themission

ANNUAL REPORT AND ACCOUNTS

year ended 31 December 2017

WE BELIEVE IN THE POWER OF

CONNECTIONS

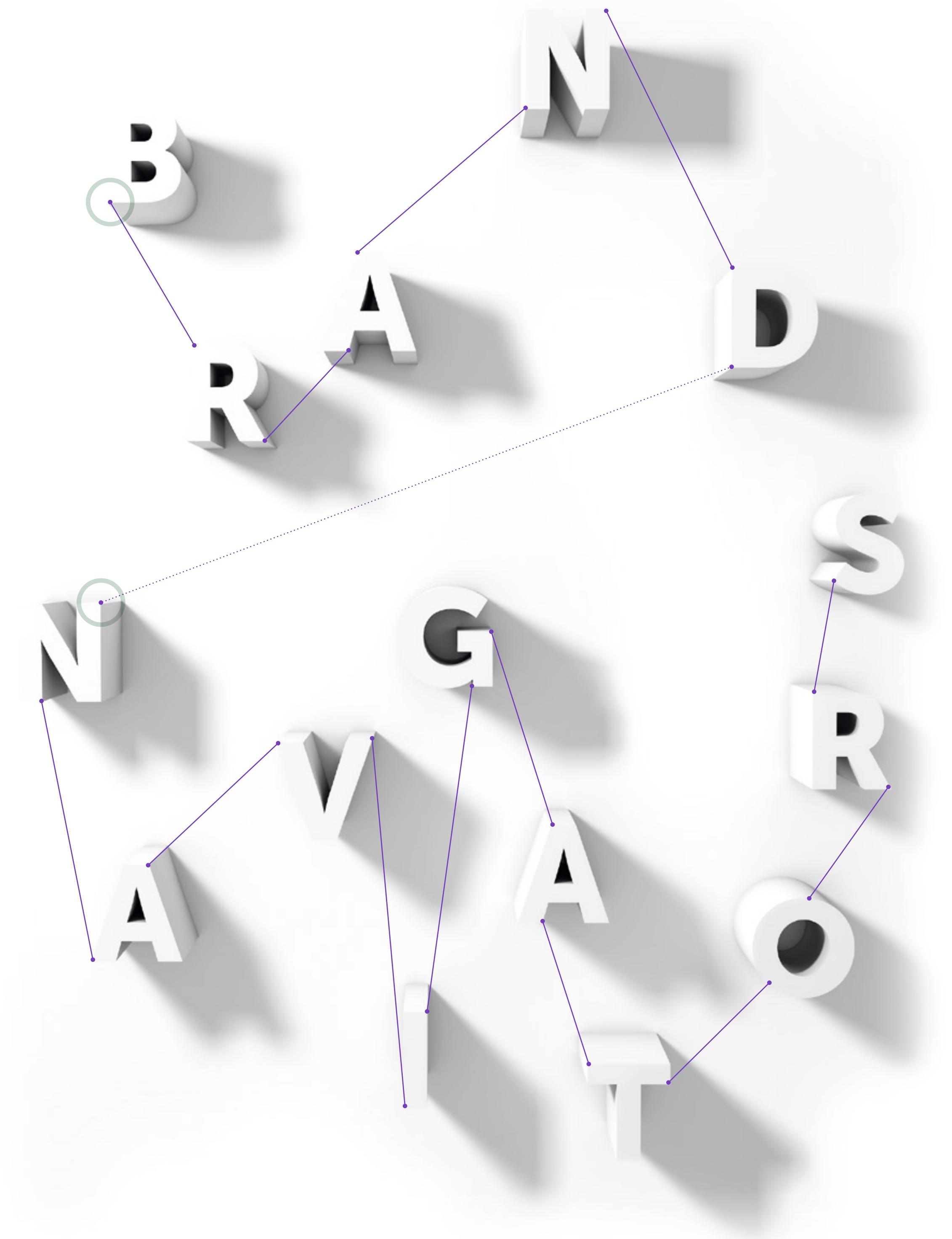
IT RUNS THROUGH OUR NETWORK OF AGENCIES
IT TURNS SPECIALISTS INTO COLLABORATORS
IT TRANSFORMS IDEAS INTO ACTION
IT BRINGS OUR CLIENTS CLOSER TO THEIR AUDIENCES
IT DRIVES THE NEXT GENERATION OF TECHNOLOGY
IT INSPIRES OUR ENTREPRENEURS TO REACH NEW GOALS
IT SEES ONE INNOVATION LEAD TO ANOTHER

CONTENTS


GROW

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

Our network offers a wealth of specialisms as we strive to harness new technologies, provide impartial advice, deliver incredible creativity and challenge industry conventions. Across 15 Agencies in 24 offices in the UK, Asia and the USA, we are utterly dedicated to helping our Clients grow and succeed.



THESE ARE OUR AGENCIES. THE SPECIALISTS HELPING BRANDS NAVIGATE THE COMPLEX AND EVER-CHANGING WORLD OF MARKETING.
WITH A WIDE RANGE OF SKILLS AND IMPARTIAL ADVICE, WE DELIVER THE RIGHT TALENTS IN THE MOST EFFECTIVE WAYS. SO OUR CLIENTS GET TO WHERE THEY WANT TO BE.

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 brand-building, 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 and better.

ETHOLOGY

A forward-thinking User Experience Consultancy, growing customer engagement and conversion through a deep understanding of audience and brand interaction.

mongoose

An integrated marketing Agency specialising in sports and fitness communications, sponsorship and sales promotion. Utilising the power of commercial partnerships and promotional techniques to create actionable insight and changes in behaviour.

RJW&partners

An industry-leading provider of pricing and market access advice to pharmaceutical and medical device companies. Operating from a European base, working across all major global markets and many emerging markets.

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.

In addition to the 15 Agencies listed here, London-based Krow Communications, an award-winning creative Agency, joined the Group through acquisition on 10 April 2018. More details can be found at www.themission.co.uk

WE ARE ALWAYS LOOKING TO EXPLORE NEW BUSINESS SECTORS AND COMMERCIAL OPPORTUNITIES. THAT'S WHY 2017 SAW THE**MISSION** FURTHER DEVELOP OUR HEALTHCARE OFFER WITH THE ACQUISITION OF RJW.

A specialist pricing and market access consultancy, RJW's global market access capability extends the Group's breadth of support available to Clients across the health and wellness spectrum. As part of the**mission** healthcare operating board, RJW now works alongside world-class medical communications Agency Solaris Health and health & wellbeing specialist Vivacity.

Together, these businesses provide an enormously compelling offer for existing and new Clients alike.

RJW&partners




THE**MISSION** GROUP AGENCIES ARE PROUD TO WORK WITH

OVER 950 AMAZING BRANDS

HERE ARE JUST A FEW OF THEM.

BARCLAYS	Bellway	M&S BANK	CIRQUE DU SOLEIL	FIAT
PRET ORGANIC COFFEE NATURAL FOOD	AVIVA	halfords	sky bet	DIAGEO
Freederm	gsk	VELUX	bp	Symantec

OUR GROWTH OVER THE PAST YEAR HAS SEEN US WELCOME SOME EXCITING NEW CLIENTS TO THE NETWORK.

Lucozade Sport	Lenovo
NEFF	The Royal Mint
TNT	MARS

THE HOME OF THE ENTREPRENEUR

MARKETING THRIVES ON TALENT. WE ATTRACT AND RETAIN THE BEST OUT THERE.

When Agencies join the**mission,** we support and grow the entrepreneurial spirit that made us want them to be part of the Group. We make sure these entrepreneurs keep being entrepreneurs – creating an inspirational ethos across our network, along with a stronger offering for our Clients. No wonder 95% of the leaders who join us, stay with us.

WITH NEW TECHNOLOGY COMES NEW COMMERCIAL OPPORTUNITIES.

Our entrepreneurs are dedicated to developing and exploiting the latest innovations, platforms and tech to connect our Clients with their audiences in compelling ways.


INN
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TORS

AT THE HEART OF THE **MISSION**'S COMMITMENT TO INNOVATION IS FUSE.

Launched in July 2017, this is an initiative created to explore the potential of emerging technologies and develop transformative products. By sharing knowledge across the Group – with regular interactive events and initiatives – fuse sets out to maximise the potential of ideas from our 15 Agencies and 1,000+ individuals. Our range of exciting products currently features:

- BroadCare – Market-leading tracking and reporting system for continuing healthcare
- Cortex – A comprehensive network marketing system that delivers effective, measurable local marketing and engagement
- Easl - Services information system
- Pathfindr Locate – Intelligent asset/part tracking
- Pathfindr Navigate – Accurate and cost-effective indoor navigation

2018 SEES THE LAUNCH OF IGNITION, A COMPETITION THAT ALLOWS ANYONE IN THE**MISSION** TO SUBMIT AN IDEA FOR ANY TYPE OF PRODUCT OR SERVICE. SHORTLISTED ENTRIES WILL PITCH THEIR IDEAS TO THE FUSE IGNITION PANEL, AND ONE WINNER WILL RECEIVE INVESTMENT TO DEVELOP THEIR IDEA.


WE
ARE
ONE

WE BELIEVE WORKING TOGETHER MAKES US ALL STRONGER.

That's why we encourage our staff to share skills and insights at every level. Our Agency founders sit on our Board, along with a non-executive core that ensures compliance and independent shareholder representation. This means a continuity of leadership with a diversity of ideas. And with a huge range of talent across the network as a whole, our Agencies can partner together to offer best-in-class service.

Our collaborative approach has also created lasting, profitable relationships with many Clients giving us good visibility of future revenues. In fact, we estimate that over 80% of our revenues recur year-on-year.

- 957 Clients across the Group
- High degree of visibility of 2018 revenue
- Further growth from existing Clients forms a key part of new business targets
- 56% of Client revenue is from Clients that have been with us for 5 years or more
- 35% from Clients of 10 years or more
- 18% from Clients of 20 years or more

GROW THE NETW

ING

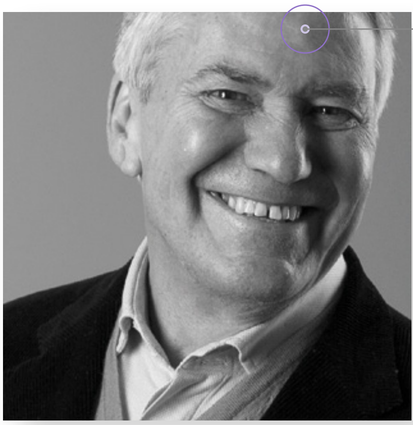
TRUE ENTREPRENEURS RECOGNISE GOOD OPPORTUNITIES.

We enhance our offer with acquisitions that add new disciplines or improved services to our network. In deploying the Group's capital, we support existing management who have demonstrated an ability to grow and to achieve sustainable high profits and 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.

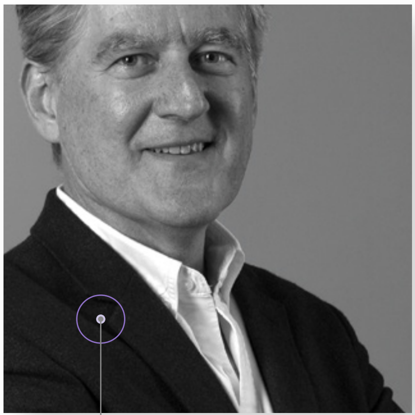
ORK

THIS IS OUR BOARD – COMPRISING A CORE COMPLIANCE COMMITTEE* INCLUDING OUR NON-EXECUTIVE DIRECTORS - AND THE ENTREPRENEURS WHO LEAD OUR AGENCIES EACH OF WHOM, LIKE MANY OF OUR STAFF, ARE SHAREHOLDERS IN THE**MISSION** GROUP WITH A PERSONAL INVESTMENT IN OUR SHARED SUCCESS AND THE GROWTH OF OUR GROUP AS A WHOLE.



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 2006, investing in UK-based business services companies. He joined the Board in October 2015.

PETER FITZWILLIAM*
FINANCE DIRECTOR

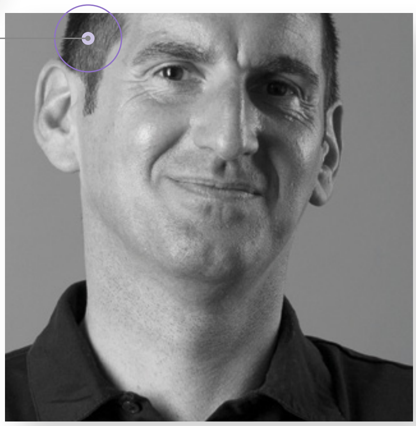
Peter is a Chartered Accountant with nearly 30 years' financial and management advisory experience in private and quoted companies across a range of industry sectors. Finance Director of Business Post Group plc (now UK Mail Group plc) from 1999-2006, he helped take it into the FTSE 250. Peter supported the**mission** through its refinancing in April 2010 and joined the Board in September 2010.

CHRIS MORRIS*
NON-EXECUTIVE DEPUTY CHAIRMAN

Chris was 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 stepped back from an operational role and was appointed to the Board as a Non-Executive Director in December 2009.

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.



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 three UK locations. Dylan was appointed to the Board in April 2010.

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.

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.

GILES LEE
COMMERCIAL 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 many acquisitions and strategic investments. He was appointed to the Board in March 2013 and became Group Commercial Director for the**mission** on 1 January 2018.

FIONA SHEPHERD
EXECUTIVE DIRECTOR

Fiona is Chief Executive of April Six and AprilSix Proof and has worked in the technology industry for nearly 25 years, holding both Client and Agency positions, with some of the world's largest technology brands. Fiona was a founder of AprilSix 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.

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 in January 2016.

HEADLINE RESULTS

REVENUE (OPERATING INCOME)

6%▲

Up 6% to £70.0m (2016: £65.9m)

HEADLINE PROFIT BEFORE TAX

10%▲

Up 10% to £7.7m (2016: £7.0m)

HEADLINE DILUTED EPS

11%▲

Up 11% to 7.12 pence
(2016: 6.41 pence)

FULL YEAR DIVIDEND

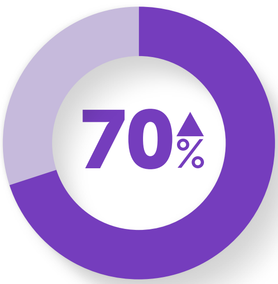
13%▲

Up 13% to 1.7 pence
(2016: 1.5 pence)

HEADLINE TRADING PROFIT (OPERATING PROFIT BEFORE CENTRAL COSTS)

UP 8% TO £10 MILLION

FREE CASH FLOW

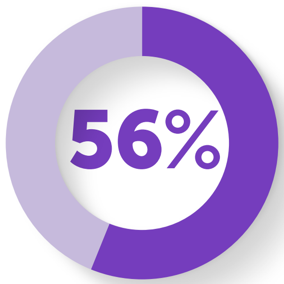


Up 70% to £9.1m
(2016: £5.3m)

BANK DEBT

Total debt including
contingent acquisition liabilities
reduced by £1.5m

RECURRING REVENUE



56% of revenue in 2017
was from Clients of 5+ years standing.

CHAIRMAN’S STATEMENT

BUILDING OUR SUCCESS

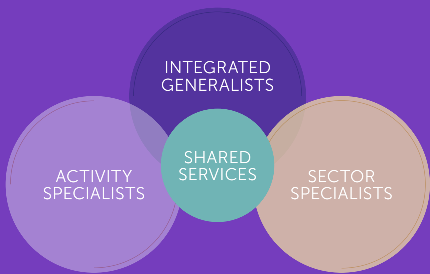
WHICHEVER WAY WE LOOK AT IT 2017 WAS A VERY DECENT YEAR FOR THE**MISSION**. MOST OF OUR AGENCIES PERFORMED EXCEPTIONALLY, WE REDUCED OUR DEBT SIGNIFICANTLY, MADE A STRATEGIC ACQUISITION AND MAINTAINED OUR PROGRESSIVE DIVIDEND POLICY ALL AGAINST A MARKET BACKDROP OF UNCERTAINTY AND CHALLENGE.

SO WELL DONE FROM ME TO EVERYONE WHO MAKES THE**MISSION** SPECIAL.

In April we acquired RJW, the Pricing and Market Access consultancy, to bolster our commitment to Healthcare and expand our offering as they partner with our communications Agency, Solaris Health. The four Directors who manage RJW are true experts in their field and very highly regarded by the industry. We are already seeing positive signs that this was a very good decision.

Other than continuing to build our network of Agencies, our focus in 2017 has been to establish our FUSE innovative technology group and to develop two internal initiatives that will drive our future and help us achieve our stated margin objective and efficiencies across the Group.

Our SHARED SERVICES project is about bringing together back office functions and other mutually required services into a more cost-effective, centralised pool from which all of our businesses will benefit. Our CONCINNITY project is a



more formal grouping of our three operating areas of Integrated Generalists, Sector Specialists and Activity Specialists into working teams to identify new opportunities and pool resources in a way that adds value to our Clients and ensures our competitivity. This further strengthens our culture of shared purpose, collaboration and Client Service which saw us add over £5m of new revenue in 2017, including a major three year global win for our Events Business from the DIT. Other leading Companies such as Ribena, Lenovo, NEFF, The Royal Mint, TNT and Mars joined our Group last year.

The Marketing World is ever changing and complexity has the potential to confuse and misdirect where the focus needs to be. It is our job not to be gongoozelers and idly stand by but to embrace new technologies, navigate our Clients through the plethora of options out there and help them build clearly-focussed campaigns that build their businesses.

So as we set sail into 2018 there is real optimism within the Group built on the successes of the past.

If I look back on our journey to date since restructure we have almost doubled our revenues and trebled our profits, reduced our bank debt by nearly two thirds, introduced and maintained a progressive dividend policy, increased our global footprint, embraced technology and introduced a host of innovative services. And above all, developed a group of highly talented industry professionals who get things done with a minimum of bafflegab.

All of which I believe has created a platform from which 2018 will be another positive year and our long-term growth will be inevitable.

David Morgan
Chairman
April 2018

YOU'VE GOT THE BIG PICTURE, NOW HERE'S THE FINE DETAIL.

You've seen who we are, what we stand for and how we operate. Now here are our facts and figures from the last financial year.

OUR NUMBERS

themission

ANNUAL REPORT AND ACCOUNTS

year ended 31 December 2017

AIMS AND AMBITION

The modern marketing world is complex and ever-changing. Our mission is simple: to grow the**mission** into the UK's leading, most respected agency group. We're well-equipped to help our Clients navigate 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. Across 15 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. Our focus is 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 Audit and Remuneration Committees, as described further in the Corporate Governance Report. The Directors have carried out an assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

Adverse Economic Conditions

The risk with the greatest potential impact on the Group's financial position is a widespread and dramatic economic downturn such as a repeat of the 2008 global financial crisis. In such conditions there is a strong likelihood that marketing expenditure would be cut, reducing profitability across our industry sector and reducing cash flows available to meet acquisition payment and debt repayment obligations. Whilst not being immune to the effects of global trends, we believe that we are less susceptible to the generic effects of the economy as a result of our structure. Our Agencies, run in most cases by the entrepreneurs who originally founded them, offer strong local and personalised "boutique" Client service backed up by a multi-national infrastructure. By being nimble, we are able to adapt more quickly to circumstances and to exploit the opportunities that inevitably emerge in times of economic challenge. We are also careful not to stretch our balance sheet too much by carrying high levels of debt. Whilst the uncertainty caused by Brexit might be considered to have increased the risk of a negative impact on the Group, the Board does not currently consider this to represent a significant risk to the Group's financial position.

Loss of Key Clients

The consequence of Client losses is the same as for a general economic downturn, i.e. potential reduction in profit, but to a lesser degree. The risk of Client loss is mitigated both by our strenuous new business activity and also 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. One measure of our success is that, in 2017, nearly 60% of our revenue was again from Clients that have been with us for 5 years or more and nearly 20% from Clients of 20 years or more. The risk of Client loss is also mitigated by the Group's broad spread of Clients, with no individual Client representing more than 10% of Group revenue. The spread and relative scale of the Group's Clients is largely unchanged from last year.

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. The system of financial rewards is reviewed regularly by the Remuneration Committee and revised where appropriate. An example of this is the introduction in 2017 of a new Growth Share Scheme, 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. One measure of our success is that, in some 95% of cases, the core management of our acquired businesses remains in place today.

Underperformance of Acquired Businesses

Potential acquisitions are carefully considered by the full 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 reconfirmed its financial KPIs, which are quantified and commented on in the Financial Review of the Year below, as follows:

- 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 to 14% by 2020;
- 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.

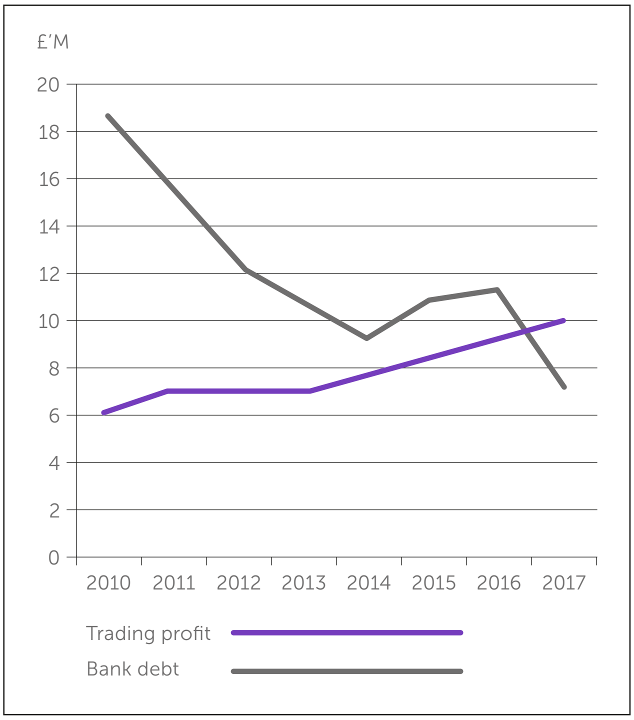
At the individual Agency level, the Group's financial KPIs comprise revenue and profitability measures, predominantly the achievement of annual budget. More detailed KPIs are applied within individual Agencies. In addition to financial KPIs, the Board periodically monitors the length of Client relationships, the forward visibility of revenue and the retention of key staff.

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.

2017 was another year of strong progress, with all key performance indicators again met: revenue grew by 6%, headline profit before tax increased by 10%, operating margins improved and debt leverage ratios fell sharply. Of particular note was the Group's strong free cash flow of £9.1m, up from £5.3m last year. In addition, we expanded our capabilities through the acquisition of RJW, launched our fuse technology offering and started the process of centralising a number of back-office functions.

2017 was the seventh consecutive year of revenue and profit growth, a trend we expect to continue in 2018.



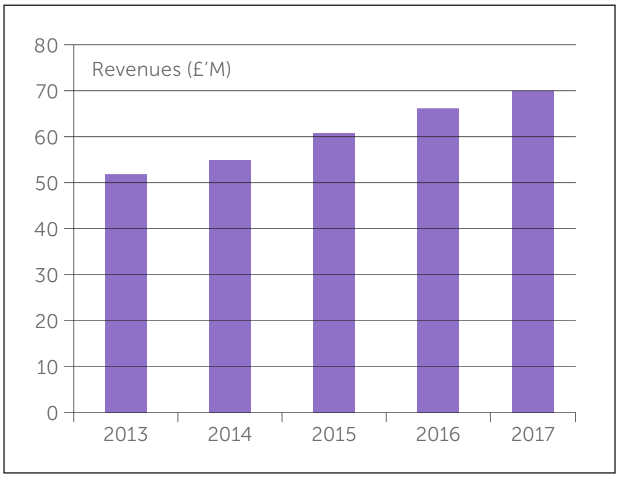
Headline Trading Performance

The Directors measure and report the Group's performance primarily by reference to headline results in order to avoid the distortions created by one-off events and non-cash accounting adjustments relating to acquisitions. Headline results are calculated before exceptional items, acquisition adjustments and losses from start-up activities (as set out in Note 3).

Billings and revenue

Turnover (billings) was 2% higher than the previous year, at £146.9m (2016: £144.1m) but since billings include pass-through costs (e.g. 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 6% overall to £70.0m (2016: £65.9m), continuing our track record of consistent revenue growth as illustrated in the chart below.



Our new business performance and Client retention record were again very strong, with annualised net new business wins again amounting to over £5m and almost 20% of our revenue again being generated from Clients that have been with us for 20 years or more. As we have mentioned before, the Board believes this Client retention statistic is second to none in the marketing services sector.

Within our primary activity of Advertising & Digital Marketing, revenue growth was 8%, representing like-for-like growth of 5.4% and a first contribution from RJW. As predicted at the time of our interim results, Exhibitions and Media Buying both experienced a stronger weighting towards the second half of the year due to the phasing of Client campaigns. Media was down year-on-year due to the market trend away from traditional broad-based media expenditure in favour of more targeted activities.

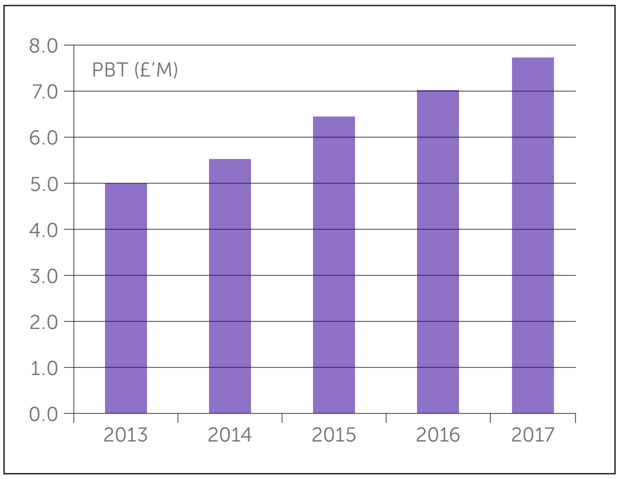
Profit and margins

Trading profits (i.e. segmental headline operating profit before central costs, as set out in Note 2) reached a landmark £10m for the first time, an increase of 8% on last year, and headline operating profit (after central costs) improved by 9% to £8.2m (2016: £7.6m).

Clients' spending patterns were again similar to those of previous years, with the second half of the year particularly busy, resulting in over 60% of our operating profit again being generated in this period. Our profit margin for the year (headline operating profit as a percentage of revenue) increased to 11.7% (2016: 11.5%) continuing the increase seen in recent years.

We expect margins to improve further in 2018 as a number of our margin-improvement initiatives aimed at increasing margins to 14% by 2020 start to take effect.

After unchanged financing costs of £0.5m, headline profit before tax increased by 10% to £7.7m (2016: £7.0m) as illustrated in the chart below.

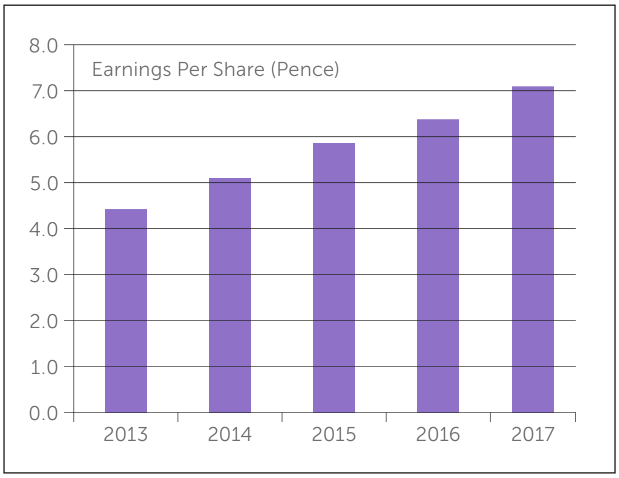


Taxation

The Group's effective headline tax rate reduced to 20.0% (2016: 21.0%), reflecting the reduction in the statutory rate to 19.25% (2016: 20.0%). Consistent with previous years, the Group's effective tax rate was above the statutory rate, mainly as a result of non-deductible entertaining expenditure.

Earnings Per Share

On a headline basis, EPS increased by 11% to 7.34 pence (2016: 6.63 pence) and, on a fully diluted basis, to 7.12 pence (2016: 6.41 pence). The following chart illustrates the growth in fully diluted earnings per share in recent years.



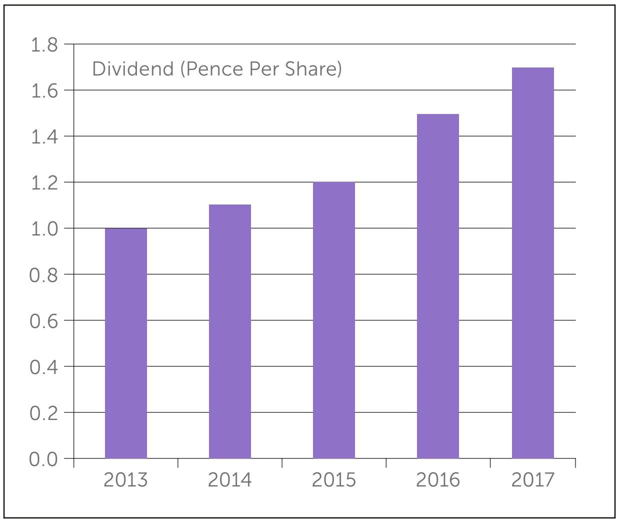
Headline Items and Reported Profit

Adjustments to reported profits, detailed further in Note 3, totalled £1.9m (2016: £1.2m), comprising acquisition-related items of £0.8m (2016: £0.7m) and losses from start-up activities totalling £0.4m, reduced from £0.5m in 2016. In addition, restructuring costs totaling £0.6m (2016: nil) were incurred as we streamlined a number of activities. After these adjustments, reported profit before tax was marginally lower at £5.8m (2016: £5.9m).

The Group's effective reported tax rate in 2017 was 22.9% (2016: 23.3%). 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. After tax, reported profit for the year was unchanged at £4.5m and EPS was 1% lower at 5.31 pence (2016: 5.36 pence). On a fully diluted basis, EPS was also 1% lower at 5.15 pence (2016: 5.19 pence).

Dividends

The Board adopts a progressive dividend policy, as illustrated by the chart on the right, aiming to grow dividends each year at least in line with earnings but always balancing the desire to reward shareholders via dividends with the need to fund the Group's growth ambitions and maintain a strong balance sheet. The Board recommends a final dividend of 1.15 pence per share, bringing the total for the year to 1.7 pence per share, representing an increase of 13% over 2016. The final dividend will be payable on 23 July 2018 to shareholders on the register at 13 July 2018. The corresponding ex-dividend date is 12 July 2018. The Board will continue to keep under regular review the best use of the Group's cash resources, but it remains the Board's intention to follow a progressive policy provided trading conditions allow.



Balance Sheet

In common with other marketing communications groups, the main features of our 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 increased by £4.9m during the year as a result of the acquisition of RJW & Partners in April. In contrast, the level of total debt (combined bank debt and acquisition obligations) reduced by £1.5m over the course of 2017.

The Board undertakes an annual assessment of the value of all goodwill, explained further in Note 12, and at 31 December 2017 again concluded that no impairment in the carrying value was required.

The Group's acquisition obligations at the end of 2017 were £7.2m (2016: £4.7m). Virtually all of this is dependent on post-acquisition earn-out profits, some to the end of 2020. £1.8m is expected to fall due for payment in cash within 12 months and a further £2.6m in cash in the subsequent 12 months. The Directors believe that the strength of the Group's cash generation can comfortably accommodate these obligations alongside the Group's commitments to capital expenditure and dividend payments.

Cash Flow

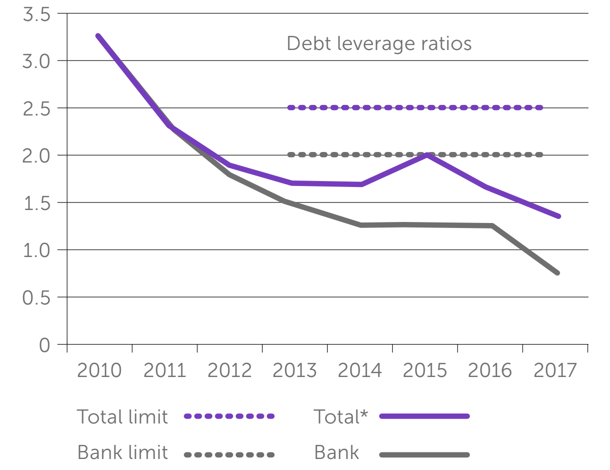
The Group's cash flow was exceptionally strong in 2017, with headline profit after tax of £6.2m (2016: £5.6m) converting into £9.1m (2016: £5.3m) of "free cash flow" (defined as net cash inflow from operating activities less tangible capital expenditure) as a result of very favourable working capital movements at the end of the year.

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

- new acquisitions, amounting to £1.3m (2016: £0.4m);
- settlement of contingent consideration obligations relating to the profits generated by previous acquisitions, totaling £1.7m (2016: £3.2m);
- investment in a number of other areas in support of the Group's expansion, notably £0.7m (2016: £1.2m) invested in start-ups and software development;
- dividends of £1.3m (2016: £1.3m); and
- bank debt reduction of £4.1m (2016: increase of £0.3m)

At the end of the year, the Group's net bank debt stood at £7.2m (2016: £11.3m). The strong reduction in debt resulted in the leverage ratio of net bank debt to headline EBITDA reducing sharply, to x0.8 at 31 December 2017 (2016: x1.3), triggering a reduction in the Group's borrowing costs of 0.5%. The Group's ratio of total debt, including remaining acquisition obligations, to EBITDA at 31 December 2017 (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 x1.4 (2016: x1.7), further increasing the headroom available against the Board's limit of x2.5.

The following chart illustrates the trends in the Group's indebtedness during the period the current management has been in place. It should be noted that it is not the Board's objective to eliminate debt since, in order to continue the Group's expansion, we believe that debt funding will continue to be an important component. Instead it is the Board's objective to maintain a safe level of indebtedness as indicated by the limits on the chart.



*includes deferred consideration

Outlook

Trading in the first quarter of 2018 was ahead of last year and current indications are that prospects for organic growth are good despite the backdrop of economic uncertainty. Added to that, we will benefit from the contribution of newly-acquired Krow Communications, announced today, and we also expect to see an improvement in margins as our various initiatives kick in. All in all, we expect 2018 to be a year of strong growth.

On behalf of the Board
Peter Fitzwilliam
Finance Director
10 April 2018

REPORT OF THE DIRECTORS

for the year ended 31 December 2017

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 2017. 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 - resigned 31 March 2017

JULIAN HANSON-SMITH

GILES LEE

DAVID MORGAN

CHRISTOPHER MORRIS

SUE MULLEN

MIKE ROSE

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 2017	31 DECEMBER 2016
Dylan Bogg	1,486,823	1,486,823
James Clifton	165,113	165,113
Robert Day	5,153,524	6,153,524
Peter Fitzwilliam	693,885	693,129
Christopher Goodwin	389,064	389,064
Giles Lee	755,251	754,499
David Morgan	6,144,724	6,144,127
Christopher Morris	1,025,009	1,025,009
Sue Mullen	1,084,054	1,084,054
Mike Rose	153,571	153,571
Fiona Shepherd	1,270,073	1,270,073

The following unexercised options over shares were held by Directors:

DIRECTORS	AT 1 JANUARY 2017 (OR ON APPOINTMENT)	LAPSED IN YEAR	EXERCISED IN YEAR	GRANTED IN YEAR	AT 31 DECEMBER 2017	DATE FROM WHICH EXERCISABLE	EXPIRY DATE
Dylan Bogg	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	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	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	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	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	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	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	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	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	20,000	(20,000)	-	-	-	July 2017	July 2024
	40,000	-	-	-	40,000	April 2018	March 2025
	50,000	-	-	-	50,000	May 2019	May 2026

Following the introduction of the Growth Share Scheme in February 2017, details of which are set out below, no nil-cost options were awarded to Directors during the year. All share options in existence at 31 December 2017 are nil-cost options granted under the Company's Long Term Incentive Plan. All outstanding options at 31 December 2017 are dependent upon the achievement of profit targets, with a minimum growth requirement of 3% per annum for any options to vest. Maximum vesting is dependent upon growth of 10% per annum.

Growth Share Scheme

A Growth Share Scheme was implemented on 21 February 2017 and details of the scheme were included in the 2016 annual report.

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** if the**mission**'s share price equals or exceeds 75p for at least 15 days during the period from subscription up to 60 days from the announcement of the Group's financial results for the year ending 31 December 2019; if not, they will have no value. At the time the scheme was introduced, achieving the target share price of 75p would have resulted in dilution to existing shareholders of less than 7% but would also have represented 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.

Details of growth shares held by the Directors are as follows:

Number of Ordinary A shares in The Mission Marketing Holdings Limited of 0.01p each

	31 DECEMBER 2017	AT IMPLEMENTATION
Dylan Bogg	286,009	286,009
James Clifton	572,017	572,017
Robert Day	572,017	572,017
Peter Fitzwilliam	572,017	572,017
Julian Hanson-Smith	171,605	171,605
Giles Lee	572,017	572,017
David Morgan	572,017	572,017
Sue Mullen	286,009	286,009
Mike Rose	286,009	286,009
Fiona Shepherd	572,017	572,017

Substantial Shareholdings

Other than the Directors' interests disclosed above, as at 10 April 2018, notification had been received of the following interests in 3% or more of in the issued share capital of the Company:

	Number of shares	%
Herald Investment Management Ltd	4,500,000	5.3
Objectif Investissement Microcaps FCP	4,230,477	5.0
Polar Capital Forager Fund Ltd	3,995,000	4.7
BGF Investment Management Limited	3,688,501	4.4

Share Capital

The issued share capital of the Company at the date of this report is 84,357,351 Ordinary shares. The total number of voting rights in the Company is 84,357,351.

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

On 10 April 2018 the Company acquired the whole issued share capital of Krow Communications Ltd ('Krow'), an award-winning creative Agency based in London. Further details are set out in Note 29.

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 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 0.55 pence per share in December 2017 and the Board recommends the payment of a final dividend of 1.15 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 18 June 2018 at 12 noon is enclosed with this report.

On behalf of the Board
Peter Fitzwilliam
10 April 2018

THE BOARD OF THE**MISSION** IS COLLECTIVELY ACCOUNTABLE TO THE COMPANY'S SHAREHOLDERS FOR GOOD CORPORATE GOVERNANCE.

As an AIM-listed company, the**mission** draws on the guidance set out in the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies ("the Code") and complies with it except where the Board believes there are sound reasons to diverge from it.

the**mission** is a cohesive network of entrepreneurial marketing communications Agencies. Unlike many other marketing services groups, our Agencies, which have mainly come into the Group via acquisition, retain their original personnel, cultures and business practices. the**mission** provides them with the support infrastructure and economies of scale of a multi-national group. We strongly believe that this results in a highly personalised and Client-centric culture which in turn leads to an ever-expanding happy and loyal Client base. Good corporate governance in the context of this strategy requires making sure not only that individual Agencies are targeted, monitored and supported but, equally importantly, that Agencies cooperate and collaborate with each other to ensure we are providing the best possible range of services to help our Clients succeed.

Board of Directors

The CEOs of the Group's Agencies, most of whom are the original founders of those Agencies and who collectively represent a significant equity shareholding, are our primary interface with our Clients and consequently are strongly represented at Board level. The Finance Director and two Non-Executive Directors, under the Executive Chairmanship of David Morgan, provide a balance of independent oversight and input. The Board believes that, although combining the roles of Chairman and Chief Executive does not meet "best practice" under the Code, David Morgan's role as Executive Chairman remains appropriate and that introducing a separate Chief Executive at this stage would disturb the balance of the Board.

The Non-Executive Directors during the year were Julian Hanson-Smith and Chris Morris. Julian has significant business experience, both in marketing services, having co-founded Financial Dynamics (now FTI Consulting) in 1986, and also as a private equity investor, having 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. 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.

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.

As part of its recurring business, the Board receives a financial summary of the Group's performance early in the month, comparing revenue and profit for each Agency with the prior year and budgets set at the beginning of the year and any subsequent re-forecasts. This summary is supplemented by written monthly reports from each CEO and a subsequent report from the Finance Director summarising the Group's balance sheet and working capital performance. Separate reports are received in connection with non-recurring matters, including written strategic and financial appraisals of potential acquisition opportunities. 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. The terms of reference of the Committee are available on request. It aims to meet at least twice a year with the Group's external auditors in attendance. Other Directors attend as required. The Committee receives from the Group's auditors and considers two detailed reports: the Audit Planning Report sets out the auditors' proposed audit approach and the Audit Completion Report, towards the conclusion of the audit fieldwork, highlights the main matters considered and arising from the audit work.

The main meeting of the Committee each year reviews the financial results and disclosures in the annual report. This meeting is held shortly before the annual results are published and considers in detail with the Group's auditors the principal areas of subjective judgement and any other matters brought to the Committee's attention by the Group's auditors. The main matters considered each year are any indications of possible goodwill and/or investment impairment and the application of the Group's revenue recognition policies. In addition, specific matters considered in relation to the 2017 annual report were the accounting for Growth Shares introduced in February 2017 and the potential impact of IFRS 15: Revenue from Contracts with Customers, which will apply to the Group's 2018 financial statements.

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

As outlined in the Strategic Report, strong Client relationships and quality of staff are key factors in the success of the Group, and strenuous efforts are made to retain and motivate our leadership teams. The Board maintains a policy of providing executive remuneration packages that will attract, motivate and retain Directors and senior executives 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. The Committee meets as and when required and its terms of reference are available on request. 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 reviews the components of each Executive Director's remuneration package annually. During the year, these packages consisted of three elements:

- basic salary and benefits,
- performance related bonus linked to the delivery of profit targets, and
- share-based incentives – both legacy share options and newly-issued Growth Shares (see below).

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.

As reported in the 2016 annual report, the Remuneration Committee devoted considerable time to reviewing the Group's share-based incentives and exploring alternative ways to create a powerful incentive for those key people who it is believed will be crucial to the Company's long term ambitions to deliver substantial increases in shareholder value. This resulted in the selection of a Growth Share Scheme, which was implemented in February 2017. Details of Growth Shares are shown in the Report of the Directors.

The Remuneration Committee reviews annually whether or not profit targets have been met to trigger performance-related bonuses to Directors and the senior management in individual Agencies. This evaluation considers firstly whether the Group's financial performance has met or exceeded City expectations and secondly individual Agency performance. In addition, the Committee retains discretion to make modest performance-related payments to Directors and other senior executives where the strict terms of the bonus scheme have not been met but where performance merits reward. This assessment takes place alongside the finalisation of the annual results and, in 2017, the Committee determined that the Group's 2016 financial performance was insufficient to trigger bonuses. In contrast, the Committee determined recently that the Group's 2017 financial performance was ahead of both internal targets and City profit expectations and consequently approved a number of contractual and discretionary performance-related payments.

Details of Directors' remuneration are included in Note 8.

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. The Nomination Committee did not meet during 2017 but, following notification of Chris Morris' intention to retire from the Board during 2018, has recently met to consider suitable replacement Non-Executive candidates.

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	7	n/a	n/a	n/a	n/a
James Clifton	9	8	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	2	0	n/a	n/a	n/a	n/a
Julian Hanson-Smith	9	7	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	2	2	2	3	3
Sue Mullen	9	8	n/a	n/a	n/a	n/a
Mike Rose	9	9	n/a	n/a	n/a	n/a
Fiona Shepherd	9	9	n/a	n/a	n/a	n/a

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. Should 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
10 April 2018

REPORT ON THE GROUP FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Mission Marketing Group plc (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017, 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 including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2017 and of the Group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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 audit 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Group's primary income streams are outlined in the accounting policies section. We identified that the revenue recognition risk relates particularly to the correct treatment of project fees, where the service spans the year end. Assessing the timing of recognition and valuation of such work involves estimates and can be complex.

Our audit work included:

- Assessing and challenging the revenue recognition policies adopted by the Group to confirm they are appropriate in the context of the business and in accordance with IFRS.
- Reviewing a sample of open jobs at the year end across the Group and checking accuracy, completeness and cut off.
- Reconciling open job reports at the year end to revenue and profit recognised.
- Assessing and challenging on a sample basis whether revenue and profit recognised on open jobs is complete and appropriately valued.
- Evaluating the accuracy of accrued income in the previous year against actual outcomes to determine whether management's estimations have been reliable.

As a result of the procedures performed, we are satisfied that revenue has been correctly recorded.

Goodwill impairment

The impairment review of the Group's carrying value of Goodwill arising on consolidation is one of the main areas of estimation. At 31 December 2017, the carrying value of goodwill in the Group balance sheet was £85m (2016: £80m). We identified that the audit risk relates to ensuring that management's impairment review is robust and reliable in identifying potential impairment, and that the assumptions made are reasonable. The key assumptions used by management in preparing such calculations are:

- Budgets and forecasts for the next 3 years.
- The discount rate applied (the Group's weighted average cost of capital - WACC).
- Long term growth rate.

Our audit work included:

- Assessing and challenging the key assumptions and calculations applied by management in their impairment reviews.
- Benchmarking the long term growth rate to independent market data to confirm it remains appropriate.
- Reviewing the detailed components of the WACC calculation.
- Assessing and challenging management's sensitivity analysis on key assumptions and calculations.
- Performing our own sensitivity analysis on short term growth forecasts and challenging where this results in no or limited headroom on value in use against carrying value.
- Where there is limited headroom, comparing actual results against past forecasts used in impairment reviews to assess the reliability of the forecasts.

As a result of the procedures performed, we are satisfied that the key assumptions used in the impairment model and the resulting conclusions drawn by management are appropriate and that no impairment is required.

Our application of materiality

Misstatements, including omissions, are considered to be material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality: £385,000

Basis for determination: 5% of profit before tax, adjusting for headline items.

Rationale for the benchmark applied: We consider headline profit before tax to be the most appropriate measure for materiality as it best reflects the Group's underlying trading profitability and is a key metric used by both management and other stakeholders in assessing the Group's performance.

An overview of the scope of our audit

We planned and performed our audit by obtaining an understanding of the Group and its environment, including the accounting processes and controls, and the industry in which it operates. The Group owns 14 trading subsidiary companies in the UK (thirteen 100%, one 75%) which account for over 88% of operating income, a wholly owned US based subsidiary, 2 wholly owned Asian subsidiaries and a 70% owned Asian sub group comprising 6 locally incorporated companies. We performed a full scope audit on each UK company (other than dormant companies) with individual audit reports issued on each of those companies. The Asian sub group was subject to audit (under International Standards of Auditing) by component auditors. The US subsidiary and other wholly owned Asian subsidiaries were subject to limited audit procedures by us as part of auditing their UK parent companies. There are 2 main UK holding companies (The Mission Marketing Group plc and The Mission Marketing Holdings Limited) which we perform full scope audits on and issue separate audit reports on.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE GROUP FINANCIAL STATEMENTS (cont.)

Opinions 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 financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 38 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Glenn Nicol - Senior Statutory Auditor

PKF Francis Clark
Statutory Auditor
Centenary House, Peninsula Park,
Rydon Lane, Exeter, EX2 7XE

10 April 2018

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**Year to 31 December 2017**	Year to 31 December 2016
	Note	**£'000**	£'000
TURNOVER	**2**	**146,912**	144,096
Cost of sales		**(76,872)**	(78,198)
OPERATING INCOME	**2**	**70,040**	65,898
Headline operating expenses		**(61,822)**	(58,341)
HEADLINE OPERATING PROFIT		**8,218**	7,557
Exceptional items	**3**	**(642)**	-
Acquisition adjustments	**3**	**(804)**	(666)
Start-up costs	**3**	**(443)**	(491)
OPERATING PROFIT		**6,329**	6,400
Share of results of associates and joint ventures		**(11)**	(33)
PROFIT BEFORE INTEREST AND TAXATION		**6,318**	6,367
Net finance costs	**6**	**(473)**	(487)
PROFIT BEFORE TAXATION	**7**	**5,845**	5,880
Taxation	**9**	**(1,340)**	(1,369)
PROFIT FOR THE YEAR		**4,505**	4,511
Attributable to:			
Equity holders of the parent		**4,402**	4,434
Non-controlling interests		**103**	77
		4,505	4,511
Basic earnings per share (pence)	**11**	**5.31**	5.36
Diluted earnings per share (pence)	**11**	**5.15**	5.19
Headline basic earnings per share (pence)	**11**	**7.34**	6.63
Headline diluted earnings per share (pence)	**11**	**7.12**	6.41

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Year to 31 December 2017	Year to 31 December 2016
	£'000	£'000
PROFIT FOR THE YEAR	**4,505**	4,511
Other comprehensive income – items that may be reclassified separately to profit or loss:		
Exchange differences on translation of foreign operations	**(112)**	214
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,393**	4,725
Attributable to:		
Equity holders of the parent	**4,292**	4,578
Non-controlling interests	**101**	147
	4,393	4,725

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	As at 31 December 2017	As at 31 December 2016
		£'000	£'000
FIXED ASSETS			
Intangible assets	**12**	**87,951**	83,075
Property, plant and equipment	**14**	**3,489**	3,531
Investments in associates	**15**	**313**	324
Deferred tax assets		**24**	45
		91,777	86,975
CURRENT ASSETS			
Stock		**668**	485
Trade and other receivables	**16**	**34,829**	32,611
Cash and short term deposits	**17**	**5,860**	1,002
		41,357	34,098
CURRENT LIABILITIES			
Trade and other payables	**18**	**(17,963)**	(15,119)
Accruals		**(13,634)**	(11,075)
Corporation tax payable		**(784)**	(527)
Bank loans	**19**	**(2,500)**	(2,250)
Acquisition obligations	**21.1**	**(1,810)**	(1,645)
		(36,691)	(30,616)
NET CURRENT ASSETS		**4,666**	3,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**96,443**	90,457
NON CURRENT LIABILITIES			
Bank loans	**19**	**(10,579)**	(10,023)
Other long term loans		**-**	(76)
Obligations under finance leases	**20**	**(129)**	(216)
Acquisition obligations	**21.1**	**(5,433)**	(3,014)
Deferred tax liabilities		**(148)**	(200)
		(16,289)	(13,529)
NET ASSETS		**80,154**	76,928
CAPITAL AND RESERVES			
Called up share capital	**23**	**8,436**	8,412
Share premium account		**42,506**	42,431
Own shares	**24**	**(602)**	(556)
Share-based incentive reserve	**25**	**341**	249
Foreign currency translation reserve		**85**	195
Retained earnings		**28,879**	25,740
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**79,645**	76,471
Non-controlling interests		**509**	457
TOTAL EQUITY		**80,154**	76,928

The financial statements were approved and authorised for issue on 10 April 2018 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 2017

	Year to 31 December 2017	Year to 31 December 2016
	£'000	£'000
Operating profit	**6,329**	6,400
Depreciation and amortisation charges	**2,220**	2,120
Movements in the fair value of contingent consideration	**99**	(48)
(Profit) / loss on disposal of property, plant and equipment	**(52)**	4
Loss on disposal of intangible assets	**1**	2
Non cash charge / (credit) for share options, growth shares and shares awarded	**92**	(45)
Increase in receivables	**(1,874)**	(1,037)
Increase in stock	**(183)**	(24)
Increase in payables	**5,343**	1,120
OPERATING CASH FLOWS	**11,975**	8,492
Net finance costs paid	**(425)**	(422)
Tax paid	**(1,299)**	(1,869)
Net cash inflow from operating activities	**10,251**	6,201
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**88**	33
Purchase of property, plant and equipment	**(1,268)**	(914)
Investment in software development	**(341)**	(777)
Acquisition of subsidiaries, joint ventures and associates during the year	**(1,879)**	(466)
Payment of obligations relating to acquisitions made in prior years	**(1,652)**	(3,179)
Cash acquired with subsidiaries	**610**	65
Net cash outflow from investing activities	**(4,442)**	(5,238)
FINANCING ACTIVITIES		
Dividends paid	**(1,284)**	(1,158)
Dividends paid to non-controlling interests	**(49)**	(118)
Repayment of finance leases	**(84)**	(90)
Increase in / (repayment of) long term bank loans	**750**	(500)
(Repayment of) / proceeds from other long term loans	**(76)**	76
Purchase of own shares held in EBT, net of disposals	**(96)**	(169)
Net cash outflow from financing activities	**(839)**	(1,959)
Increase / (decrease) in cash and cash equivalents	**4,970**	(996)
Exchange differences on translation of foreign subsidiaries	**(112)**	214
Cash and cash equivalents at beginning of year	**1,002**	1,784
Cash and cash equivalents at end of year	**5,860**	1,002

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium £'000	Own shares £'000	Share based incentive 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 2016	**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**
Profit for the year	-	-	-	-	-	4,402	4,402	103	4,505
Exchange differences on translation of foreign operations	-	-	-	-	(110)	-	(110)	(2)	(112)
Total comprehensive income for the year	-	-	-	-	(110)	4,402	4,292	101	4,393
New shares issued	24	75	-	-	-	-	99	-	99
Share option charge	-	-	-	19	-	-	19	-	19
Growth share charge	-	-	-	73	-	-	73	-	73
Own shares purchased	-	-	(96)	-	-	-	(96)	-	(96)
Shares awarded and sold from own shares	-	-	50	-	-	21	71	-	71
Dividend paid	-	-	-	-	-	(1,284)	(1,284)	(49)	(1,333)
At 31 December 2017	**8,436**	**42,506**	**(602)**	**341**	**85**	**28,879**	**79,645**	**509**	**80,154**

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 in relation to the percentage of completeness of the project to which they relate, normally by reference to timesheets
- 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 (i.e. earn-out). Contingent consideration is initially recognised at its estimated fair value based on a reasonable

1. PRINCIPAL ACCOUNTING POLICIES (cont.)

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 is 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.

Share-based payment transactions

Equity-settled share-based payments 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.

The fair value of nil-cost share options is measured by use of a Black Scholes model on the grounds that there are no market-related vesting conditions. The fair value of Growth Shares is measured by use of a Monte Carlo simulation model on the grounds that they are subject to market-based conditions (the future share price of the Company).

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.

1. PRINCIPAL ACCOUNTING POLICIES (cont.)

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 has been undertaken during the year and the Directors have concluded that the standard is unlikely to have a material impact on the Group's results. IFRS 16, Leases, will apply to the Group's 2019 financial statements. A review of the impact of IFRS 16 will be undertaken during 2018 but at this stage it is not practicable to provide a reasonable estimate of the effect.

2. SEGMENTAL INFORMATION

Business segmentation

For management purposes the Group had fourteen operating units during the year, each of which carries out a range of activities. The performance of these businesses is managed and monitored as a whole by the Board but, since different activities have different profit margin characteristics, the Group's trading has been reported below under four business and operating segments to provide additional benefit to readers of these financial statements.

Year to 31 December 2017	Advertising & Digital £'000	Media Buying £'000	Exhibitions & Learning £'000	Public Relations £'000	Group £'000
Turnover	81,599	45,260	12,054	7,999	146,912
Operating income	56,059	3,720	3,600	6,661	70,040
Segmental operating profit ("trading profit")	7,846	888	284	949	9,967
Unallocated central costs					(1,749)
Headline operating profit					8,218
Share of results of associates and joint ventures					(11)
Net finance costs					(473)
Headline profit before tax					7,734

Year to 31 December 2016	Advertising & Digital £'000	Media Buying £'000	Exhibitions & 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

Assets and liabilities are not split between segments.

Geographical segmentation

With the expansion of the Group's activities, in particular recently launched operations by April Six in Singapore and the US, the proportion of operating income (revenue) attributed to territories outside the UK has for the first time exceeded 10% of total Group revenue. The following table provides an analysis of the Group's revenue by region of activity:

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
UK	**62,198**	59,502
Asia	**4,481**	3,400
USA	**3,361**	2,996
	70,040	65,898

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 2017		Year to 31 December 2016	
	PBT £'000	**PAT £'000**	PBT £'000	PAT £'000
Headline profit	**7,734**	**6,185**	7,037	5,559
Exceptional items (Note 4)	**(642)**	**(523)**	-	-
Acquisition adjustments (Note 5)	**(804)**	**(802)**	(666)	(655)
Start-up costs	**(443)**	**(355)**	(491)	(393)
Reported profit	**5,845**	**4,505**	5,880	4,511

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 2017 primarily relate to the launch of fuse during the year, and recent venture Mongoose Promotions. Start-up costs in 2016 related to the launch of new ventures Mongoose Sports & Entertainment and Mongoose Promotions and April Six's new operations in Singapore and the US.

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 2017 comprised settlement costs to former Director Chris Goodwin and also 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 2017 £'000	Year to 31 December 2016 £'000
Movement in fair value of contingent consideration	**(99)**	48
Amortisation of other intangibles recognised on acquisitions	**(580)**	(645)
Acquisition transaction costs expensed	**(125)**	(69)
	(804)	(666)

The movement in fair value of contingent consideration relates to a net upward revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to professional fees in connection with acquisitions made or contemplated.

6. NET FINANCE COSTS

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
Interest on bank loans and overdrafts, net of interest on bank deposits	**(402)**	(407)
Amortisation of bank debt arrangement fees	**(59)**	(64)
Interest on finance leases	**(12)**	(16)
Net finance costs	**(473)**	(487)

7. PROFIT BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging / (crediting):

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
Depreciation of owned tangible fixed assets	**1,182**	1,164
Depreciation of tangible fixed assets held under finance leases	**94**	94
Amortisation of intangible assets recognised on acquisitions	**580**	645
Amortisation of other intangible assets	**364**	217
Operating lease rentals – Land and buildings	**2,577**	2,384
Operating lease rentals – Plant and equipment	**70**	287
Operating lease rentals – Other assets	**310**	139
Staff costs (see Note 8)	**46,976**	44,352
Auditors' remuneration	**264**	221
Gain on foreign exchange	**(43)**	(14)

Auditors' remuneration may be analysed by:

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
Audit of Group's annual report and financial statements	**41**	35
Audit of subsidiaries	**151**	140
Audit related assurance services	**5**	4
Tax advisory services	**25**	25
Corporate finance	**42**	17
	264	221

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 2017 Number	Year to 31 December 2016 Number
Branding, Advertising & Digital	**823**	787
Media	**30**	35
Events and Learning	**68**	62
Public Relations	**90**	98
Central	**4**	4
	1,015	986

The aggregate employee costs of these persons were as follows:

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
Wages and salaries	**40,810**	38,685
Social security costs	**4,294**	4,170
Pension costs	**1,780**	1,546
Share based payment expense / (credit)	**92**	(49)
	46,976	44,352

The Group operates sixteen (2016: 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 £108,000 (2016: £116,000).

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	Compensation for loss of office	Growth share benefit	Total 31 December 2017	Total 31 December 2016
Current Directors								
Dylan Bogg	134,434	-	7,130	9,750	-	14,272	165,586	169,801
James Clifton	154,471	-	1,953	22,458	-	28,544	207,426	200,627
Robert Day	175,000	53,333	7,328	-	-	28,544	264,205	163,655
Peter Fitzwilliam	165,000	20,000	616	-	-	28,544	214,160	172,500
Julian Hanson-Smith (Note 1)	36,254	-	-	-	-	8,563	44,817	35,004
Giles Lee	158,683	34,000	5,600	17,508	-	28,544	244,335	182,377
David Morgan	138,120	-	27,500	-	-	28,544	194,164	178,120
Chris Morris (Note 2)	62,226	-	3,963	28,277	-	-	94,466	90,279
Sue Mullen	131,250	-	2,029	13,125	-	14,272	160,676	161,733
Mike Rose	70,000	-	8,210	-	-	14,272	92,482	82,000
Fiona Shepherd	165,999	84,906	4,248	6,640	-	28,544	290,337	186,776
Former Directors								
Chris Goodwin (to 31 March 2017)	30,000	-	2,000	2,710	134,100	-	168,810	147,540
	1,421,437	**192,239**	**70,577**	**100,468**	**134,100**	**222,643**	**2,141,464**	**1,770,412**

Notes:

1. Julian Hanson-Smith was paid £8,750 (2016: £7,500) as a TMMG plc Director during the year. In addition he was paid for his consulting services through a consultancy practice owned by him, HS Consultancy Services.
2. Chris Morris was paid £36,892 (2016: £53,334) 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 2017 £'000	Year to 31 December 2016 £'000
Current tax:-		
UK corporation tax at 19.25% (2016: 20.00%)	**1,153**	972
Adjustment for prior periods	**11**	51
Foreign tax on profits of the period	**202**	233
	1,366	1,256
Deferred tax:-		
Current year (originating) / reversing temporary differences	**(20)**	107
Adjustment for prior periods	**-**	15
Foreign deferred tax on overseas subsidiaries	**(6)**	(9)
Tax charge for the year	**1,340**	1,369

Factors Affecting the Tax Charge for the Current Year:

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK. The differences are:

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
Profit before taxation	**5,845**	5,880
Profit on ordinary activities before tax at the standard rate of corporation tax of 19.25% (2016: 20.00%)	**1,125**	1,176
Effect of:		
Non-deductible expenses/income not taxable	**175**	104
Impact of R&D claims	**(90)**	(158)
Higher tax rates on overseas earnings	**12**	80
Depreciation in excess of capital allowances	**48**	108
Other differences	**70**	59
Actual tax charge for the year	**1,340**	1,369

10. DIVIDENDS

	Year to 31 December 2017 £'000	Year to 31 December 2016 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of 0.55 pence (2016: 0.50 pence) per share	**456**	414
Prior year final dividend of 1.00 pence (2016: 0.90 pence) per share	**828**	744
	1,284	1,158

A final dividend of 1.15 pence per share is to be paid in July 2018 should it be approved by shareholders at the AGM. In accordance with IFRS this final dividend will be recognised in the 2018 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 2017 £'000	Year to 31 December 2016 £'000
Earnings		
Reported profit for the year	**4,505**	4,511
Attributable to:		
Equity holders of the parent	**4,402**	4,434
Non-controlling interests	**103**	77
	4,505	4,511
Headline earnings (Note 3)	**6,185**	5,559
Attributable to:		
Equity holders of the parent	**6,082**	5,482
Non-controlling interests	**103**	77
	6,185	5,559
Number of shares		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**82,874,398**	82,651,400
Dilutive effect of securities:		
Employee share options	**2,565,943**	2,862,471
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**85,440,341**	85,513,871
Reported basis:		
Basic earnings per share (pence)	**5.31**	5.36
Diluted earnings per share (pence)	**5.15**	5.19
Headline basis:		
Basic earnings per share (pence)	**7.34**	6.63
Diluted earnings per share (pence)	**7.12**	6.41

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 2017 £'000	Year to 31 December 2016 £'000
Cost		
At 1 January	**84,052**	83,606
Recognised on acquisition of subsidiaries	**5,012**	457
Adjustment to consideration / net assets acquired	**-**	(11)
At 31 December	**89,064**	84,052
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	**84,791**	79,779

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 7.43%. 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:

12. INTANGIBLE ASSETS (Cont.)

	31 December 2017 £'000	31 December 2016 £'000
April Six Ltd	**9,411**	9,411
April Six Proof Ltd	**576**	576
Big Dog Agency Ltd	**9,639**	9,639
Bray Leino Ltd	**27,761**	27,761
Chapter Agency Ltd	**3,440**	3,440
Mongoose Sports & Entertainment Ltd*	**931**	-
RLA Group Ltd	**6,572**	6,572
RJW & Partners Ltd	**4,962**	-
Solaris Healthcare Network Ltd	**1,058**	1,058
Speed Communications Agency Ltd*	**3,085**	3,686
Splash Interactive Pte. Ltd	**2,356**	2,356
Story UK Ltd	**7,516**	7,516
ThinkBDW Ltd	**6,283**	6,283
Other smaller acquisitions*	**1,201**	1,481
	84,791	79,779

*In 2017, the sports PR activities of Speed Communications Agency Ltd were transferred into Mongoose Sports & Entertainment Ltd. The relevant portion of goodwill of Speed Communications Agency Ltd has therefore been transferred into Mongoose Sports & Entertainment Ltd. In addition, the goodwill of Generate Sponsorship Ltd, acquired in 2016, has been transferred into Mongoose Sports & Entertainment Ltd.

Other intangible assets	Software development and licences £'000	Trade names £'000	Customer relationships £'000	Total £'000
Cost				
At 1 January 2016	**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**
Additions	341	134	334	809
Disposals	(210)	-	-	(210)
At 31 December 2017	**2,192**	**1,033**	**3,985**	**7,210**
Amortisation and impairment				
At 1 January 2016	**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**
Charge for the year	364	77	503	944
Disposals	(209)	-	-	(209)
At 31 December 2017	**1,010**	**174**	**2,866**	**4,050**
Net book value at 31 December 2017	**1,182**	**859**	**1,119**	**3,160**
Net book value at 31 December 2016	**1,206**	**802**	**1,288**	**3,296**

**As software development costs became increasingly significant, they were transferred from computer equipment in 2016 (see Note 14) and are now reported separately within intangible assets.

Additions of £341,000 (2016: £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.

Included within the value of intangible assets is an amount of £783,000 (2016: £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 Mongoose Promotions Ltd, which is 75% owned, and Splash Interactive Pte. Ltd, which is 70% owned and incorporated in Singapore. A full list of all Group companies at 31 December 2017 can be found in Note 43 to the Company Financial Statements.

Subsidiary undertaking	Nature of business
April Six Ltd	Marketing communications, specialising in the technology sector
April Six Proof Ltd	Public relations, specialising in science, engineering and technology
Big Dog Agency Ltd	Marketing communications
Bray Leino Ltd	Advertising, media buying, digital marketing, events and training
Chapter Agency Ltd	Marketing communications
Mongoose Promotions Ltd	Sales promotion
Mongoose Sports & Entertainment Ltd	Sports, fitness and entertainment marketing
RJW & Partners Ltd	Pricing and market access in the healthcare sector
RLA Group Ltd	Marketing communications
Solaris Healthcare Network Ltd	Marketing communications, specialising in the medical sector
Speed Communications Agency Ltd	Public relations
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

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 2016	**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**
Acquisition of subsidiaries	-	-	2	-	2
Additions	43	636	573	16	1,268
Disposals	(127)	(604)	(452)	(10)	(1,193)
At 31 December 2017	**2,209**	**4,299**	**3,290**	**155**	**9,953**
Depreciation					
At 1 January 2016	**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**
Charge for the year	152	540	574	10	1,276
Disposals	(119)	(604)	(429)	(5)	(1,157)
At 31 December 2017	**1,611**	**2,520**	**2,197**	**136**	**6,464**
Net book value at 31 December 2017	**598**	**1,779**	**1,093**	**19**	**3,489**
Net book value at 31 December 2016	**715**	**1,683**	**1,115**	**18**	**3,531**

The net book amount includes £219,000 (2016: £313,000) 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 (2016: £94,000).

*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 2017 £'000	Year to 31 December 2016 £'000
At 1 January	**324**	350
Loss during the year	**(11)**	(26)
At 31 December	**313**	324

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 2017 £'000	31 December 2016 £'000
Gross trade receivables	**24,617**	23,843
Less: Provision for doubtful debts	**(193)**	(234)
Trade receivable net of provision	**24,424**	23,609
Other receivables	**771**	670
Prepayments	**2,080**	2,524
Accrued income	**7,554**	5,808
	34,829	32,611

An allowance has been made for estimated irrecoverable amounts from the provision of services of £193,000 (2016: £234,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The ageing analysis of trade receivables is as follows:

		Past due by			
	Not past due (current) £'000	Up to 3 months £'000	3 to 6 months £'000	Greater than 6 months £'000	Total £'000
Gross trade receivables	**14,910**	**8,874**	**303**	**530**	**24,617**
Trade receivables provided for	**(17)**	**-**	**(8)**	**(168)**	**(193)**
Trade receivables net of provision	**14,893**	**8,874**	**295**	**362**	**24,424**

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 2017 £'000	31 December 2016 £'000
Trade creditors	**12,379**	10,924
Finance leases	**86**	83
Other creditors	**1,076**	378
Other tax and social security payable	**4,422**	3,734
	17,963	15,119

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 2017 £'000	31 December 2016 £'000
Bank loan outstanding	**13,125**	12,375
Unamortised bank debt arrangement fees	**(46)**	(102)
Carrying value of loan outstanding	**13,079**	12,273
Less: Cash and short term deposits	**(5,860)**	(1,002)
Net bank debt	**7,219**	11,271
The borrowings are repayable as follows:		
Less than one year	**2,500**	2,250
In one to two years	**10,625**	2,500
In more than two years but less than three years	**-**	7,625
	13,125	12,375
Unamortised bank debt arrangement fees	**(46)**	(102)
	13,079	12,273
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,500)**	(2,250)
Amount due for settlement after 12 months	**10,579**	10,023

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 2017, the Group had a term loan facility of £3.1m due for repayment by February 2019 on a quarterly basis, and a revolving credit facility of up to £12.0m, expiring on 30 April 2019. Interest on both the term loan and revolving credit facilities is based on 3 month LIBOR plus a margin of between 1.75% and 2.75% depending on the Group's debt leverage ratio, 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 2017, 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.

20. OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are as follows:

	31 December 2017 £'000	31 December 2016 £'000
In one year or less	**86**	83
Between two and five years	**129**	216
	215	299

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 2017			31 December 2016	
	Cash £'000	**Shares £'000**	**Total £'000**	Cash £'000	Shares £'000	Total £'000
Less than one year	**1,810**	**-**	**1,810**	1,645	-	1,645
Between one and two years	**2,597**	**105**	**2,702**	1,703	-	1,703
In more than two years but less than three years	**503**	**-**	**503**	750	-	750
In more than three years but less than four years	**2,104**	**124**	**2,228**	561	-	561
	7,014	**229**	**7,243**	4,659	-	4,659

21.2 Acquisition of RJW & Partners Ltd

On 26 April 2017, the Group acquired the entire issued share capital of RJW & Partners Ltd ("RJW"), a pricing and market access consultancy operating in the healthcare sector. The fair value of the consideration given for the acquisition was £6,136,000, comprising initial cash and share consideration and deferred contingent cash and share consideration. Costs relating to the acquisition amounted to £100,000 and were expensed.

Maximum contingent consideration of £4,273,000 is dependent on RJW achieving a profit target over the period 1 January 2017 to 31 December 2020. The Group has provided for contingent consideration of £4,138,000 to date.

The fair value of the net identifiable assets acquired was £706,000 resulting in goodwill and other intangible assets of £5,430,000. Goodwill arises on consolidation and is not tax-deductible. Management carried out a review to assess whether any other intangible assets were acquired as part of the transaction. Management concluded that both a brand name and customer relationships were acquired and attributed a value to each of these by applying commonly accepted valuation methodologies. The goodwill arising on the acquisition is attributable to the anticipated profitability of RJW.

21. ACQUISITIONS (cont.)

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired:			
Fixed assets	2	-	2
Trade and other receivables	344	-	344
Cash and cash equivalents	610	-	610
Trade and other payables	(250)	-	(250)
	706	-	706
Other intangibles recognised at acquisition	-	468	468
	706	468	1,174
Goodwill			4,962
Total consideration			6,136
Satisfied by:			
Cash			1,879
Shares			119
Deferred contingent consideration			4,138
			6,136

RJW & Partners Ltd contributed turnover of £1,598,000, operating income of £1,544,000 and headline operating profit of £441,000 to the results of the Group in 2017.

21.3 Other acquisitions

A total of £50,000 was invested in other acquisitions during the year.

21.4 Pro-forma results including acquisitions

The Directors estimate that the turnover, operating income and headline operating profit of the Group would have been approximately £147.7m, £70.8m and £8.6m 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

The total minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2017		31 December 2016	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Within one year	**1,836**	**294**	1,906	391
Between two and five years	**3,669**	**242**	4,382	363
After more than 5 years	**602**	**-**	233	-
	6,107	**536**	6,521	754

23. SHARE CAPITAL

	31 December 2017 £'000	31 December 2016 £'000
Allotted and called up:		
84,357,351 Ordinary shares of 10p each (2016: 84,120,234 Ordinary shares of 10p each)	**8,436**	8,412

Share-based incentives

The Group has the following share-based incentives in issue:

	At start of year	Granted/acquired	Waived/lapsed	Exercised	At end of year
TMMG Long Term Incentive Plan	2,636,570	635,000	(736,570)	-	2,535,000
Growth Share Scheme	-	5,720,171	-	-	5,720,171

The TMMG Long Term Incentive Plan 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 Long Term Incentive Plan.

A Growth Share Scheme was implemented on 21 February 2017. Participants in the scheme subscribed 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** if the the**mission**'s share price equals or exceeds 75p for at least 15 days during the period up to 60 days from the announcement of the Group's financial results for the year ending 31 December 2019; if not, they will have no value.

24. OWN SHARES

	No. of shares	£'000
At 31 December 2015	**1,278,924**	**455**
Own shares purchased during the year	**527,234**	**212**
Awarded to employees during the year	**(410,228)**	**(111)**
At 31 December 2016	**1,395,930**	**556**
Own shares purchased during the year	**233,739**	**96**
Awarded or sold during the year	**(177,302)**	**(50)**
At 31 December 2017	**1,452,367**	**602**

Shares are held in an Employee Benefit Trust to meet certain requirements of the Long Term Incentive Plan.

25. SHARE-BASED INCENTIVE RESERVE

The share-based incentive reserve represents charges to the profit or loss required by IFRS 2 to reflect the cost of the nil-cost share options and growth shares issued to the Directors and employees.

26. SHARE-BASED PAYMENTS

Nil-cost share options

Details of the relevant option schemes are given in Note 23. 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. The fair value of options issued during the year was 38.5p per option at measurement date. The key inputs are:

	2017	2016
Share price	**42.0p**	40.0p
Risk free rate	**0.1%**	0.3%
Dividend yield	**3.7%**	3.0%

The weighted average share price over the three years ending 31 December 2017 was 42.1p and the weighted average remaining contractual life of the share options outstanding at 31 December 2017 was 8.2 years.

The Group recognised an expense of £19,000 in 2017 (2016: credit of £49,000).

Growth Shares

Details of the Growth Share scheme are given in Note 23. The fair value of growth shares is measured by use of a Monte Carlo simulation model, which uses probability analysis to calculate the value of options. The fair value of the growth shares issued during the year was 5.0p per share at measurement date. The key inputs are:

	2017	2016
Share price at grant	**41.0p**	n/a
Risk free rate	**0.1%**	n/a
Dividend yield	**3.7%**	n/a
Expected volatility	**30.0%**	n/a

Volatility is based on the historical volatility of the share price over a 3 year trading period. The weighted average share price from inception of the scheme until 31 December 2017 was 42.7p and the weighted average remaining contractual life of the growth shares outstanding at 31 December 2017 was 2.4 years.

The Group recognised an expense of £73,000 in 2017 (2016: nil).

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.

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.

27. FINANCIAL ASSETS AND LIABILITIES (cont.)

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 less than £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 2017 £'000**	31 December 2016 £'000
Cash at bank maturing in less than one year or on demand	5,860	1,002

Financial liabilities	Bank loan and overdraft £'000	Finance leases £'000	Acquisition obligations £'000	Total £'000
At 31 December 2017				
Interest analysis:				
Subject to floating rates	13,125	-	-	13,125
Subject to fixed rates	-	215	7,243	7,458
	13,125	215	7,243	20,583
Maturity analysis:				
One year or less, or on demand	2,500	86	1,810	4,396
In one to two years	10,625	90	2,702	13,417
In two to three years	-	39	503	542
In three to four years	-	-	2,228	2,228
	13,125	215	7,243	20,583
At 31 December 2016				
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

On 10 April 2018 the Group acquired the whole issued share capital of London-based Krow Communications Ltd ('Krow'), an award-winning creative Agency. The acquisition of Krow provides the Group with an important and high-profile presence in London. Consideration payable is up to £14.5m of which £2.75m is payable upfront in cash. The Initial Consideration will be adjusted based on Krow's 2018 financial performance, with a further payment to be made in 2019, of which up to £0.5m will be payable in new ordinary shares. Combined, the Initial Consideration payments will represent a 3x multiple of Krow's 2018 adjusted EBIT. Contingent consideration is dependent on Krow achieving profit targets over the three year period ending 31 December 2020. The net assets acquired are estimated to be approximately £0.3m and the main intangible assets acquired are customer relationships, trade names and goodwill. Given the proximity of the acquisition date to the approval date of the financial statements, a detailed analysis of the fair value of the major classes of assets and liabilities acquired is not yet available.

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 2017 £'000	Year to 31 December 2016 £'000
Short-term employee benefits	**1,684**	1,647
Post-employment benefits	**100**	123
Share-based payments	**223**	-
Compensation for loss of office	**134**	-
	2,141	1,770

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 (2016: £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. A rent review during the year increased the rent from £175,000 per year to £215,000 per year from 2 May 2017. ThinkBDW Ltd took out an additional lease on land adjacent to the building commencing 1 January 2017 at a cost of £20,000 per year. Aggregate rent payable in the year was £221,075 (2016: £175,000) and was set at market value.

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 2017 was £18,453 (2016: £13,589).

During the year ThinkBDW Ltd made an advance of £20,000 to Alan Day, which was deducted from subsequent pay.

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 (2016: £74,000) was paid and no amount was outstanding at the balance sheet date.

During the year ten directors received loans totalling £81,925 in respect of the personal tax payable on a growth share award, as follows: Dylan Bogg £6,667; James Clifton £10,000; Robert Day £10,000; Julian Hanson-Smith £2,174; Peter Fitzwilliam £10,000; Giles Lee £10,000; David Morgan £10,000; Sue Mullen £6,708; Mike Rose £6,376; Fiona Shepherd £10,000. All loans are repayable from the proceeds of the growth share scheme or on termination of employment. No interest is being charged and all loans remain outstanding at the year end.

31. AVAILABILITY OF ANNUAL REPORT

Copies of the Annual Report for the year ended 31 December 2017 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 18 June 2018 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.

Independent Auditor's Report to the Members of The Mission Marketing Group

REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Mission Marketing Group plc (the 'Company') for the year ended 31 December 2017, which comprise the Parent Company Balance Sheet, Statement of Changes in Equity and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of our 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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Glenn Nicol - Senior Statutory Auditor

PKF Francis Clark
Statutory Auditor
Centenary House, Peninsula Park,
Rydon Lane, Exeter, EX2 7XE

10 April 2018

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	As at 31 December 2017 £'000	As at 31 December 2016 £'000
NON-CURRENT ASSETS			
Intangible assets	33	13	19
Investments	34	97,110	96,994
		97,123	97,013
CURRENT ASSETS			
Debtors	35	4,509	3,603
		4,509	3,603
CREDITORS: Amounts falling due within one year	36	(8,449)	(8,454)
NET CURRENT LIABILITIES		(3,940)	(4,851)
TOTAL ASSETS LESS CURRENT LIABILITIES		93,188	92,162
CREDITORS: Amounts falling due after more than one year	37	(10,579)	(11,543)
NET ASSETS		82,604	80,619
CAPITAL AND RESERVES			
Called up share capital	39	8,436	8,412
Share premium account	39	42,506	42,431
Own shares	39	(602)	(556)
Share- based incentive reserve		284	249
Profit and loss account		31,980	30,083
SHAREHOLDER'S FUNDS		82,604	80,619

The financial statements were approved and authorised for issue on 10 April 2018 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 2017

	Share capital £'000	Share premium £'000	Own shares £'000	Share-based incentive reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	**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**
Profit for the year	**-**	**-**	**-**	**-**	**3,160**	**3,160**
New shares issued	**24**	**75**	**-**	**-**	**-**	**99**
Share option charge	**-**	**-**	**-**	**19**	**-**	**19**
Growth share charge	**-**	**-**	**-**	**16**	**-**	**16**
Own shares purchased	**-**	**-**	**(96)**	**-**	**-**	**(96)**
Shares awarded and sold from own shares	**-**	**-**	**50**	**-**	**21**	**71**
Dividend paid	**-**	**-**	**-**	**-**	**(1,284)**	**(1,284)**
At 31 December 2017	**8,436**	**42,506**	**(602)**	**284**	**31,980**	**82,604**

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 89. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 29 to 34.

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

	31 December 2017 £'000	31 December 2016 £'000
Cost	**61**	61
Accumulated amortisation	**(48)**	(42)
Net book value	**13**	19

Intangible assets consist of intellectual property rights which are amortised over 10 years. The amortisation charge for the year was £6,000 (2016: £6,000).

34. INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2016	**105,368**
Additions	5
Adjustment to purchase consideration	64
At 31 December 2016	**105,437**
Additions	24
Adjustment to purchase consideration	92
At 31 December 2017	**105,553**
Impairment	
At 1 January 2016	**(8,443)**
Impairment	**-**
At 31 December 2016	**(8,443)**
Impairment	**-**
At 31 December 2017	**(8,443)**
Net book amount at 31 December 2017	**97,110**
Net book amount at 31 December 2016	**96,994**

During the year, a new intermediate holding company, The Mission Marketing Holdings Ltd, was incorporated and all of the Company's shareholdings in subsidiary undertakings were transferred to this intermediate holding company in exchange for shares of equal value in The Mission Marketing Holdings Ltd.

A list of the principal trading companies in the Group at 31 December 2017 can be found in Note 13 to the Consolidated Financial Statements and a complete list can be found in Note 43.

35. DEBTORS

	31 December 2017 £'000	31 December 2016 £'000
Amounts due from subsidiary undertakings	**3,695**	2,970
Corporation tax	**495**	454
Prepayments	**304**	119
Other debtors	**15**	60
	4,509	3,603

36. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017 £'000	31 December 2016 £'000
Bank overdraft	**329**	862
Amounts due to subsidiary undertakings	**5,358**	3,872
Accruals	**192**	91
Acquisition obligations	**-**	1,325
Bank loan (see Note 38)	**2,500**	2,250
Other creditors	**70**	54
	8,449	8,454

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

	31 December 2017 £'000	31 December 2016 £'000
Bank loan (see Note 38)	**10,579**	10,023
Acquisition obligations	**-**	1,520
	10,579	11,543

During the year, all outstanding acquisition obligations were transferred to a new intermediate holding company, The Mission Marketing Holdings Ltd, along with the shareholdings in subsidiary undertakings, as highlighted in Note 34.

38. BORROWINGS

	31 December 2017 £'000	31 December 2016 £'000
Bank loan outstanding	**13,125**	12,375
Adjustment to amortised cost	**(46)**	(102)
Carrying value of loan outstanding	**13,079**	12,273
The borrowings are repayable as follows:		
Less than one year	**2,500**	2,250
In one to two years	**10,625**	2,500
In more than two years but less than three years	**-**	7,625
	13,125	12,375
Adjustment to amortised cost	**(46)**	(102)
	13,079	12,273
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,500)**	(2,250)
Amount due for settlement after 12 months	**10,579**	10,023

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 2017, net assets of the Group were £80,239,000 (2016: £76,928,000) and net borrowings under this Group arrangement amounted to £7,219,000 (2016: £11,271,000).

39. 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 237,117 Ordinary shares of 10p each and at 31 December 2017, the number of shares in issue was 84,357,351 (2016: 84,120,234).

40. UNREALISED RESERVES

Included in reserves at 31 December is unrealised profit, which is non-distributable, of £3,165,000 (2016: £3,165,000).

41. OPERATING LEASE COMMITMENTS

The total minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2017 Land and buildings £'000	31 December 2016 Land and buildings £'000
Within one year	**210**	210
Between two and five years	**385**	595
	595	805

42. RELATED PARTY TRANSACTIONS

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

43. 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 50% 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. Unless otherwise stated, the registered office of all companies is 36 Percy Street, London, W1T DH.

SUBSIDIARY UNDERTAKING	COUNTRY OF INCORPORATION	REGISTERED OFFICE
HELD DIRECTLY: The Mission Marketing Holdings Ltd		
HELD INDIRECTLY:		
April Six Inc.	USA	847 Sansome Street, Suite 100, San Francisco, CA 94111, United States of America
April Six Ltd		
April Six Proof Ltd		
April Six Pte. Ltd	Singapore	40A Tras Street, Singapore 078979
Balloon Dog Ltd		
Big Communications Ltd		
Big Dog Agency Ltd		
Bray Leino Ltd		
Bray Leino Productions Ltd		
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
Bray Leino Singapore Pte. Ltd	Singapore	#73 Ubi Road 1, #07-49/50 Oxley Bizhub, Singapore 408733
Chapter Agency Ltd		
Destination CMS Ltd (50% owned)		45 Queen Street, Exeter, Devon EX4 3SR
Fox Murphy Ltd		
Fuse Digital Ltd		
Gingernut Creative Ltd		
Jellyfish Ltd		
Mongoose Promotions Ltd (75% owned)		
Mongoose Sports & Entertainment Ltd		
Quorum Advertising Ltd		
RJW & Partners Ltd		
RLA Group Ltd		

43. GROUP COMPANIES (cont.)

SUBSIDIARY UNDERTAKING	COUNTRY OF INCORPORATION	REGISTERED OFFICE
Robson Brown Ltd		
Solaris Healthcare Network Ltd		
Speed Communications Agency Ltd		
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 Mission Ltd (formerly Friars 573 Ltd)		
The Splash Partnership Ltd		
The Weather Digital and Print Communications Ltd		1-4, Atholl Crescent, Edinburgh, Scotland, EH3 8HA
ThinkBDW Ltd		

* These subsidiaries are 100% owned by Splash Interactive Pte. Ltd, which is 70% owned by Bray Leino Ltd.

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 18 June 2018 at the offices of Shore Capital Stockbrokers Limited, 14 Clifford St, London, W1S 4JU 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 2017.

Dividend

2. To approve a final dividend of 1.15 pence per share for the year ended 31 December 2017 to shareholders on the register at the close of business on 13 July 2018.

Auditors

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

Authority to allot shares

5. 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 £2,811,911 being one third 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

6. THAT (subject to the passing of the resolution numbered 5 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 5 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 £843,573.51 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 5 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

7. 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 12,653,602 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 2019 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 7 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
10 April 2018

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 14 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 15 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:	Shore Capital Stockbrokers Limited 14 Clifford St Mayfair London W1S 4JU
Auditors:	PKF Francis Clark Centenary House Peninsula Park Rydon Lane Exeter EX2 7XE
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

the**mission** marketing group plc

36 Percy Street, London, W1T 2DH t:+44 (0)207 462 1415

www.themission.co.uk