272)	(30)	(572)
AT 31 DECEMBER 2015	**1,441**	**2,589**	**3,375**	**157**	**7,562**
TRANSFER TO OTHER INTANGIBLES*	-	-	(853)	-	(853)
CHARGE FOR THE YEAR	160	539	543	16	1,258
DISPOSALS	(23)	(544)	(1,013)	(42)	(1,622)
AT 31 DECEMBER 2016	**1,578**	**2,584**	**2,052**	**131**	**6,345**
NET BOOK VALUE AT 31 DECEMBER 2016	**715**	**1,683**	**1,115**	**18**	**3,531**
NET BOOK VALUE AT 31 DECEMBER 2015	**838**	**2,021**	**1,628**	**39**	**4,526**

The net book amount includes £313,000 (2015: £416,000) in respect of assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £94,000 (2015: £72,000).

*As software development costs have become increasingly significant, they are reported separately within intangible assets (see Note 12).

15. INVESTMENTS IN ASSOCIATES

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
COST		
AT 1 JANUARY	**350**	-
ADDITIONS	**-**	350
LOSS DURING THE YEAR	**(26)**	-
AT 31 DECEMBER	**324**	350

The investment in associates represents a 25% shareholding in Watchable Limited, a film and video content company, based in London. Watchable has a 31 December financial year end.

16. TRADE AND OTHER RECEIVABLES

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
GROSS TRADE RECEIVABLES	**23,843**	23,661
LESS: PROVISION FOR DOUBTFUL DEBTS	**(234)**	(201)
	23,609	23,460
OTHER RECEIVABLES	**670**	718
PREPAYMENTS	**2,524**	1,257
ACCRUED INCOME	**5,808**	5,912
	32,611	31,347

An allowance has been made for estimated irrecoverable amounts from the provision of services of £234,000 (2015: £201,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. In order to mitigate this risk, the Group has arranged credit insurance on certain of its trade receivables as deemed appropriate. Where credit insurance is not considered cost effective, the Group monitors credit-worthiness closely and mitigates risk, where appropriate, through payment plans.

The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

17. CASH AND SHORT TERM DEPOSITS

Cash and short term deposits comprise cash held by the Group and short term bank deposits.

18. TRADE AND OTHER PAYABLES

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
TRADE CREDITORS	**10,924**	9,999
FINANCE LEASES	**83**	91
OTHER CREDITORS	**378**	244
OTHER TAX AND SOCIAL SECURITY PAYABLE	**3,734**	3,698
	15,119	14,032

Trade and other creditors principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

19. BANK OVERDRAFTS, LOANS AND NET DEBT

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
BANK LOAN OUTSTANDING	**12,375**	12,875
UNAMORTISED BANK DEBT ARRANGEMENT FEES	**(102)**	(165)
CARRYING VALUE OF LOAN OUTSTANDING	**12,273**	12,710
LESS: CASH AND SHORT TERM DEPOSITS	**(1,002)**	(1,784)
NET BANK DEBT	**11,271**	10,926
THE BORROWINGS ARE REPAYABLE AS FOLLOWS:		
LESS THAN ONE YEAR	**2,250**	1,500
IN ONE TO TWO YEARS	**2,500**	2,250
IN MORE THAN TWO YEARS BUT LESS THAN THREE YEARS	**7,625**	2,500
IN MORE THAN THREE BUT LESS THAN FOUR YEARS	**-**	6,625
	12,375	12,875
UNAMORTISED BANK DEBT ARRANGEMENT FEES	**(102)**	(165)
	12,273	12,710
LESS: AMOUNT DUE FOR SETTLEMENT WITHIN 12 MONTHS (SHOWN UNDER CURRENT LIABILITIES)	**(2,250)**	(1,500)
AMOUNT DUE FOR SETTLEMENT AFTER 12 MONTHS	**10,023**	11,210

Bank debt arrangement fees, where they can be amortised over the life of the loan facility, are included in finance costs. The unamortised portion is reported as a reduction in bank loans outstanding.

At 31 December 2016, the Group had a term loan facility of £5.4m due for repayment by February 2019 on a quarterly basis, and a revolving credit facility of up to £7.0m, expiring on 3 February 2019. Interest on both the term loan and revolving credit facilities is based on 3 month LIBOR plus 2.25%, payable in cash on loan rollover dates.

In addition to its committed facilities, the Group had available an overdraft facility of up to £3.0m with interest payable by reference to National Westminster Bank plc Base Rate plus 2.5%.

At 31 December 2016, there was a cross guarantee structure in place with the Group's bankers by means of a fixed and floating charge over all of the assets of the Group companies in favour of Royal Bank of Scotland plc.

All borrowings are in sterling.

On 16 March 2017 the Group agreed an increase of £5.0m in the revolving credit facility and an extension to the maturity date for the revolving credit facility to 30 April 2019. All other terms of the existing credit facilities remain unchanged.

20. OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are as follows:

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
IN ONE YEAR OR LESS	**83**	91
BETWEEN TWO AND FIVE YEARS	**216**	298
	299	389

Assets held under finance leases consist of office equipment. The fair values of the Group's lease obligations approximate their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

21. ACQUISITIONS

21.1 Acquisition obligations

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares or other securities at a future date, depends on uncertain future events such as the future performance of the acquired company. The Directors estimate that the liability for contingent consideration payments that may be due is as follows:

	31 DECEMBER 2016			31 DECEMBER 2015		
	CASH £'000	**SHARES £'000**	**TOTAL £'000**	CASH £'000	SHARES £'000	TOTAL £'000
LESS THAN ONE YEAR	**1,645**	**-**	**1,645**	2,902	301	3,203
BETWEEN ONE AND TWO YEARS	**1,703**	**-**	**1,703**	2,009	-	2,009
IN MORE THAN TWO YEARS BUT LESS THAN THREE YEARS	**750**	**-**	**750**	1,715	-	1,715
IN MORE THAN THREE YEARS BUT LESS THAN FOUR YEARS	**561**	**-**	**561**	710	-	710
IN MORE THAN FOUR YEARS BUT LESS THAN FIVE YEARS	**-**	**-**	**-**	520	-	520
	4,659	**-**	**4,659**	7,856	301	8,157

21.2 Acquisitions during the year

A total of £502,000 was invested in other acquisitions during the year, comprising initial cash consideration of £466,000 and deferred contingent consideration of £36,000.

21.3 Pro-forma results including acquisitions

The Directors estimate that the turnover, operating income and headline operating profit of the Group would have been approximately £144.9m, £66.4m and £7.4m had the Group consolidated the results of the acquisitions made during the year, from the beginning of the year.

22. FINANCIAL COMMITMENTS

Operating lease commitments

As at 31 December the Group had commitments under non-cancellable operating leases as follows:

	31 DECEMBER 2016		31 DECEMBER 2015	
	LAND AND BUILDINGS £'000	**OTHER £'000**	LAND AND BUILDINGS £'000	OTHER £'000
OPERATING LEASES WHICH EXPIRE:				
WITHIN ONE YEAR	**1,906**	**391**	1,996	465
BETWEEN TWO AND FIVE YEARS	**4,382**	**363**	5,297	434
AFTER MORE THAN 5 YEARS	**233**	**-**	561	1
	6,521	**754**	7,854	900

23. SHARE CAPITAL

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
ALLOTTED AND CALLED UP:		
84,120,234 ORDINARY SHARES OF 10P EACH (2015: 83,608,331 ORDINARY SHARES OF 10P EACH)	**8,412**	8,361

Options

The Group has the following options in issue:

	AT START OF YEAR	GRANTED	WAIVED/LAPSED	EXERCISED	AT END OF YEAR
TMMG LONG TERM INCENTIVE PLAN	2,983,500	1,070,000	(1,416,930)	-	2,636,570

The TMMG Long Term Incentive Plan ("LTIP") was created to incentivise senior employees across the Group. Nil cost options are awarded at the discretion of the Remuneration Committee of the Board and vest three years later only if the profit performance of the Group in the intervening period is sufficient to meet predetermined criteria (always subject to Remuneration Committee discretion). During the year, no options were exercised and at the end of the year none of the outstanding options are exercisable.

Shares held in an Employee Benefit Trust (see Note 24) will be used to satisfy share options exercised under The Mission Marketing Group Long Term Incentive Plan.

24. OWN SHARES

	NO. OF SHARES	£'000
AT 31 DECEMBER 2014	**910,984**	**260**
OWN SHARES PURCHASED DURING THE YEAR	**551,373**	**317**
AWARDED TO EMPLOYEES DURING THE YEAR	**(183,433)**	**(122)**
AT 31 DECEMBER 2015	**1,278,924**	**455**
OWN SHARES PURCHASED DURING THE YEAR	**527,234**	**212**
AWARDED OR SOLD DURING THE YEAR	**(410,228)**	**(111)**
AT 31 DECEMBER 2016	**1,395,930**	**556**

Shares are held in an Employee Benefit Trust to meet certain requirements of The Mission Marketing Group Long Term Incentive Plan.

25. SHARE OPTION RESERVE

The share option reserve represents charges to the profit or loss required by IFRS 2 to reflect the cost of the options issued to the Directors and employees.

26. SHARE-BASED PAYMENTS

Options

Fair value on grant date is measured by use of a Black Scholes model. The valuation methodology is applied at each year end and the valuation revised to take account of any changes in estimate of the likely number of shares expected to vest. Details of the relevant option schemes are given in Note 23. The key inputs are:

	2016	2015
SHARE PRICE	**40.0P**	44.0P
RISK FREE RATE	**0.3%**	0.7%
DIVIDEND YIELD	**3.0%**	2.4%

Volatility is based on the historical volatility of the share price over a 3 year trading period although, for nil-cost options issued under the Group's Long Term Incentive Scheme, volatility does not impact the calculation of fair value. The weighted average share price over the three years ending 31 December 2016 was 42.2p and the weighted average remaining contractual life of the share options outstanding at 31 December 2016 is 8.5 years.

The Group recognised a credit of £49,000 in 2016 (2015: expense of £34,000).

27. FINANCIAL ASSETS AND LIABILITIES

Capital management

The Group defines "capital" as being debt plus equity. Net bank debt comprises short and long term borrowings net of cash, cash equivalents and the unamortised balance of bank renegotiation fees as analysed in Note 19. In addition, the Group treats its commitment to future consideration payments under acquisition agreements as another component of debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Balance Sheet and in the Consolidated Statement of Changes in Equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, whilst operating with sufficient headroom within its bank covenants. The principal measures by which the Directors monitor capital risk are the ratios of net bank debt to EBITDA and total debt (including both net bank debt and estimated acquisition consideration payable) to EBITDA. (Note that, since acquisition consideration is dependent on future levels of profitability in the acquired business, which are inevitably uncertain, the Directors calculate this ratio by reference to the amount of consideration which would be payable if the acquired business were to maintain its current level of profitability.) The Directors have set targets of remaining below x2 and x2.5 for these ratios respectively.

27. FINANCIAL ASSETS AND LIABILITIES (CONT.)

Financial risk management

The Group's principal financial instruments comprise cash and various forms of borrowings.

Substantially all the Group's activities continue to take place in the United Kingdom. Where revenue is generated in one currency and costs are incurred in another, the Group aims to agree pricing at the outset of a piece of work and then hedge its foreign currency exposure, if considered significant, through the use of forward exchange contracts. There was no material foreign currency exposure at the year end.

The main purpose of the Group's use of financial instruments is for day-to-day working capital and as part of the funding for past acquisitions. The Group's financial policy and risk management objective is to achieve the best interest rates available whilst maintaining flexibility and minimising risk. The main risks arising from the Group's use of financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The operations of the Group generate cash and it funds acquisitions through a combination of retained profits, equity issues and borrowings. The Group's financial liabilities comprise floating rate instruments. The bank loan's interest rate is reset from time to time and accordingly is not deemed a fixed rate financial liability.

Interest on both the Group's revolving credit facility and its term loan is payable by reference to 3 month LIBOR, subject to downward or upward ratchets depending on certain ratios of debt to EBITDA on a quarterly basis. The Directors have considered again the relative merits of the use of hedging instruments to limit the exposure to interest rate risk. Since the sensitivity of profits to a 1% change in interest rates is limited to £0.1m, they have decided not to enter into any hedging arrangements.

Liquidity risk

The Group's financial instruments include a mixture of short and long-term borrowings. The Group seeks to ensure sufficient liquidity is available to meet working capital needs and the repayment terms of the Group's financial instruments as they mature.

FINANCIAL ASSETS	31 DECEMBER 2016 £'000
CASH AT BANK MATURING IN LESS THAN ONE YEAR OR ON DEMAND	**1,002**

FINANCIAL LIABILITIES	BANK LOAN AND OVERDRAFT £'000	FINANCE LEASES £'000	ACQUISITION OBLIGATIONS £'000	31 DECEMBER 2016 £'000 TOTAL £'000
INTEREST ANALYSIS:				
SUBJECT TO FLOATING RATES	12,375	-	-	12,375
SUBJECT TO FIXED RATES	-	299	4,659	4,958
	12,375	299	4,659	17,333
MATURITY ANALYSIS:				
ONE YEAR OR LESS, OR ON DEMAND	2,250	83	1,645	3,978
IN ONE TO TWO YEARS	2,500	87	1,703	4,290
IN TWO TO THREE YEARS	7,625	90	750	8,465
IN THREE TO FOUR YEARS	-	39	561	600
	12,375	299	4,659	17,333

The Group's bank loans and overdraft facility are floating rate borrowings and all facilities are secured by a fixed and floating charge over the assets of all Group companies.

The fair value of the Group's financial assets and liabilities is not considered to be materially different from their book values.

28. LEAVE PAY ACCRUAL

No liability or expense has been recognised relating to untaken leave for any of the periods presented. The Group has a policy of not allowing days to be carried forward from one year to the next, unless in exceptional circumstances. In addition, no payment is made in lieu of untaken leave which is not carried forward. As a result, there is no material liability relating to untaken leave at year end.

29. POST BALANCE SHEET EVENTS

After the end of the financial year, a new company, The Mission Marketing Holdings Ltd ("TMMH"), was incorporated as a wholly owned subsidiary of the Company. On 21 February 2017, all the Company's shareholdings in subsidiaries were transferred to TMMH in return for the issuance of 20,000,002 Ordinary shares. On the same day, various individuals subscribed for a total of 5,720,171 A Ordinary shares in TMMH as part of the Growth Share Scheme referred to in the Corporate Governance Report.

On 16 March 2017 the Directors agreed an increase and an extension to the maturity date for the revolving credit facility. Further details of these facilities are set out in Note 19.

30. RELATED PARTY TRANSACTIONS

The Directors consider that the Directors of the Company represent the Group's key management personnel for the purposes of disclosing related party transactions. Directors' remuneration is disclosed in detail in Note 8. The total compensation payable to key management personnel is detailed below.

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
SHORT-TERM EMPLOYEE BENEFITS	**1,647**	1,650
POST-EMPLOYMENT BENEFITS	**123**	152
SHARE BASED PAYMENTS	**-**	50
	1,770	1,852

Bray Leino Ltd rents property from entities under the control of Mr D W Morgan, Chairman of The Mission Marketing Group plc, and members of his close family. During the year the Company paid annual rental and property fees totalling £158,000 (2015: £158,000). There were no amounts owed at the balance sheet date to these entities.

ThinkBDW Ltd is contracted to pay annual rent to Robert Day Associates Ltd, a company controlled by Mrs K Day (wife of Robert Day, Executive Director) and Mrs A Day (wife of Mr Alan Day, brother of Robert Day, Executive Director). The lease commenced on 2 May 2014 with an amendment in January 2015. Rent payable in the year was £175,000 (2015: £175,000) and was set at market value. Additional land is rented from Robert Day Associates Ltd on an ad hoc basis at a cost of £20,000 for storage and a Client demonstration area (2015: £20,000). Service charges of £25,000 for the management of the site were also levied (2015: £25,000). In addition, ThinkBDW Ltd purchases energy generated by a photovoltaic array owned by Robert Day Associates Ltd at a discounted commercial rate. The cost to ThinkBDW Ltd of this purchase in 2016 was £13,589 (2015: £10,741). At the balance sheet date £30,000 was outstanding to Robert Day Associates Ltd.

Big Dog Agency Ltd is contracted to pay annual rent to four individuals, including Dylan Bogg (Executive Director) and Chris Morris (Non-Executive Director). During the year, total rental of £74,000 (2015: £74,000) was paid and no amount was outstanding at the balance sheet date

31. AVAILABILITY OF ANNUAL REPORT

Copies of the Annual Report for the year ended 31 December 2016 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 19 June 2017 and, after approval at the AGM, will be delivered to the Registrar of Companies. Further copies will be available from the Company's registered office and on the Group's website, www.themission.co.uk.

REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

We have audited the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2016 which comprise the Parent Company Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Our responsibilities and those of the Directors for the financial statements and the audit

As explained more fully in the Directors' Responsibilities Statement set out on page 39 the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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 no exceptions to report in respect of any of these matters.

Other matter

We have reported separately on the consolidated financial statements of The Mission Marketing Group plc for the year ended 31 December 2016.

Glenn Nicol BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of PKF Francis Clark
Chartered Accountants and Statutory Auditors
Vantage Point
Pynes Hill
Exeter
EX2 5FD
23 March 2017

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2016

	NOTE	AS AT 31 DECEMBER 2016 £'000	AS AT 31 DECEMBER 2015 £'000
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	33	19	25
INVESTMENTS	34	96,994	96,925
		97,013	96,950
CURRENT ASSETS			
DEBTORS	35	3,603	2,619
CASH AT BANK		-	558
		3,603	3,177
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	36	(8,454)	(7,660)
NET CURRENT LIABILITIES		(4,851)	(4,483)
TOTAL ASSETS LESS CURRENT LIABILITIES		92,162	92,467
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	37	(11,543)	(14,070)
NET ASSETS		80,619	78,397
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	40	8,412	8,361
SHARE PREMIUM ACCOUNT	40	42,431	42,268
OWN SHARES	40	(556)	(455)
SHARE OPTION RESERVE		249	298
PROFIT AND LOSS ACCOUNT		30,083	27,925
SHAREHOLDER'S FUNDS		80,619	78,397

The financial statements were approved and authorised for issue on 23 March 2017 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam
Finance Director

Company registration number: 05733632

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	OWN SHARES £'000	SHARE OPTION RESERVE £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
AT 1 JANUARY 2015	**8,340**	**42,203**	**(260)**	**264**	**25,882**	**76,429**
PROFIT FOR THE YEAR	-	-	-	-	3,111	3,111
NEW SHARES ISSUED	21	65	-	-	-	86
CREDIT FOR SHARE OPTION SCHEME	-	-	-	34	-	34
OWN SHARES PURCHASED	-	-	(317)	-	-	(317)
SHARES AWARDED TO EMPLOYEES FROM OWN SHARES	-	-	122	-	(120)	2
DIVIDEND PAID	-	-	-	-	(948)	(948)
AT 31 DECEMBER 2015	**8,361**	**42,268**	**(455)**	**298**	**27,925**	**78,397**
PROFIT FOR THE YEAR	**-**	**-**	**-**	**-**	**3,269**	**3,269**
NEW SHARES ISSUED	**51**	**163**	**-**	**-**	**-**	**214**
CREDIT FOR SHARE OPTION SCHEME	**-**	**-**	**-**	**(49)**	**-**	**(49)**
OWN SHARES PURCHASED	**-**	**-**	**(212)**	**-**	**-**	**(212)**
SHARES AWARDED AND SOLD FROM OWN SHARES	**-**	**-**	**111**	**-**	**47**	**158**
DIVIDEND PAID	**-**	**-**	**-**	**-**	**(1,158)**	**(1,158)**
AT 31 DECEMBER 2016	**8,412**	**42,431**	**(556)**	**249**	**30,083**	**80,619**

32. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The Mission Marketing Group plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 79. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 33-36.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Reduced disclosure exemptions

The Mission Group plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, share-based payment, share capital and remuneration of key management personnel.

Going concern

The Company's available banking facilities provide comfortable levels of headroom against the Company's projected cash flows and the Directors accordingly consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or event that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recoverable. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions to be classified as basic instruments are subsequently measured at amortised cost using the effective interest method.

Basic debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial liabilities are released to the profit and loss account when the liability is extinguished.

Contingent consideration payments

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares at a future date, depends on uncertain future events such as the future performance of the acquired company. The amounts recognised in the financial statements represent a reasonable estimate at the balance sheet date of the amounts expected to be paid and has been classified in the Balance Sheet in accordance with the substance of the transaction. Where the agreement gives rise to an obligation that may be settled by the delivery of a variable number of shares to meet a defined monetary liability, these amounts are disclosed as debt.

Investments

In the Company's financial statements, investments in subsidiary and associate undertakings are stated at cost less provision for any impairment in value.

Accounting estimates and judgements

The Company makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are, in order of significance:

Potential impairment of investments

The potential impairment of investments is based on estimates of future cash flows derived from the financial projections of each cash-generating unit over an initial three year period and assumptions about growth thereafter.

Contingent payments in respect of acquisitions

Contingent consideration, by definition, depends on uncertain future events. At the time of purchasing a business, the Directors use the financial projections obtained during due diligence as the basis for estimating contingent consideration. Subsequent estimates benefit from the greater insight gained in the post-acquisition period and the business' track record of financial performance.

Lease commitments

Rental costs under operating leases are charged against profits as incurred.

Profit of parent company

As permitted under Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these accounts.

33. INTANGIBLE ASSETS

	YEAR TO 31 DECEMBER 2016 £'000	YEAR TO 31 DECEMBER 2015 £'000
COST	**61**	61
ACCUMULATED AMORTISATION	**(42)**	(36)
NET BOOK VALUE	**19**	25

Intangible assets consist of intellectual property rights which are amortised over 10 years. The amortisation charge for the year was £6,000 (2015: £6,000).

34. INVESTMENTS

	SHARES IN SUBSIDIARY UNDERTAKINGS £'000
COST	
AT 1 JANUARY 2015	**100,184**
ADDITIONS	5,768
ADJUSTMENT TO PURCHASE CONSIDERATION	(584)
AT 31 DECEMBER 2015	**105,368**
ADDITIONS	5
ADJUSTMENT TO PURCHASE CONSIDERATION	64
AT 31 DECEMBER 2016	**105,437**
IMPAIRMENT	
AT 1 JANUARY 2015	**(8,443)**
IMPAIRMENT	-
AT 31 DECEMBER 2015	**(8,443)**
IMPAIRMENT	-
AT 31 DECEMBER 2016	**(8,443)**
NET BOOK AMOUNT AT 31 DECEMBER 2016	**96,994**
NET BOOK AMOUNT AT 31 DECEMBER 2015	**96,925**

A list of the principal trading companies in the Group at 31 December 2016 can be found in Note 13 to the Consolidated Financial Statements and a complete list can be found in Note 44.

35. DEBTORS

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS	**2,970**	2,099
CORPORATION TAX	**454**	415
PREPAYMENTS	**119**	58
OTHER DEBTORS	**60**	47
	3,603	2,619

36. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
BANK OVERDRAFT	**862**	-
AMOUNTS DUE TO SUBSIDIARY UNDERTAKINGS	**3,872**	4,489
ACCRUALS	**91**	193
ACQUISITION OBLIGATIONS (SEE NOTE 39)	**1,325**	1,399
BANK LOAN (SEE NOTE 38)	**2,250**	1,500
OTHER CREDITORS	**54**	79
	8,454	7,660

37. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
BANK LOAN (SEE NOTE 38)	**10,023**	11,210
ACQUISITION OBLIGATIONS (SEE NOTE 39)	**1,520**	2,860
	11,543	14,070

38. BORROWINGS

	31 DECEMBER 2016 £'000	31 DECEMBER 2015 £'000
BANK LOAN OUTSTANDING	**12,375**	12,875
ADJUSTMENT TO AMORTISED COST	**(102)**	(165)
CARRYING VALUE OF LOAN OUTSTANDING	**12,273**	12,710
THE BORROWINGS ARE REPAYABLE AS FOLLOWS:		
LESS THAN ONE YEAR	**2,250**	1,500
IN ONE TO TWO YEARS	**2,500**	2,250
IN MORE THAN TWO YEARS BUT LESS THAN THREE YEARS	**7,625**	2,500
IN MORE THAN THREE YEARS BUT LESS THAN FOUR YEARS	**-**	6,625
	12,375	12,875
ADJUSTMENT TO AMORTISED COST	**(102)**	(165)
	12,273	12,710
LESS: AMOUNT DUE FOR SETTLEMENT WITHIN 12 MONTHS (SHOWN UNDER CURRENT LIABILITIES)	**(2,250)**	(1,500)
AMOUNT DUE FOR SETTLEMENT AFTER 12 MONTHS	**10,023**	11,210

Details of the Company's borrowing facilities and interest rates are set out in Note 19 and not therefore repeated here. All borrowings are in sterling.

As at 31 December 2016, net assets of the Group were £76,928,000 (2015: £73,365,000) and net borrowings under this Group arrangement amounted to £11,271,000 (2015: £10,926,000).

39. ACQUISITION OBLIGATIONS

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares or other securities at a future date, depends on uncertain future events such as the future performance of the acquired company. The Directors estimate that the liability for payments that may be due are as follows:

	CASH £'000	SHARES £'000	TOTAL £'000
LESS THAN ONE YEAR	1,325	-	1,325
BETWEEN ONE AND TWO YEARS	1,331	-	1,331
IN MORE THAN TWO YEARS BUT LESS THAN THREE YEARS	189	-	189
	2,845	**-**	**2,845**

40. SHARE CAPITAL AND OWN SHARES

The movements on these items are disclosed within the consolidated financial statements.

A description of Own Shares is disclosed in Note 24. During the year, the Company issued 511,903 Ordinary shares of 10p each and at 31 December 2016, the number of shares in issue was 84,120,234 (2015: 83,608,331).

41. UNREALISED RESERVES

Included in reserves at 31 December is unrealised profit, which is non-distributable, of £3,165,000 (2015: £3,165,000).

42. OPERATING LEASE COMMITMENTS

As at 31 December the Company had commitments under non-cancellable operating leases as follows:

	31 DECEMBER 2016 LAND AND BUILDINGS £'000	31 DECEMBER 2015 LAND AND BUILDINGS £'000
OPERATING LEASES WHICH EXPIRE:		
WITHIN ONE YEAR	**210**	210
BETWEEN TWO AND FIVE YEARS	**595**	805
AFTER MORE THAN 5 YEARS	**-**	-
	805	1,015

43. RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed in Note 30 of the consolidated financial statements.

44. GROUP COMPANIES

Below is a list of all companies in the Group. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, unless otherwise indicated. In addition, the Company holds a 25% investment in Watchable Ltd, treated as an associated company, a 60% interest in European Exhibit Services SRO, incorporated in the Czech Republic, treated as a joint venture and also holds indirectly a 50% interest in Vivactis Global Health Ltd, treated as a joint venture.

SUBSIDIARY UNDERTAKING	COUNTRY OF INCORPORATION	REGISTERED OFFICE
APRIL SIX INC.*	USA	847 SANSOME STREET, SUITE 100, SAN FRANCISCO, CA 94111, UNITED STATES OF AMERICA
APRIL SIX LTD		CHAPLIN HOUSE, 2ND FLOOR, WIDEWATER PLACE, MOORHALL ROAD, HAREFIELD, MIDDLESEX, UB9 6NS
APRIL SIX PROOF LTD (formerly Proof Communication Ltd)*		CHAPLIN HOUSE, 2ND FLOOR, WIDEWATER PLACE, MOORHALL ROAD, HAREFIELD, MIDDLESEX, UB9 6NS
APRIL SIX PTE. LTD*	SINGAPORE	#73 UBI ROAD 1, #07-49/50 OXLEY BIZHUB, SINGAPORE 408733
BALLOON DOG LTD*		FLOOR 3, NORFOLK TOWER, 48/52 SURREY STREET, NORWICH, NR1 3PA
BIG COMMUNICATIONS LTD		223 LONDON ROAD, LEICESTER, LE2 1ZE
BIG DOG AGENCY LTD		FLOOR 3, NORFOLK TOWER, 48/52 SURREY STREET, NORWICH, NR1 3PA
BRANDON HILL COMMUNICATIONS LTD*		THE OLD RECTORY, FILLEIGH, DEVON, EX32 0RX
BRAY LEINO LTD		THE OLD RECTORY, FILLEIGH, DEVON, EX32 0RX
BRAY LEINO PRODUCTIONS LTD*		THE OLD RECTORY, FILLEIGH, DEVON, EX32 0RX
BRAY LEINO SDN. BHD.**	MALAYSIA	100.6.047, 129 OFFICES, BLOCK J, JAYA ONE. NO. 72A, JALAN UNIVERSITI 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA

44. GROUP COMPANIES (CONT.)

SUBSIDIARY UNDERTAKING	COUNTRY OF INCORPORATION	REGISTERED OFFICE
BRAY LEINO SINGAPORE PTE. LTD*	SINGAPORE	#73 UBI ROAD 1, #07-49/50 OXLEY BIZHUB, SINGAPORE 408733
CHAPTER AGENCY LTD		36 PERCY STREET, LONDON, W1T 2DH
DESTINATION CMS LTD* (50% owned)		45 QUEEN STREET EXETER DEVON EX4 3SR
FOX MURPHY LTD*		FLOOR 3, NORFOLK TOWER, 48/52 SURREY STREET, NORWICH, NR1 3PA
FRIARS 573 LTD		FLOOR 3, NORFOLK TOWER, 48/52 SURREY STREET, NORWICH, NR1 3PA
FUSE DIGITAL LTD		223 LONDON ROAD, LEICESTER, LE2 1ZE
GENERATE SPONSORSHIP LTD***		30 PARK STREET, LONDON, SE1 9EQ
GINGERNUT CREATIVE LTD*		FLOOR 3, NORFOLK TOWER, 48/52 SURREY STREET, NORWICH, NR1 3PA
JELLYFISH LTD*		FLOOR 3, NORFOLK TOWER, 48/52 SURREY STREET, NORWICH, NR1 3PA
MONGOOSE PROMOTIONS LTD (75% owned)		36 PERCY STREET, LONDON, W1T 2DH
MONGOOSE SPORTS & ENTERTAINMENT LTD (75% owned)		30 PARK STREET, LONDON, SE1 9EQ
QUORUM ADVERTISING LTD*		223 LONDON ROAD, LEICESTER, LE2 1ZE
RLA GROUP LTD		PARLEY GREEN LANE, HURN, DORSET, BH23 6BB
ROBSON BROWN LTD		PARLEY GREEN LANE, HURN, DORSET, BH23 6BB
SOLARIS HEALTHCARE NETWORK LTD		3RD FLOOR, ASHLEY HOUSE, 18-20 GEORGE STREET, RICHMOND UPON THAMES, SURREY, TW9 1HY
SPEED COMMUNICATIONS AGENCY LTD		1-6, BRIGHTON MEWS, BRISTOL, ENGLAND, BS8 2NW
SPLASH INTERACTIVE COMPANY LTD**	VIETNAM	205 - 12 MAC DINH CHI STREET (CITYVIEW TOWER), DISTRICT 1 HO CHI MINH CITY, VIETNAM
SPLASH INTERACTIVE LTD**	CHINA	ROOM 1801, HONG KONG METROPOLIS BUILDING, NO.489, HENAN ROAD SOUTH, HUANGPU DISTRICT, SHANGHAI, CHINA
SPLASH INTERACTIVE LTD**	HONG KONG	UNIT 1101, 11/F, TOWER 1, CHEUNG SHA WAN PLAZA, 833 CHEUNG, SHA WAN ROAD, LAI CHI KOK, KOWLOON, HONG KONG
SPLASH INTERACTIVE PTE. LTD*	SINGAPORE	#73 UBI ROAD 1, #07-49/50 OXLEY BIZHUB, SINGAPORE 408733
SPLASH INTERACTIVE SDN. BHD.**	MALAYSIA	100.6.047, 129 OFFICES, BLOCK J, JAYA ONE. NO. 72A, JALAN UNIVERSITI 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA
STORY UK LTD		1-4, ATHOLL CRESCENT, EDINBURGH, SCOTLAND, EH3 8HA
THE SPLASH PARTNERSHIP LTD*		30 PARK STREET, LONDON, SE1 9EQ
THE WEATHER DIGITAL AND PRINT COMMUNICATIONS LTD*		1-4, ATHOLL CRESCENT, EDINBURGH, SCOTLAND, EH3 8HA
THINKBDW LTD		4, WYNCOLLS ROAD, SEVERALLS INDUSTRIAL PARK, COLCHESTER, CO4 9HU

* All subsidiaries are held directly by The Mission Marketing Group plc except where indicated by an asterisk.
** These subsidiaries are 100% owned by Splash Interactive Pte. Ltd, which is 70% owned by The Mission Marketing Group plc.
*** Generate Sponsorship Ltd is 100% owned by Mongoose Sports & Entertainment Ltd, which is 75% owned by The Mission Marketing Group plc.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of The Mission Marketing Group plc (the **"Company"**) will be held at 12 noon on Monday 19 June 2017 at the offices of finnCap Limited, 60 New Broad Street, London, EC2M 1JJ to transact the following business:

The following resolutions will be proposed as ordinary resolutions:

Report and Accounts

1. To receive the financial statements and the reports of the Directors and the auditors for the year ended 31 December 2016.

Dividend

2. To approve a final dividend of 1.0 pence per share for the year ended 31 December 2016 to shareholders on the register at the close of business on 14 July 2017.

Directors

3. To re-elect Peter Fitzwilliam as a Director.

Auditors

4. To re-appoint PKF Francis Clark as auditors of the Company.
5. To authorise the Directors to fix the remuneration of PKF Francis Clark.

Authority to allot shares

6. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £2,804,007 being 33% of the issued share capital of the Company, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make an offer or agreement before the expiry of such authority which would or might require shares to be allotted or any such rights to be granted, after such expiry and the Directors shall be entitled to allot shares or grant any such rights pursuant to any such offer or agreement as if this authority had not expired and all unexercised authorities previously granted to the Directors to allot shares or grant any such rights be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot shares or grant any such rights in pursuance of any offer or agreement entered into prior to the date of this resolution.

The following resolutions will be proposed as special resolutions:

Authority to dis-apply pre-emption rights

7. THAT (subject to the passing of the resolution numbered 6 above) the Directors be and are hereby empowered pursuant to Section 570, Section 571 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 above as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
   i. the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and
   ii. the allotment (other than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal value of £841,202.34 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 6 above, save that the Company shall be entitled to make an offer or agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired and all unexercised authorities previously granted to the Directors to allot equity securities be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot equity securities in pursuance of any offer or agreement entered into prior to the date of this resolution.

Authority to purchase own shares

8. THAT pursuant to section 701 of the Act and subject to, and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4)of the Act) of ordinary shares of the Company provided that:

    i. the maximum number of ordinary shares hereby authorised to be acquired is 12,618,035 being 15% of the issued share capital; and

    ii. the minimum price which may be paid for an ordinary share is the nominal value of such share; and

    iii. the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such ordinary share is contracted to be purchased; and

    iv. the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company held in 2018 or 18 months from the date of this resolution (whichever is earlier); and

    v. the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and

    vi. all ordinary shares purchased pursuant to the authority conferred by this resolution 8 shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed 10 per cent of the issued share capital of the Company at any time).

By Order of the Board
Peter Fitzwilliam
23 March 2017

Note to the Notice of Annual General Meeting

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote on his or her behalf. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to different shares. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box on the Form of Proxy accompanying the annual report. If you sign and return the proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any commitments on your behalf, you will need to appoint someone other the chairman, and give them relevant instructions directly. In order to be valid an appointment of proxy must be completed, signed and returned in hard copy form by post, by courier or by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. The closing time for lodging proxies is 12 noon on Thursday 15 June 2017. For the purposes of determining which persons are entitled to attend or vote at the meeting, members entered on the Company's register of members at 6p.m. on Friday 16 June have the right to attend and vote at the meeting.

ADVISORS

Company Registration Number:	05733632
Registered Office:	36 Percy Street London W1T 2DH
Nominated Advisor and Broker:	finnCap Limited 60 New Broad Street London EC2M 1JJ
Auditors:	PKF Francis Clark Vantage Point Pynes Hill Exeter EX2 5FD
Registrars:	Neville Registrars Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Company Secretary:	Peter Fitzwilliam The Mission Marketing Group plc 36 Percy Street London W1T 2DH
Bankers:	Royal Bank of Scotland plc Corporate Banking 9th Floor 280 Bishopsgate London EC2M 4RB