



the mission marketing group plc

annual report and accounts
for the year ended 31 December 2011



the mission[™]

The Mission Marketing Group plc is a network of entrepreneurial communications Agencies spanning 14 offices, and uniting 700 people, across the UK

The Group enables each Agency its people and its Clients, to access skills, tools and buying power in a collectively advantageous way, while freeing each Agency to express its unique personality

Our Agencies have proven, long-term ability to help Clients win. They are driven by uncommonly talented people whose creative business thinking and specialist knowledge complement those of their colleagues around the Group. Between them, they have an impressive record of delivering tangible results for Clients

We are proud to work with some of the world's leading brands and the UK's biggest names

Our mission is simple. to work together to make our Clients' brands and businesses more valuable, and fuelled by their success, to grow the mission[™] into the nation's most respected and influential creative communications group.

The [™] graphic symbolises the shared ambitions, values and goals that unite every Agency in the mission group.

The UK's leading technology marketing Agency working with the world's biggest technology brands

A full-service communications Agency with a national reputation for creative excellence

A UK top 20 communications group with businesses specialising in brand development advertising, digital, media, direct response, PR, events and training

A full service Agency specialising in automotive and retail

The North of England's premier integrated communications Agency

An award-winning brand development and direct communications Agency

The UK's leading residential property marketing Agency and the largest buyer of estate agency media in the country

together, we are **the mission[™]**

Our basic structure

Pride & Passion

"the mission™ Agencies are professional and realistic, and all have an eye to the future. They exude pride in their businesses and a passion to be best in class. I know that the Agencies, while trading in different sectors and built on different kinds of expertise, are culturally very similar. All of them are doing things well beyond the norm."

**David Morgan, Executive Chairman,
The Mission Marketing Group plc**

Contents

2011 Overview	5
Chairman's Statement	6
Financial Review	11
Board of Directors	13
Report of the Directors	14
Corporate Governance	19
Independent Auditors' Report	22
Consolidated Statement of Comprehensive Income	23
Consolidated Balance Sheet	24
Consolidated Cash Flow Statement	25
Consolidated Statement of Changes in Equity	25
Notes to the Consolidated Financial Statements	26
Independent Auditors' Report Company	48
Company Balance Sheet	49
Notes to the Company Balance Sheet	50
Notice of Annual General Meeting	55
Advisors	59
Annual General Meeting Form of Proxy	60

2011 Overview

2011 was an excellent year for **the mission**.[®] The objectives we set in April 2010, on completion of the refinancing of the Group, have all been delivered

- **Keep focus on core business**, but look for new talent and strategic in-fills,
- **Increase profit** by revenue growth and cost reduction, and
- **Pay down debt** by strong cash management and preserving cash

We have made real financial progress

- Operating income ("revenue") up 15% to £41.5m (2010 £36.1m)
- Headline operating profit up 19% to £5.8m (2010 £4.9m)
- Net finance costs reduced by 24% to £1.6m (2010 £2.1m)
- Headline profit before tax up 50% to £4.2m (2010 £2.8m)
- Headline Diluted EPS 4.2 pence (2010 3.0 pence)
- Cash inflow from operating activities of £5.1m
- Bank debt repayments of £4.5m, including £1.5m of voluntary prepayment
- Net bank debt reduced by £3.1m to £15.3m

Operating income
("revenue") up 15%

Headline profit
before tax up 50%

Net bank debt
reduced by £3.1m

And we have achieved our key performance targets.

Performance measure	Target	Achievement in 2011
Operating income	Increase year-on-year, both via increased business from existing Clients and from new business wins	Net annualised new business of £4.1m operating income achieved in year Great new wins - e.g. Cisco, Pitney Bowes, Highland Spring, Peugeot Trade, Ferodo Strong Client retention and growth from incumbent Clients - e.g. BP, Bellway, Fairview, Domino's, Pizza, M&S Money, Superdry
Operating profit margins	Achieve levels at least in line with industry averages	Operating margins improved to 14.1% (2010 13.6%) above industry average Central Office streamlined, costs reduced 12%
Ratio of net debt to EBITDA	Reduce below x2 by end of 2012	Debt leverage ratio reduced from x3.3 in 2010 to x2.3 in 2011 and expected to fall below x2 in first half of 2012

Chairman's Statement

Dear reader

I think our teams should be warmly congratulated for delivering a stellar performance in 2011 against a very uncertain Market and financial back drop. By hitting their financial targets they have ensured that we continue to stabilise the business by reducing our inherited debt and providing a platform from which future growth can be encouraged.

Our three lead Agencies built on the gains they had made in 2010 whilst our smaller, yet perfectly formed Agencies either maintained or grew, albeit from a smaller base. For example, critical wins at RLA have established them as the leading player in the UK aftermarket automotive sector. Our focus on specialisation has been even more highlighted by ThinkBDW, who are now the UK's clear leader in the property marketing sector and April-Six, who are fast becoming recognised as the B2B technology Agency of choice.

Significant Client wins throughout the year have bolstered overall performance but greatest credit to the teams must go against their record of Client retention which, in a world of increased competition, shrinking margins and uncertain budgeting, is no mean feat.

2011 also saw us increase our portfolio through strategic and service complementing in-fill acquisitions. Either geographically, through Robson Brown in Newcastle, or by offering, through the social media experts Yucca or our new colleagues from Fire IMS who have joined our flourishing Belfast Agency, RLA. In November 2011 we established Bray Leino Vivactis, a business focused on the serious end of the Healthcare sector. This new team was created via a firm co-operation with the mainland European Healthcare Group, Vivactis, and by the hiring of top notch talent from leading Healthcare Agencies. We are very excited by this venture and we have every confidence that it will create a new and refreshing option within this sector. Early successes indicate that we will achieve our goal.

Looking into 2012 we are aiming for more of the same. Our focus will continue to be to pay down debt, consolidate our Agencies, act more as one business where it is appropriate for our Clients who require that depth of support, and to create new offerings wherever we see a strategic need or a business-enhancing opportunity.

I believe that we have the people, the structure and the passion in place to take further our commitment to being the most respected and regarded Agency group in the UK and that our forward momentum will continue through 2012.

We have had a sound start to the year and I feel confident that through controlled growth we will have a decent year ahead of us and will go into 2013 in even better shape as a business. It's safe to say, therefore, that we are predicting an exciting year for **the mission[™]**, if not quite a lollapalooza.

David Morgan
Chairman
27 March 2012

together, we are **the mission**[™]

One of the UK's leading technology Agencies.

April-Six is the resident business-to-business technology specialist and we're proud to serve some of the world's biggest technology brands. What makes us really stand out is our passionate, can-do attitude and impeccable Client service ethos which makes light work of managing the demands of complex subject matter, rapidly evolving markets and global teams across geographies, languages, cultures and time zones.

The promise refreshingly different technology marketing

With specialists in advertising, sales activation, digital and PR, at Big we create big ideas for ambitious brands, using real insight to truly engage.

Recent work has included the "It's what we do" campaign for Domino's Pizza which rolled out across TV, press and online banners. We also created an 'industry first' product efficiency calculator app for JCB which highlights the fuel efficiency and bottom line savings achieved when using a JCB machine.

Our other Clients include Holland & Barrett, WKD, Blockbuster and Samsung Mobile.

Wise-up to roll-ups

Our aim was to encourage the estimated 300 000 roll-up smokers in the South West of England to wise-up to hand rolling tobacco. And to help them realise that it's just as bad as smoking ordinary cigarettes. The fact that Smokefree South West ran out of 'Quit Kit Wise-Up Pouches' twice during the campaign suggests we made quite an impact.

Help tomorrow take shape

It was one of the biggest marketing challenges of the decade. The brief for the 2011 Census campaign was to reach every one of the 26 million households in England and Wales, and to encourage them all to fill in their census forms. With a 94% national response rate, outperforming the previous census campaign held ten years ago, we believe we succeeded.

Kia

Our longstanding relationship with Kia Motors in the British Isles keeps going from strength to strength. Last year saw the launch of the new Picanto supermini and for the product rollout we produced some really stunning work – direct mail, point-of-sale, press advertising, mini-brochures, showroom vehicle graphics and customer loyalty packs.

Scania

Dirt roads. Rocky roads. No roads. The new Scania Off-road trucks are built with one simple focus: to reliably move their customers and their customer's business ahead. In all conditions.

The one-piece solid steel bumper, the new high chassis with air suspension and the Scania Opticruise with a new Off-road mode. The trucks are full of new features that enhance the driving experience and make the trucks more robust than ever. The Scania Off-road trucks are the toughest construction trucks they have ever built. And to prove it – a photoshoot in a quarry in deepest Hirwaun, Aberdare to put the trucks to the test. Watch out for the video – coming soon on scania.co.uk

together, we are **the mission**[™]

We invest in imagination, inventiveness and creativity
We deliver ideas that get results for our clients – ideas that work

This year we have delivered rebranding for the national education award organisation NCFE. We have helped reduce smoking rates through a unique ‘Every breath’ campaign for Fresh Smokefree North East with the backing of Sting. Sam’s Snaps campaign was launched online for Balance to help protect children from the effects of alcohol. We’ve ensured DFDS Seaways has remained top of passengers’ minds in a turbulent market, and developed a unique Sealy Beds sleep app along the way too.

HSBC

Our campaign for HSBC’s expansion across Scotland leveraged their USP of Global expertise delivered locally. The campaign was delivered locally through 48 sheets and delivered five times the volume of customers in the first 3 months compared with other branch openings.

Highland Spring

Our recent work for Highland Spring sees us take the Brand back onto television after a 5 year absence. The campaign ‘The Joys of Highland Spring’ focuses on the fact that the water is drawn from organic land and nothing but ‘mother nature touches it’ from source to bottle - TV, outdoor and sponsorship.

Marketing suite

When you're a housebuilder trying to sell new homes, making the right first impression really matters. From concept to completion, we designed and manufactured the Pulse Marketing Suite for Fairview New Homes.

Information on Kew Bridge West

We established the identity and branding for this St James development close to Kew Bridge, positioning it as a prestigious development within easy reach of London's West End, the River and extensive parkland.

Designed to appeal to Far Eastern investors, the marketing resulted in a highly successful sales tour of Hong Kong, Kuala Lumpur and Singapore.

Financial Review

Summary

The Group's financial objectives articulated at the time of the refinancing in April 2010 were to focus on our core business, to improve profitability through growth and cost reductions, and to pay down debt

The results for 2011 again demonstrate our continued progress

- Increased revenue, from winning new Clients, developing existing Clients, and expanding via new ventures, additional talent and strategic in-fill acquisitions,
- Increased operating profits, from revenue growth and a reduction in central costs,
- Reduced net debt, gearing ratio and debt leverage, from a focus on cash management

Trading, Statement of Income and Dividend

Turnover (Billings) was significantly higher than the previous year, at £116.0m (2010 £90.4m), reflecting both the media launch of the 2011 Census (our largest ever project) and strong growth in media placement activity handled by ThinkBDW, our property-specialist Agency

Operating income ("revenue") increased 15% to £41.5m (2010 £36.1m), mainly the result of strong growth in ThinkBDW and RLA (our automotive-specialist Agency), and also the first contribution from Robson Brown. As mentioned in the Chairman's Statement, it was a good year for new business wins and Client retention. Net new business revenue gained in the year totalled £4.1m, up from £2.8m last year. The lower gross margin achieved in 2011 (36% vs 40% in 2010) reflects the higher proportion of media in the business mix (44% of turnover vs 37% in 2010) as illustrated by the segmental analysis in Note 2.

Pre-exceptional operating profit increased by almost 20% to £5.8m (2010 £4.9m). Margins (operating profit as a percentage of gross profit) in each part of the business held up remarkably well considering the continuing downward pressure experienced by the industry as a whole and, after a further 12% year-on-year reduction in central costs, the Group's operating margin increased by 0.5% to 14.1%, ahead of the industry average.

The conversion of outstanding vendor debt to equity in June 2010 resulted in a reduction in both the level of debt on which interest was being paid and also the average interest rate. Strong cash management during the year further reduced levels of net debt, resulting in an overall 24% reduction in net interest payable to £1.6m (2010 £2.1m).

After financing costs, pre-exceptional profit before tax increased by 50% to £4.2m (2010 £2.8m).

After exceptional costs of £0.1m, representing the completion of restructuring commenced last year (2010 £1.2m relating to the bank refinancing, and redundancy and restructuring costs), profit before taxation was £4.1m (2010 £1.6m) and the profit after tax was £3.1m (2010 £0.9m).

The headline diluted EPS was 4.2 pence (2010 3.0 pence).

In line with our continuing focus on debt reduction, the Board does not propose the payment of a dividend.

Balance Sheet and Cash Flow

The major restructuring of the balance sheet was completed last year and accordingly, changes to our balance sheet have been less significant in 2011. However, predictions made in last year's Financial Review about improvements in operating cash flows and reductions in gearing, working capital and leverage ratios have all been realised, resulting in a further strengthening of the balance sheet.

Particularly pleasing was the strong cash management during the year, which resulted in a further £0.5m reduction in working capital despite the £26m increase in turnover. Cash flow from operating activities was £5.1m (2010, £1.6m), enabling the repayment of bank loans totalling £4.5m, including a voluntary prepayment of £1.5m to reduce interest costs, and a reduction in net debt to £15.3m (2010 £18.5m). As a result, our gearing ratio (net debt to equity) reduced from 34% to 26%. As predicted, our "leverage ratio" (ratio of net debt to pre-exceptional EBITDA) also reduced, from x3.3 at 31 December 2010 to x2.3 at 31 December 2011, and is expected to fall below x2 in the first half of 2012.

At 31 December 2011, the Board undertook its annual assessment of the value of goodwill, explained further in Note 12, and concluded that no impairment in the carrying value was required. Capital expenditure, at £1.5m, was roughly double 2010 levels as a result of the relocation of our Bristol and London offices and the refurbishment of our Leicester office.

In addition to the Group's principal focus on organic growth, £0.2m was invested in three small but significant deals during the year which bring strengths and opportunities to complement and enhance our existing Agencies and the services we provide to our Clients:

- Creation of a new and very talented Healthcare Agency, Bray Leino Vivactis,
- Purchase of a thriving social media unit, Yucca, and
- Regional expansion by our specialist Automotive Agency, RLA

Each of these deals demonstrates that we are executing our strategy of seeking new ventures, additional talent and strategic acquisitions to accelerate growth, in a careful and selective way.

Treasury Policy

The Group's operations are all based in the UK and substantially all the Group's business is conducted in the UK. Of those Clients based outside the UK, the majority are based in the USA and virtually all invoicing is undertaken in sterling.

The Group's policy is not to use any financial instruments for speculating but to use hedging of interest rates and currencies selectively and only where considered cost-effective. Interest rate hedges entered into in prior years, in a much higher interest rate era, expired in 2011 and have not yet been replaced. The Board will re-assess the appropriateness of replacement hedges in the light of pricing from time to time.

Where turnover is in foreign currencies, natural hedges are used where possible, matching revenues and costs in the same currency. Where this is not possible, appropriate currency hedging is considered.

The Group operates a virtual cash pooling arrangement where the cash balances of all the Group agencies are pooled to offset any overdrafts and give the maximum net balance to invest. The maximum amount of this net cash balance not needed for operational cash flow is placed on short term deposit.

Taxation

The Group's effective tax rate was 25.0% (2010: 42.1%). The Group's effective tax rate is normally above the statutory rate due to non-deductible staff and client-related expenditure but, in 2011, the Group benefited from the release of over-provisions made in prior years.

Key Performance Indicators

The Group manages its internal operational performance by monitoring various key performance indicators ("KPIs"). The KPIs are tailored to the level at which they are used and their purpose. The Group's current KPIs, which are quantified and commented on above, are operating income, which the Group aims to increase year-on-year both via increased business from existing Clients and from new business wins, operating profit margins, where the Group aims to achieve levels at least in line with industry averages, and the ratio of net debt to EBITDA, which the Group is aiming to reduce below x2.

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

Peter Fitzwilliam
Finance Director
27 March 2012

Board of Directors

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.

Christopher Morris *Non-Executive Deputy Chairman*

Chris adds further operational experience to the Board as a founder partner of Big Communications Group, bought by **the mission**[™] in 2005 prior to its AIM listing in 2006. Chris has gained 30 years' industry knowledge having previously been Managing Director of Cogent Elliott, one of the UK's top three regional advertising agencies. Chris was appointed to the Board in December 2009.

Stephen Boyd *Senior Independent Non-Executive Director*

Stephen is currently Chairman of three AIM-listed companies, Pittards plc, Pure Wafer plc and Swallowfield plc, in addition to holding a number of other Board positions. Stephen has a broad and extensive base of experience in the UK, Europe, USA and overseas and brings additional depth in corporate finance. Stephen was appointed to the Board in December 2009.

Dylan Bogg *Executive Director*

Dylan is Chief Executive of Big Communications and was one of the founding partners of the Agency. 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. Formerly Executive Creative Director of the Big Communications Group, he still oversees all creative output. 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-branded 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.

Peter Fitzwilliam *Finance Director*

Peter is a Chartered Accountant and has over 25 years of financial and management advisory experience in both private and quoted companies across a range of industry sectors. He was Finance Director of Business Post Group plc (now UK Mail Group plc) from 1999 to 2006 and helped take it into the FTSE 250. Peter supported **the mission**[™] through its refinancing in April 2010 and was appointed to the Board in September 2010.

Christopher Goodwin *Executive Director*

Chris is Chief Executive of RLA and has over 24 years in the automotive industry at Firestone and then Federal-Mogul, with varied experience in sales, marketing and general management roles, both at regional and global levels. In 2008 he crossed over from the Client side to focus on strategic business development within Bray Leino. He was appointed to the Board on 27 April 2011.

Bruce Hutton *Executive Director*

Bruce is Chief Executive of Bray Leino, which he joined in 1997 after initially working in financial services and then qualitative research. In 2002 Bruce was appointed to the management team, responsible for new business and the inter-group cross fertilisation of Clients and services. After leading the business through a reorganisation in 2004, Bruce was appointed Managing Director of the Agency and digital business. Then in 2008 he was appointed to the newly created role of Group Chief Executive, which also included responsibility for the PR, Events and Training divisions. He was appointed to the Board in April 2010.

Fiona Shepherd *Executive Director*

Fiona is Chief Executive of April-Six and has worked in the technology industry for over 20 years, holding both Client and Agency positions and working with some of the world's largest technology brands. Fiona was a founder partner of April-Six in 2000, founded on a passion for technology and a strong belief in customer centricity. Fiona joined the Board in April 2010.

**Report of the Directors
for the year ended 31 December 2011**

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 2011

Principal Activities

The principal activities of the Group throughout the year continued to be marketing services, providing national and international Clients with award winning marketing, advertising and business communications

Business Review

The Agencies comprising the mission™ provide marketing communications and advertising services to local, national and international businesses. A review of the business and future developments is provided in the Chairman's Statement and the Financial Review, which form part of this Report of the Directors. Information concerning Key Performance Indicators is included within the Financial Review, and the Group's principal risks and uncertainties are discussed under Risk Management below

Dividends

In line with the continuing focus on cash retention, the Board does not propose payment of a dividend

Directors

The following Directors held office during the year,

Dylan Bogg	
Stephen Boyd	
Brian Child	resigned 30 September 2011
Robert Day	
Peter Fitzwilliam	
Christopher Goodwin	appointed 27 April 2011
Bruce Hutton	
David Morgan	
Christopher Morris	
Fiona Shepherd	

Directors' Interests in Shares and Options

The interests of the Directors and their families in the ordinary shares of 10p each of the Company were as follows

	31 December 2011	31 December 2010 or on appointment
Dylan Bogg	1,167,373	883,453
Stephen Boyd	300,768	230,768
Robert Day	5,574,929	6,305,603
Peter Fitzwilliam	432,181	287,181
Christopher Goodwin	172,485	-
Bruce Hutton	1,699,713	1,215,459
David Morgan	5,844,150	5,844,150
Christopher Morris	874,909	767,409
Fiona Shepherd	1,216,123	1,216,123

The following unexercised options over shares were held by Directors

Directors	1 January 2011 (or on appointment)	Granted	31 December 2011	Date from which exercisable	Expiry date
Dylan Bogg	90,000*	-	90,000	July 2013	July 2019
	-	60,000	60,000	July 2014	July 2021
Robert Day	60,000	-	60,000	July 2013	July 2020
	-	157,000	157,000	July 2014	July 2021
Peter Fitzwilliam	-	50,000	50,000	July 2014	July 2021
Christopher Goodwin	-	20,000	20,000	July 2014	July 2021
Bruce Hutton	170,000*	-	170,000	July 2013	July 2019
	53,000	-	53,000	July 2013	July 2020
	-	200,000	200,000	July 2014	July 2021
Christopher Morris	55,000*	-	55,000	July 2013	July 2019
	-	28,000	28,000	July 2014	July 2021
David Morgan	-	50,000	50,000	July 2014	July 2021
Fiona Shepherd	21,000	-	21,000	July 2013	July 2020
	-	40,000	40,000	July 2014	July 2021

All share options in existence at 31 December 2011 are nil-cost options granted under the Company's Long Term Incentive Plan

* The vesting conditions applying to options granted in 2009 were simplified to make them solely dependent upon the achievement of profit targets over the three year period ending 31 December 2012, consistent with options granted in 2010. Options granted in 2011 are solely dependent upon the achievement of profit targets over the three year period ending 31 December 2013

Substantial Shareholdings

Other than the Directors' interests disclosed above as at 27 March 2012, notification had been received of the following interests in 3% or more of in the issued share capital of the Company

	Number of shares	%
Nicholas Bacon	2,449,648	3.38

Share Capital

The issued share capital of the Company at the date of this report is 72,460,444 Ordinary shares. The total number of voting rights in the Company is 72,460,444. No shares were either issued or purchased by the Company in the year.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union, and the Company financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to

- consistently select and apply appropriate accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and Company and the profit or loss of the Group for that period. In preparing the financial statements of the Company under UK GAAP, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company 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.

Corporate Governance

The Directors provide a separate Corporate Governance Report which forms part of this Report of the Directors.

Risk Management

As part of its risk management strategy, the Board has a formal process of delegated authorities throughout the Group and specific risks are reviewed at Board meetings. The Group sets, and keeps under review, key performance indicators to monitor the past and future performance of the Group and each operating unit.

The Group's principal operating risks and uncertainties are associated with the health of the UK economy and the retention of key customers and staff. The fragile condition of the UK economy is well publicised, there is a risk that a further downturn will have an adverse effect on the Group's performance in the future. The Group makes efforts to mitigate any adverse impact through strenuous new business activity and by reducing overheads wherever possible, always recognising that there is a level below which overheads cannot be reduced without customer service being affected. The risk of customer loss is mitigated by the efforts of dedicated Client teams and also the Group's broad spread of Clients, which limits its exposure to any individual Client.

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 key individuals. The system of financial rewards is reviewed regularly by the Board.

Details of specific financial risk management objectives and policies of the Group are set out in notes 1, 15 and 27 to the financial statements. The exposure of the Group to credit risk, liquidity risk, interest rate risk and cash flow risk is also detailed in these notes, unless insignificant.

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.

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.

Post Balance Sheet Events

There were no material post balance sheet events.

Policy on Payments to Creditors

The Group does not have a standard code for dealing specifically with the payment of creditors. The Group negotiates payment terms with its suppliers on an individual basis and settles its accounts in accordance with those terms. Trade creditors at the year end represented 37 days purchases (2010: 37 days).

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 are 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.

Political and Charitable Donations

During the year the Group made charitable donations of £10,744 (2010 £16,369) to help support local worthy causes, along with other regional and national charities. Various parts of the Group have also lent their professional marketing expertise free of charge during the year to help charities raise their profile. The Group did not make any political donations during the year.

Auditors

As part of the Board's policy of periodically reviewing the quality and cost-effectiveness of its audit services, it appointed Francis Clark LLP, a regional firm of accountants based in the South West, as the Group's auditors during the year to succeed Kingston Smith LLP. The partners and staff at Francis Clark LLP, many of whom are ex-Big 4, have demonstrated a strong understanding of our sector and have indicated their willingness to continue in office. In accordance with the provisions of the Companies Act 2006, it is proposed that they be appointed auditors to the Group 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. The Directors have 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.

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 it is appropriate to adopt the financial statements on the basis that the Company and Group have adequate resources for the foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

A notice convening the Annual General Meeting to be held on Monday 18 June 2012 at 12 noon is enclosed with this report.

On behalf of the Board


Peter Fitzwilliam
Finance Director
27 March 2012

Corporate Governance

The Board of The Mission Marketing Group plc is collectively accountable to the Company's shareholders for good corporate governance. As an AIM-listed company, **the mission**[™] is not required to comply with the UK Corporate Governance Code (June 2010) (the "Code") but complies as far as is practicable and appropriate for a public company of its size and nature.

Board of Directors

At 31 December 2011, the Board consisted of an Executive Chairman, six Executive Directors and two Non-Executive Directors. Following the refinancing completed in April 2010 and the resultant transition to an operator-led focus, with the emphasis on organic growth and cost reductions, the Board considered it appropriate to appoint the CEOs of each of the Group's principal Agencies, most of whom are the original founders of those Agencies, to the Board and to elect David Morgan, the founder of the Group's largest agency, as Executive Chairman. The Directors have re-considered the structure of the Board and believe the structure established in 2010 remains appropriate. David Morgan is well regarded both within **the mission**[™] and within the industry and the Board continues to believe that, although combining the roles of Chairman and Chief Executive does not meet "best practice" under the Code, his role as Executive Chairman remains appropriate for the circumstances and that introducing a separate Chief Executive would disturb the balance of an entrepreneurial Board, still largely comprising original Vendors.

Stephen Boyd and Christopher Morris are Non-Executive Directors and, although Chris provides some consulting services to the Group, which are not significant in financial value, both are considered to be independent of management by virtue of their attitude.

The Directors are collectively responsible for the strategic direction, investment decisions and effective control of the Group. There is a schedule of matters reserved for Board approval which includes, amongst other things, approval of the Group's annual budget, acquisition of new subsidiaries, property leases, significant acquisitions or disposals of fixed assets, and material Client contracts. The Board meets in person at least six times each year and has regular telephonic and electronic contact in between meetings.

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

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

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

Audit Committee

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

The Audit Committee is satisfied that the Group's auditors, Kingston Smith LLP during 2010 and for part of 2011, and Francis Clark LLP following their appointment, 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 Audit Committee is satisfied that their objectivity and independence was not impaired by such work.

Remuneration Committee

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

The Executive Directors' remuneration packages consist of three elements:

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

Since Peter Fitzwilliam's services as Chief Financial Officer are provided via VPF London Ltd, he is not eligible for benefits, however as a director he is eligible for share option incentives and VPF London may receive performance-related bonuses. The Remuneration Committee reviews the components of each Executive Director's remuneration package annually. The remuneration and terms and conditions of appointment of the Non-Executive Directors are determined by the Board. No Director is involved in setting his or her own remuneration. The Remuneration Committee meets as and when required. The terms of reference of the Committee are available on request.

Nomination Committee

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

Summary of Directors' Attendance

	Board meetings		Remuneration Committee		Audit Committee		Nomination Committee	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
Dylan Bogg	11	10	n/a	n/a	n/a	n/a	n/a	n/a
Stephen Boyd	11	11	3	3	3	3	1	1
Brian Child	8	7	3	3	1	1	1	1
Robert Day	11	10	n/a	n/a	n/a	n/a	n/a	n/a
Peter Fitzwilliam	11	11	n/a	n/a	n/a	n/a	n/a	n/a
Chris Goodwin	7	7	n/a	n/a	n/a	n/a	n/a	n/a
Bruce Hutton	11	9	n/a	n/a	n/a	n/a	n/a	n/a
David Morgan	11	10	n/a	n/a	n/a	n/a	1	1
Chris Morris	11	11	n/a	n/a	2	2	n/a	n/a
Fiona Shepherd	11	7	n/a	n/a	n/a	n/a	n/a	n/a

Shareholder Communications

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

Internal Financial Control

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

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

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

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

On behalf of the board

Peter Fitzwilliam
Finance Director
27 March 2012

Independent Auditors' Report to the Members of The Mission Marketing Group plc

We have audited the financial statements of The Mission Marketing Group plc for the year ended 31 December 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 16 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

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

- 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.

Other matter

We have reported separately on the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2011.

Christopher Hicks BA FCA (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP
Chartered Accountants and Statutory Auditors
Sigma House, Oak View Close, Edginswell,
Torquay TQ2 7FF
27 March 2012



**Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011**

		Year to 31 December 2011	Year to 31 December 2010
	Note	£'000	£'000
TURNOVER	2	116,044	90,364
Cost of sales		(74,577)	(54,292)
OPERATING INCOME	2	41,467	36,072
Operating expenses before exceptional items		(35,619)	(31,155)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		5,848	4,917
Exceptional items	4	(100)	(1,154)
OPERATING PROFIT		5,748	3,763
Investment income	5	5	6
Finance costs	6	(1,641)	(2,147)
IFRS interest charges	6	-	(5)
PROFIT BEFORE TAXATION	7	4,112	1,617
Taxation	9	(1,026)	(680)
PROFIT FOR THE YEAR		3,086	937
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,086	937
Basic earnings per share (pence)	11	4.35	1.67
Diluted earnings per share (pence)	11	4.10	1.59
Headline basic earnings per share (pence)	11	4.45	3.16
Headline diluted earnings per share (pence)	11	4.20	3.00

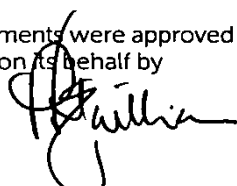
The earnings per share figures derive from continuing and total operations.

**Consolidated Balance Sheet
As at 31 December 2011**

		As at 31 December 2011	As at 31 December 2010
	Note	£'000	£'000
FIXED ASSETS			
Intangible assets	12	68,443	68,261
Property, plant and equipment	14	2,685	1,972
		71,128	70,233
CURRENT ASSETS			
Stock and work in progress		626	489
Trade and other receivables	15	20,844	22,297
Cash and short term deposits	16	315	1,438
		21,785	24,224
CURRENT LIABILITIES			
Trade and other payables	17	(10,378)	(8,687)
Accruals		(8,117)	(10,726)
Corporation tax payable		(820)	(342)
Bank loans	18	(4,000)	(3,000)
		(23,315)	(22,755)
NET CURRENT (LIABILITIES)/ASSETS		(1,530)	1,469
TOTAL ASSETS LESS CURRENT LIABILITIES		69,598	71,702
NON CURRENT LIABILITIES			
Bank loans	18	(11,641)	(16,903)
Obligations under finance leases	19	(40)	(96)
Deferred tax liabilities	20	(1)	(2)
		(11,682)	(17,001)
NET ASSETS	2	57,916	54,701
CAPITAL AND RESERVES			
Called up share capital	22	7,246	7,246
Share premium account		39,542	39,542
Own shares	23	(1,234)	(1,259)
Staff remuneration reserve	24	263	134
Retained earnings		12,099	9,038
TOTAL EQUITY		57,916	54,701

The financial statements were approved and authorised for issue on 27 March 2012 by the Board of Directors
They were signed on its behalf by

Peter Fitzwilliam
Director



Company registration number 05733632

**Consolidated Cash Flow Statement
for the year ended 31 December 2011**

	Note	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
OPERATING CASH FLOWS	26	7,193	5,438
Net finance costs		(1,566)	(2,583)
Tax paid		(496)	(1,229)
Net cash inflow from operating activities		5,131	1,626
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		69	16
Purchase of property, plant and equipment		(1,552)	(664)
Acquisition of subsidiaries		-	(52)
Acquisition of intangibles		(190)	-
Net cash outflow from investing activities		(1,673)	(700)
FINANCING ACTIVITIES			
Repayments of acquisition liabilities		-	(945)
Movement in finance leases		(68)	(69)
Repayment of long term bank loans		(4,513)	(12)
Proceeds on issue of ordinary share capital		-	1,279
Financing and share issue costs		-	(22)
Net cash (outflow)/inflow from financing activities		(4,581)	231
(Decrease)/increase in cash and cash equivalents		(1,123)	1,157
Cash and cash equivalents at beginning of year		1,438	281
Cash and cash equivalents at end of year		315	1,438

**Consolidated Statement of Changes in Equity
Year ended 31 December 2011**

	Share capital £'000	Share premium £'000	Own shares £'000	Staff remuneration reserve £'000	Retained earnings £'000	Total £'000
Changes in equity						
At 1 January 2010	3,959	38,578	(1,398)	60	8,220	49,419
New shares issued	3,287	964	-	-	-	4,251
Credit for share option scheme	-	-	-	74	-	74
Shares awarded to employees from own shares	-	-	139	-	(119)	20
Total Comprehensive Income for the year	-	-	-	-	937	937
At 31 December 2010	7,246	39,542	(1,259)	134	9,038	54,701
Credit for share option scheme	-	-	-	129	-	129
Shares awarded to employees from own shares	-	-	25	-	(25)	-
Total Comprehensive Income for the year	-	-	-	-	3,086	3,086
At 31 December 2011	7,246	39,542	(1,234)	263	12,099	57,916

Notes to the Consolidated Financial Statements

1 Accounting Policies

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union

The financial statements have been prepared on the historical cost basis

Going concern

The Group's available banking facilities provide comfortable levels of headroom against the Group'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

Basis of consolidation

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. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Any deficiency of the cost of acquisition below the fair value of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition.

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.

Revenue and revenue recognition

Turnover is in respect of the provision of services including fees, commissions, rechargeable expenses and sales of materials performed subject to specific contracts. Where recorded turnover exceeds amounts invoiced to Clients, the excess is classified as accrued income.

Income is taken on fee income in the period to which it relates. Project income is recognised in the period in which the project is worked on. For projects which straddle the accounting year end, income is recognised to reflect the partial performance of the contractual obligations in accordance with IAS 18 Revenue.

Income is recognised on the following basis:

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

Share-based payment transactions

The Group has applied the requirements of IFRS 2 Share-based Payments. IFRS 2 has been applied to all grants of equity instruments.

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

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

Pension costs

Retirement benefits to employees are provided by defined contribution schemes that are funded by the Group and employees. Payments are made to pension trusts that are financially separate from the Group.

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 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.

Goodwill and other intangible assets

Goodwill arising from the purchase of subsidiary undertakings represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, and is capitalised in accordance with the requirements of IFRS 3. Future anticipated payments to vendors in respect of earn-outs are based on the Directors' best estimates of these obligations. Earn-outs are dependent on the future performance of the relevant business and are reviewed annually. The deferred consideration is discounted to its fair value in accordance with IFRS 3 and IAS 39. The difference between the fair value of these liabilities and the actual amounts payable are charged to profit or loss as notional finance costs over the life of the associated liability.

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 purchased separately, or separately identified as part of an acquisition, are amortised over periods of between 5 and 20 years.

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.

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

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value and includes the costs of direct materials and purchases, and the costs of direct labour. Net realisable value is based on estimated invoice value less further costs expected to be incurred to completion.

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. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

Deferred consideration

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash, shares or other security at a future date, depends on uncertain future events, such as the future performance of the acquired company. Where it is not possible to estimate the amounts payable with any degree of certainty, the amounts recognised in the financial statements represent a reasonable estimate at the balance sheet date of the amounts expected to be paid. The deferred consideration is discounted to a fair value. The difference between the fair value of the liabilities and the actual amounts payable are charged to the profit or loss as notional finance costs (calculated at annual rates of between 4.5% and 5.5%) over the life of the associated liability. The rate used is the risk free rate applicable at the time of acquisition of the relevant entity.

Where it becomes appropriate to increase or decrease a previous estimate of deferred consideration, an adjustment is made to the current year IFRS interest charge, such that the cumulative interest charged to the date of change reflects the amount of interest charge that would have been expensed had the revised estimate of the deferred consideration been made at the date that the liability was first recognised. By so doing, the total interest expensed over the life of the liability is calculated as a function of the latest expectation and is not influenced by any previous estimates whether higher or lower and fully reflects the intention of IFRS 3.

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.

Liabilities and equity

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 Group after deducting all of its liabilities. The Group has only one class of share in existence.

Finance costs

Finance costs, which include interest, bank charges and the unwinding of the discount on deferred consideration, are recognised in profit or loss in the year in which they are incurred. Bank debt renegotiation fees are amortised over the life of the loan facility.

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:

- Valuation of goodwill, and
- Revenue recognition policies in respect of contracts which straddle the year end.

The valuation 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.

Revenue is recognised based on an estimate of the stage of completion of contracts which straddle the year end, typically derived from the amount of time so far committed to those contracts in relation to the total estimated time to complete them.

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 following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective. The Group intends to adopt these Standards and Interpretations when they become effective rather than adopt them early. None of these Standards and Interpretations are anticipated to have a significant impact on the Group.

- IFRS 9 'Financial instruments', effective 1 January 2013
- IFRS 10, 'Consolidated financial statements' effective 1 January 2013
- IFRS 11, 'Joint arrangements' effective 1 January 2013
- IFRS 12 'Disclosure of interests in other entities' effective 1 January 2013
- IFRS 13 Fair value measurement effective 1 January 2013

The above standards have not yet been adopted by the European Union and therefore do not form part of IFRS as adopted by the European Union.

A number of revised IFRSs and amendments to IFRSs are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

2 Segmental Information

Business Segmentation

For management purposes the Group had seven operating subsidiaries during the period April-Six Limited Big Communications Limited Bray Leino Limited Fuse Digital Limited, RLA Group Limited Story UK Limited and ThinkBDW Limited, each of which carries out a range of activities. These activities have been divided into four business and operating segments as defined by IFRS 8 which form the basis of the Group's primary reporting segments, namely Branding, Advertising and Digital, Media Events and Learning, and Public Relations

	Branding, Advertising & Digital	Media	Events & Learning	Public Relations	Group
Year to 31 December 2011	£'000	£'000	£'000	£'000	£'000
Turnover	50,150	51,335	11,890	2,669	116,044
Operating income	30,767	4,559	4,045	2,096	41,467
Segmental operating profit	5,027	1,593	302	12	6,934
Unallocated corporate expenses					(1,086)
Operating profit before exceptional items					5,848
Other exceptional costs					(100)
Operating profit					5,748
Investment income					5
Finance costs					(1,641)
IFRS interest charges					-
Profit on ordinary activities before taxation					4,112
Taxation					(1,026)
Profit for period					3,086
Other Information					
Capital expenditure	1,267	61	103	121	1,552
Unallocated capital expenditure					-
Total capital expenditure					1,552
Depreciation and amortisation	570	48	84	46	748
Unallocated depreciation and amortisation					14
Total depreciation and amortisation					762
Balance Sheet					
Assets					
Segment assets	21,223	5,700	866	401	28,190
Unallocated corporate assets					64,723
Consolidated total assets					92,913
Liabilities					
Segment Liabilities	10,201	5,484	334	145	16,164
Unallocated corporate liabilities					18,833
Consolidated total liabilities					34,997
Consolidated net assets	11,022	216	532	256	57,916

Unallocated corporate expenses include corporate administration expenses necessary for a quoted company. It is considered impractical to split the debt interest into segments.

The split of assets and liabilities has been estimated, as the businesses are integrated. Unallocated corporate assets and liabilities include unallocated IFRS assets and liabilities, corporate assets and liabilities, Group cash reserves and drawn debt liabilities.

	Branding, Advertising & Digital	Media	Events & Learning	Public Relations	Group
Year to 31 December 2010	£'000	£'000	£'000	£'000	£'000
Turnover	44,163	33,565	10,025	2,611	90,364
Operating income	26,916	3,434	3,799	1,923	36,072
Segmental operating profit	4,820	1,035	199	91	6,145
Unallocated corporate expenses					(1,228)
Operating profit before exceptional items					4,917
Other exceptional costs					(1,154)
Operating profit					3,763
Investment income					6
Finance costs					(2,147)
IFRS interest charges					(5)
Profit on ordinary activities before taxation					1,617
Taxation					(680)
Profit for period					937
Other Information					
Capital expenditure	465	47	127	24	663
Unallocated capital expenditure					1
Total capital expenditure					664
Depreciation and amortisation	516	44	97	45	702
Unallocated depreciation and amortisation					23
Total depreciation and amortisation					725
Balance Sheet					
Assets					
Segment assets	19,705	6,134	1,001	423	27,263
Unallocated corporate assets					67,194
Consolidated total assets					94,457
Liabilities					
Segment Liabilities	13,521	5,996	781	332	20,630
Unallocated corporate liabilities					19,126
Consolidated total liabilities					39,756
Consolidated net assets	6,184	138	220	91	54,701

Geographical Segmentation

The Group's operations are all based in the UK and substantially all the Group's business is executed in the UK.

3 Reconciliation of Headline Profit to Reported Profit

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Headline profit before finance costs, income from investments and taxation	5,848	4,917
Net finance costs	(1,636)	(2,141)
Headline profit before taxation	4,212	2,776
Adjustments		
Exceptional items	(100)	(1,154)
IFRS interest charges	-	(5)
Reported profit before taxation	4,112	1,617
Headline profit before taxation	4,212	2,776
Headline taxation	(1,053)	(1,003)
Headline profit after taxation	3,159	1,773
Adjustments		
Other exceptional costs	(100)	(1,154)
IFRS interest charges	-	(5)
Taxation impact	27	323
Reported profit after taxation	3,086	937

The IFRS interest charges relate to both the deferred consideration and the bank arrangement fees. In previous years, headline profit was after adjusting for non-exceptional redundancy costs. In 2011, profits have only been adjusted for exceptional items and the prior year has been adjusted accordingly.

4. Exceptional items

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Bank refinancing costs	-	470
Restructuring costs	100	684
	100	1,154

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 items in 2011 consist of restructuring costs. Exceptional items in 2010 comprise professional fees relating to the re-structuring and re-scheduling of bank facilities and outstanding acquisition obligations, including the equity conversion and placing of new shares, and amounts payable as a result of the restructuring of the Board and the exit of vendor management following refinancing.

5. Investment Income

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Interest on bank deposits	5	6

6 Finance Costs and IFRS Interest Charges

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Finance costs		
Interest on bank loans and overdrafts	(1,182)	(1,508)
Interest on loan notes	-	(306)
Amortisation of bank debt renegotiation fees	(459)	(333)
	(1,641)	(2,147)
IFRS interest charges:		
Finance cost of deferred consideration	-	(5)

7 Profit on Ordinary Activities before Tax

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

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Depreciation of owned tangible fixed assets	693	657
Depreciation of tangible fixed assets held under finance leases	61	64
Amortisation of intangible assets	8	4
Loss/(profit) on disposal of property, plant and equipment	16	(14)
Operating lease rentals – Land and buildings	1,125	981
Operating lease rentals – Plant and equipment	299	338
Operating lease rentals – Other assets	166	89
Staff costs (see note 8)	26,278	24,051
Auditors' remuneration	164	163
(Profit)/loss on foreign exchange	(7)	115

Auditors' remuneration may be analysed by

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Audit	99	120
Taxation	19	20
Corporate Finance	38	-
Other services	8	23
	164	163

Other services include review of the Group's Interim Report, accounting advice on various International Financial Reporting Standards and advice in relation to business issues. Figures for 2011 relate predominantly to Francis Clark LLP and for 2010 relate to Kingston Smith LLP.

8 Employee Information

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

	Year to 31 December 2011 Number	Year to 31 December 2010 Number
Branding, Advertising & Digital	475	409
Media	40	29
Events and Learning	111	107
Public Relations	37	35
Central	3	3
	666	583

The aggregate employee costs of these persons were as follows

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Wages and salaries	22,896	20,468
Social security costs	2,500	2,150
Pension costs	753	618
Share based payment expense	129	94
Payments for loss of office	-	721
	26,278	24,051

Directors' Remuneration

Included in the above are the following amounts (in £) paid to Directors for the periods in each year they were TMMG plc Directors

	Salary / Fees	Performance-related payments	Benefits	Pension	Total 31 December 2011	Total 31 December 2010
Current directors						
Dylan Bogg (from 14 April 2010)	140,500	-	1,699	9,750	151,949	96,089
Stephen Boyd (note 2)	29,166	-	-	-	29,166	14,582
Robert Day (from 14 April 2010)	133,046	40,000	-	-	173,046	141,462
Peter Fitzwilliam (from 24 September 2010)	150,000	15,000	-	-	165,000	35,971
Chris Goodwin (from 27 April 2011)	60,750	-	8,596	6,739	76,085	-
Bruce Hutton (from 14 April 2010)	150,000	40,000	14,955	16,320	221,275	102,233
David Morgan (from 14 April 2010)	121,000	-	21,053	13,420	155,473	118,845
Chris Morris (note 4)	83,850	-	2,129	-	85,979	82,978
Fiona Shepherd (from 14 April 2010)	124,050	-	1,317	-	125,367	93,846
Former directors						
Tim Alderson (to 15 April 2010)	-	-	-	-	-	147,923
Nick Bacon (to 24 September 2010)	-	-	-	-	-	232,820
Brian Child (to 30 September 2011)	21,667	-	-	-	21,667	23,583
Iain Ferguson (to 15 April 2010)	-	-	-	-	-	280,975
Sue Mullen (from 14 April to 16 November 2010)	-	-	-	-	-	65,146
	1,014,029	95,000	49,749	46,229	1,205,007	1,436,453

Notes

- 1 Dylan Bogg, Robert Day, Chris Goodwin, Bruce Hutton and Fiona Shepherd, were paid £nil as TMMG plc Directors, but were paid as Directors and employees of subsidiary companies for services rendered there
- 2 The services of Stephen Boyd as a TMMG plc Director were provided through Stephen Boyd Ltd, a company controlled by him
- 3 Peter Fitzwilliam was paid £4,000 as a TMMG plc Director from 1 July 2011. In addition, his services as CFO were provided by VPF London Ltd, a company controlled by him
- 4 Chris Morris was paid £39,667 as a TMMG plc Director during the year (2010 £17,584). In addition, he was paid for his consulting services through a consultancy practice owned by him, Morris Marketing Consultancy
- 5 The services of Brian Child as a TMMG plc Director were provided through Brain Child Marketing Ltd, a company controlled by him

9 Taxation

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Current tax		
UK corporation tax at 26.5% (2010: 28%)	1,265	711
Adjustment for prior periods	(288)	50
	<u>977</u>	<u>761</u>
Deferred tax		
Current year originating temporary differences	(2)	(82)
Adjustment for prior periods	51	1
	<u>51</u>	<u>1</u>
Tax charge for the year	<u>1,026</u>	<u>680</u>

Factors Affecting the Tax Charge for the Current Year

The tax assessed for the year is lower (2010: higher) than the standard rate of corporation tax in the UK. The differences are:

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Profit before taxation	<u>4,112</u>	<u>1,617</u>
Profit on ordinary activities before tax at the standard rate of corporation tax of 26.5% (2010: 28.0%)	1,090	453
Effect of:		
Non-deductible expenses	188	224
Adjustments to prior periods	(237)	50
Movement on provisions	(6)	5
IFRS charges	(4)	1
Other differences	(5)	(53)
Actual tax charge for the year	<u>1,026</u>	<u>680</u>

10. Dividends

In line with the continuing focus on cash retention, the Board does not propose payment of a dividend (2010: nil).

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 2011	Year to 31 December 2010
	£'000	£'000
Earnings		
Earnings for the purpose of reported earnings per share being net profit attributable to equity holders of the parent	3,086	937
Earnings for the purpose of headline earnings per share (see note 3)	3,159	1,773
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	70,944,643	56,024,579
Dilutive effect of securities		
Employee share options	2,007,832	1,355,879
Bank warrants	2,333,434	1,662,172
Weighted average number of ordinary shares for the purpose of diluted earnings per share	75,285,909	59,042,630
Reported basis		
Basic earnings per share (pence)	4.35	1.67
Diluted earnings per share (pence)	4.10	1.59
Headline basis		
Basic earnings per share (pence)	4.45	3.16
Diluted earnings per share (pence)	4.20	3.00

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

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Goodwill		
Cost		
At 1 January	72,186	72,135
Adjustment to consideration	-	51
At 31 December	72,186	72,186
Impairment adjustment		
At 1 January and 31 December	3,995	3,995
Net book value at 31 December	68,191	68,191

The adjustment to consideration in 2010 related to changes in the estimated deferred consideration under the terms of the relevant sale and purchase agreement

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill and other intangible assets. The review performed assesses whether the carrying value of goodwill is supported by the net present value of future cash flows derived from the underlying assets considering forecast cash flows over an initial projection period of three years for each cash-generating unit. After this period, an annual growth rate of 2.5% was assumed for all units. The discount rate used is the Group's estimated pre-tax weighted average cost of capital which is 7%. Similarly the cash flow projections used in the calculations are pre-tax.

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

	31 December 2011	31 December 2010
	£'000	£'000
April-Six Ltd	9,411	9,411
Big Communications Ltd/Fuse Digital Ltd	8,125	8,125
Bray Leino Ltd	30,831	30,831
RLA Group Ltd	6,572	6,572
Story UK Ltd	6,969	6,969
ThinkBDW Ltd	6,283	6,283
	68,191	68,191

Other Intangible Assets

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
Cost		
At 1 January	81	81
Additions	190	-
At 31 December	271	81
Amortisation		
At 1 January	11	7
Charge for the year	8	4
At 31 December	19	11
Net book value	252	70

Other intangible assets consist of intellectual property rights. Additions of £190,000 in the year relate to client lists and other information acquired relating to FireIMC and Yucca.

13. Subsidiaries

The Group's principal trading subsidiaries are listed below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom.

Subsidiary Undertaking	Nature of Business
Big Communications Limited	Brand planning and strategic development
Fuse Digital Limited	New media marketing, including website design and advertising, SMS messaging, digital video and database management
Bray Leino Limited	Advertising events and PR
ThinkBDW Limited	Property marketing, providing advertising media, brochures, signage, exhibitions, CGI, animation, intranet, photography
April-Six Limited	Integrated communications, specialising in the technology sector
Story UK Limited	Brand development and creative direct communication
RLA Group Limited	Marketing and communications
Robson Brown Limited (formerly Triang Marketing Limited)	Marketing and communications

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 2010	1,378	2,174	2,448	290	6,290
Additions	85	69	474	36	664
Disposals	(74)	(74)	(501)	(63)	(712)
At 31 December 2010	1,389	2,169	2,421	263	6,242
Additions	204	388	945	15	1,552
Disposals	(3)	(368)	(374)	(39)	(784)
At 31 December 2011	1,590	2,189	2,992	239	7,010
Depreciation					
At 1 January 2010	905	1,373	1,791	190	4,259
Charge for the Year	97	177	396	51	721
Disposals	(74)	(73)	(501)	(62)	(710)
At 31 December 2010	928	1,477	1,686	179	4,270
Charge for the Year	100	200	409	45	754
Disposals	(3)	(316)	(342)	(38)	(699)
At 31 December 2011	1,025	1,361	1,753	186	4,325
Net book value at 31 December 2011	565	828	1,239	53	2,685
Net book value at 31 December 2010	461	692	735	84	1,972

The net book amount includes £203,000 (2010: £219,000) 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 £61,000 (2010: £64,000).

15 Trade and Other Receivables

	31 December 2011	31 December 2010
	£'000	£'000
Gross trade receivables	17,098	15,668
Less Provision for doubtful debts	(93)	(156)
	17,005	15,512
Other receivables	437	224
Prepayments and accrued income	3,392	6,499
Deferred tax asset	10	62
	20,844	22,297

An allowance has been made for estimated irrecoverable amounts from the provision of services of £93,000 (2010 £156,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Credit Risk

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

The Group's credit risk is primarily attributable to its trade receivables. In order to mitigate this risk, the Group has arranged credit insurance on certain of its trade receivables as deemed appropriate and as contractually required. 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.

16 Cash and Short Term Deposits

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

17. Trade and Other Payables

	31 December 2011	31 December 2010
	£'000	£'000
Trade creditors	7,609	5,447
Finance leases	56	68
Other creditors	272	342
Other tax and social security payable	2,441	2,830
	10,378	8,687

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.

18. Bank Overdrafts, Loans and Net Debt

	31 December 2011	31 December 2010
	£'000	£'000
Bank loan outstanding	16,207	20,314
Accumulated interest	-	114
Adjustment to amortised cost	(566)	(525)
Carrying value of loan outstanding	15,641	19,903
Less Cash and short term deposits	(315)	(1,438)
Net bank debt	15,326	18,465
The borrowings are repayable as follows		
Less than one year	4,000	3,000
In one to two years	12,207	4,000
In more than two years but less than three years	-	13,314
In more than three years but less than four years	-	-
	16,207	20,314
Accumulated interest	-	114
Adjustment to amortised cost	(566)	(525)
	15,641	19,903
Less Amount due for settlement within 12 months (shown under current liabilities)	(4,000)	(3,000)
Amount due for settlement after 12 months	11,641	16,903

The adjustment to amortised cost relates to the amortisation of bank debt renegotiation fees over the life of the loan facility

At 31 December 2011, the Company had a three year revolving credit facility of up to £12.8m, due for repayment by June 2013 on a quarterly basis, and a term loan facility of £3.0m with a bullet repayment on 31 December 2013. Interest on the revolving credit facility is based on 3 month LIBOR plus 4.125%, payable in cash on loan rollover dates. The interest margin of 7.5% on the term loan facility is added to the loan balance on a quarterly basis and payable in full with the bullet repayment on 31 December 2013. The gross amount of the term loan at 31 December 2011 was £3.4m. In addition to its committed facilities, the Group had available an overdraft facility of up to £2.0m with interest payable by reference to National Westminster Bank plc Base Rate plus 3.5%.

At 31 December 2011, 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 and HSBC Bank plc.

All borrowings are in sterling.

19. Obligations under Finance Leases

Obligations under finance leases are as follows

	31 December 2011	31 December 2010
	£'000	£'000
In one year or less	56	68
Between two and five years	40	96
	96	164

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.

20 Deferred Taxation

The deferred taxation liability of £1,000 (2010 £2,000) recognised in the financial statements is set out below.

	31 December 2011	31 December 2010
	£'000	£'000
Accelerated capital allowances	-	3
Other timing differences	1	(1)
	<u>1</u>	<u>2</u>

The movement in the year is analysed as follows.

	Year to 31 December 2011	Year to 31 December 2010
	£'000	£'000
As at 1 January	2	21
Credit to profit or loss	(1)	(19)
As at 31 December	<u>1</u>	<u>2</u>

As shown in note 15, there is a deferred tax asset of £10,000 (2010 £62,000) relating to accounting adjustments for IFRS.

21. Financial Commitments

Operating Lease Commitments

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

	31 December 2011		31 December 2010	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	178	13	7	6
Between two and five years	326	468	622	449
After more than five years	444	-	355	-
	<u>948</u>	<u>481</u>	<u>984</u>	<u>455</u>

22 Share Capital

	31 December 2011	31 December 2010
	£'000	£'000
Authorised		
85,000,000 ordinary shares of 10 p each (2010 85,000,000 ordinary shares of 10p each)	8,500	8,500
Allotted and called up		
72,460,444 ordinary shares of 10 p each (2010 72,460,444 ordinary shares of 10 p each)	7,246	7,246

Options

The Group has the following options in issue

	At start of year	Granted	Waived/ lapsed	Exercised	At end of year
SAYE Scheme	245,052	-	(245,052)	-	-
TMMG Long Term Incentive Plan	1,476,000	1,450,000	(143,750)	(31,250)	2,751,000
Bank warrants	2,333,434	-	-	-	2,333,434

The SAYE Scheme was available to all employees. The exercise price of share options outstanding under this scheme was 81 Op, being 90 percent of the market price of the underlying shares at the time of issue. The scheme matured during the year, when the market price of the underlying shares was below the exercise price and, accordingly, all SAYE Scheme options lapsed.

TMMG Long Term Incentive Plan ("LTIP") was created to incentivise certain key employees. The vesting criterion applicable to the options in issue at the start of the year, with a nil exercise price, is that they are solely dependent upon the achievement of profit targets over the three year period ending 31 December 2012. Options issued during the year, also with a nil exercise price, may vest solely dependent upon the achievement of profit targets over the three year period ending 31 December 2013. Shares held in an Employee Benefit Trust (see note 23) will be used to satisfy share options exercised under The Mission Marketing Group Long Term Incentive Plan.

Warrants over 3% of the Group's share capital were issued to the Group's loan providers following the refinancing completed in 2010. These outstanding warrants have a 10 Op exercise price.

23. Own Shares

	No. of shares	£'000
At 1 January 2010	1,698,094	1,398
Awarded to employees during the year	(167,053)	(139)
At 31 December 2010	1,531,041	1,259
Awarded to employees during the year	(31,250)	(25)
At 31 December 2011	1,499,791	1,234

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

24. Staff remuneration reserve account

The staff remuneration reserve account represents charges to the profit or loss required by IFRS 2 to reflect the cost of the options issued to the Directors and employees

25. Share-based payments

Options

Fair value on grant date is measured by use of a Black Scholes model. The valuation methodology is applied at each year end and the valuation revised to take account of any changes in estimate of the likely number of shares expected to vest. Details of the relevant option schemes are given in note 22. The key inputs are

	2011	2010
Share price	18p	10p
Risk free rate	0.6%	1.2%
Dividend yield	0.0%	0.0%

Volatility is based on the historical volatility of the share price over a 3 year trading period although, for nil-cost options issued under the Group's Long Term Incentive Scheme, volatility does not impact the calculation of fair value. The weighted average share price over the three years ending 31 December 2011 was 14.0p

The Group recognised an expense of £129,000 in 2011 (2010: £94,000)

26 Reconciliation of Operating Profit to Operating Cash Flow

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Operating profit	5,748	3,763
Depreciation and amortisation charges	762	725
Loss/(gain) on disposal of property, plant and equipment	16	(14)
Non cash charge for share options and shares awarded	129	94
Decrease/(Increase) in receivables	1,401	(5,277)
(Increase)/decrease in stock and work in progress	(137)	36
(Decrease)/Increase in payables	(726)	6,111
Operating cash flow	7,193	5,438

27. Financial Assets and Liabilities

The Group's financial instruments comprise cash and various forms of borrowings. As permitted by IAS 39, short-term debtors and creditors have been excluded. It does not enter into derivatives transactions such as interest rate swaps, forward rate agreements or forward currency contracts.

The Group's activities take place in the United Kingdom and no material transactions take place with overseas customers or suppliers in local currency. There was no material foreign currency exposure at the year end.

The main purpose of the Group's use of financial instruments is for day-to-day working capital and as part of the funding for past acquisitions. The Group 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 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 the Group's revolving credit facility is payable by reference to 3 month LIBOR plus 4.125%, subject to a downward ratchet on achievement of certain ratios of debt to EBITDA on an annual basis. Interest on the term loan is calculated by reference to 3 month LIBOR plus 7.5%. Whilst the Group previously made use of interest rate caps and collars entered into in 2007 and early 2008, these hedging instruments matured during 2011 and have not been replaced on the basis that they were not considered to be cost effective. At 31 December 2011, no hedging instruments were outstanding.

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.

			31 December 2011 £'000
Financial assets			£'000
Cash at bank maturing in less than one year or on demand			315
			31 December 2011 £'000
Financial liabilities	£'000	£'000	£'000
	Bank Loan and Overdraft	Finance Leases	Total
Interest analysis			
Subject to floating rates	16,207	-	16,207
Subject to fixed rates	-	96	96
	16,207	96	16,303
Maturity analysis			
One year or less, or on demand	4,000	56	4,056
After one year and within two years	12,207	40	12,247
	16,207	96	16,303

The Group's bank loans and overdraft facility are floating rate borrowings and both 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 Pensions

The Group operates ten defined contributions pension schemes. The pension cost charge for the year represents contributions payable by the Group to the schemes and amounted to £753,000 (2010 £618,000). At the end of the financial year outstanding contributions amounted to £56,000 (2010 £32,000).

29. 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.

30. Post balance sheet events

There are no material post balance sheet events.

31 Related party transactions

Parent company

Brian Child and Stephen Boyd receive their Non-Executive Director's remuneration through Brain Child Marketing Ltd and Stephen Boyd Ltd respectively, entities of which they are interested parties. In addition, VPF London Ltd, an entity in which Peter Fitzwilliam is an interested party, received £161,000 for the provision of CFO services.

Subsidiary undertakings

During the year, Bray Leino Ltd sold its printing division to Blue Sky Design & Print Limited, a company in which Bray Leino Ltd purchased 50% of the equity. This company is treated as an associate in the financial statements of The Mission Marketing Group plc. During the year Bray Leino sold printing machinery at market value to the associate and purchased printing services to the value of £381,199. The results of Blue Sky Design & Print Limited are not material to the consolidated financial statements of The Mission Marketing Group plc.

Bray Leino Ltd is contracted to pay annual rent of £60,000 (2010 £60,000) to Mrs P H Morgan, the wife of David Morgan (Chairman). Bray Leino Ltd is also contracted to rent premises from Hannele Limited, in which David Morgan has a 100% beneficial interest, for an annual rent of £74,000 (2010 £74,000). Additionally, during the year a consultancy fee of £nil was paid to Hannele Limited in relation to these properties (2010 £30,000). At the end of the year £nil was owed to Hannele Limited (2010 £35,250).

During the year Bray Leino Ltd outsourced television productions to the value of £77,462 (2010 £187,666) to Sticky Productions, a business in which Mrs E K Hutton, the wife of Bruce Hutton (Executive Director), has a 100% beneficial interest.

ThinkBDW Ltd is contracted to pay annual rent to Mrs K Day and Mr A Day (wife and brother respectively of Robert Day, Executive Director). The £35,000 annual rental payable (2010 £35,000) was set at market value. At the end of the year there was no rent payable.

Dylan Bogg (Executive Director) resigned his directorship of Premier Veterinary Group Ltd on 14 June 2011, a company which is also a Client of Big Communications Ltd. Sales from Big Communications Ltd to Premier Veterinary Group Ltd at arms length amounted to £10,934 (2010 £82,539). Included within trade debtors is £4,586 (2010 £70,349) due from Premier Veterinary Group Ltd.

Big Communications Ltd paid rent during the year of £71,000 (2010 £71,000) to four individuals, including Dylan Bogg and Chris Morris (Non-Executive Director). In addition, Morris Marketing Consultancy, a consultancy practice owned by Chris Morris, invoiced Big Communications Ltd and was paid £44,183 (2010 £45,719) during the year for services rendered.

During the year Big Communications Ltd engaged Mrs K Bogg, the wife of Dylan Bogg, to undertake marketing services activities for a total value of £22,500 (2010 £21,280). Big Communications Ltd also engaged Mrs S Morris, the wife of Chris Morris, to undertake marketing research activities for a total value of £5,100 (2010 £20,000).

32 Availability of Annual Report

Copies of the Annual Report for the year ended 31 December 2011 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 18 June 2012 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 Auditors' Report to the Members of The Mission Marketing Group plc

We have audited the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2011 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 16 the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011,
- 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

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

Other matter

We have reported separately on the consolidated financial statements of The Mission Marketing Group plc for the year ended 31 December 2011.

CHRISTOPHER HICKS BA FCA (Senior Statutory Auditor)

For and on behalf of Francis Clark LLP
Chartered Accountants and Statutory Auditors
Sigma House, Oak View Close
Edginswell, Torquay TQ2 7FF

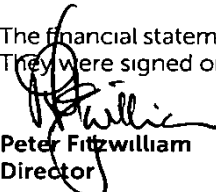
27 March 2012



**Company Balance Sheet
as at 31 December 2011**

		As at 31 December 2011	As at 31 December 2010
	Note	£'000	£'000
NON-CURRENT ASSETS			
Intangible assets	34	49	52
Tangible assets	35	4	16
Investments	36	91,845	96,242
		<u>91,898</u>	<u>96,310</u>
CURRENT ASSETS			
Debtors	37	2,863	2,704
Cash at bank		1	271
		<u>2,864</u>	<u>2,975</u>
CREDITORS: Amounts falling due within one year	38	<u>(11,623)</u>	<u>(8,886)</u>
NET CURRENT LIABILITIES		<u>(8,759)</u>	<u>(5,911)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		83,139	90,399
CREDITORS: Amounts falling due after more than one year	39	<u>(11,641)</u>	<u>(16,903)</u>
NET ASSETS		<u>71,498</u>	<u>73,496</u>
CAPITAL AND RESERVES			
Called up share capital	41	7,246	7,246
Share premium account	41	39,542	39,542
Staff remuneration reserve	42	263	134
Profit and loss account	42	24,447	26,574
SHAREHOLDER'S FUNDS		<u>71,498</u>	<u>73,496</u>

The financial statements were approved and authorised for issue on 27 March 2012 by the Board of Directors
They were signed on its behalf by


Peter Fitzwilliam
Director

Company registration number 05733632

Notes to the Company Balance Sheet

33. Principal Accounting Policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) The principal accounting policies of the Company are set out below. The policies have remained unchanged from the previous year.

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Going Concern

The Group's available banking facilities provide comfortable levels of headroom against the Group'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 balance sheet date.

Property, Plant and Equipment

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

Deferred Consideration

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 undertakings are stated at cost less provision for any impairment in value

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

34 Intangible Assets

	31 December 2011	31 December 2010
	£'000	£'000
Intellectual property rights	49	52

Intangible assets consist of intellectual property rights which are amortised over 20 years. The amortisation charge for the year was £3,000 (2010 3,000)

35 Tangible Fixed Assets

	Fixtures & Fittings	Office Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2011	58	33	91
Additions	-	1	1
Disposals	-	(1)	(1)
At 31 December 2011	58	33	91
Depreciation			
At 1 January 2011	49	26	75
Charge for the Year	8	4	12
Disposals	-	-	-
At 31 December 2011	57	30	87
Net book value at 31 December 2011	1	3	4
Net book value at 31 December 2010	9	7	16

36. Investments

	Shares in subsidiary undertakings
	£'000
At 1 January 2011	96,242
Adjustments to consideration	46
Impairment	(4,443)
At 31 December 2011	91,845
Net book amount at 31 December 2011	91,845
Net book amount at 31 December 2010	96,242

The adjustments to consideration relate to changes in the deferred consideration of completed acquisitions

The principal Group companies at 31 December 2011 are set out below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom

Subsidiary Undertaking	Nature of Business
Big Communications Limited	Brand planning and strategic development
Fuse Digital Limited	New media marketing, including <i>website</i> design and advertising, SMS messaging, digital video and database management
Bray Leino Limited	Advertising, events and PR
ThinkBDW Limited	Property marketing, providing advertising, media, brochures, signage, exhibitions, CGI, animation, intranet, photography
April-Six Limited	Integrated communications, specialising in the technology sector
Story UK Limited	Brand development and creative direct communication
RLA Group Limited	Marketing and communications
Robson Brown Limited (formerly Triang Marketing Limited)	Marketing and communications

37. Debtors

	31 December 2011	31 December 2010
	£'000	£'000
Amounts due from subsidiary undertakings	2,840	2,650
Prepayments	20	24
Other debtors	3	30
	2,863	2,704

38 Creditors Amounts Falling Due Within One Year

	31 December 2011	31 December 2010
	£'000	£'000
Bank overdraft	3,248	1,067
Amounts due to subsidiary undertakings	4,161	4,439
Social security and other taxes	5	8
Accruals	171	335
Bank loan (see note 40)	4,000	3,000
Other creditors	38	37
	11,623	8,886

39 Creditors: Amounts Falling Due After More Than One Year

	31 December 2011	31 December 2010
	£'000	£'000
Bank loan (see note 40)	11,641	16,903
	11,641	16,903

40. Borrowings

	31 December 2011	31 December 2010
	£'000	£'000
Bank loan outstanding	16,207	20,314
Accumulated interest	-	114
Adjustment to amortised cost	(566)	(525)
Carrying value of loan outstanding	15,641	19,903
The borrowings are repayable as follows		
Less than one year	4,000	3,000
In one to two years	12,207	4,000
In more than two years but less than three years	-	13,314
	16,207	20,314
Accumulated interest	-	114
Adjustment to amortised cost	(566)	(525)
	15,641	19,903
Less Amount due for settlement within 12 months (shown under current liabilities)	(4,000)	(3,000)
Amount due for settlement after 12 months	11,641	16,903

Details of the Company's borrowing facilities and interest rates are set out in Note 18 and not therefore repeated here. All borrowings are in sterling.

As at 31 December 2011, Net Assets of the Group were £57,916,000 (2010: £54,701,000), and net borrowings under this Group arrangement amounted to £15,326,000 (2010: £18,465,000).

41 Share Capital and Share Premium

The movements on these items are disclosed within the consolidated statement of changes in equity within the consolidated financial statements

42. Statement of Movements on Reserves

	Staff remuneration reserve	Profit and loss account
	£'000	£'000
At 1 January 2010	60	10,462
Credit for share option scheme	74	-
Shares issued from EBT scheme	-	20
Profit for the period	-	16,092
At 31 December 2010	134	26,574
Credit for share option scheme	129	-
Loss for the period	-	(2,127)
At 31 December 2011	263	24,447

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The loss for the financial year relating to the Company amounted to £2,127,000 (2010 profit of £16,092,000)

43 Operating Lease Commitments

As at 31 December 2011 the Company had no commitments under operating leases (2010 nil)

44 Related party transactions

Details of related party transactions are disclosed in note 31 of the consolidated financial statements

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 2012 at the offices of Lewis Silkin LLP 5 Chancery Lane, Clifford's Inn, EC4A 1BL to transact the following business

Ordinary Resolutions

- 1 To receive the financial statements and the report of the Directors and the auditors for the year ended 31 December 2011
- 2 To appoint Francis Clark LLP as auditors of the Company
- 3 To authorise the Directors to fix the remuneration of Francis Clark LLP

4. Special Business

To consider and, if thought fit, to pass the following resolutions, as to which resolution 4 shall be proposed as an ordinary resolution and resolutions 5 and 6 shall be proposed as special resolutions

- 4 THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 as amended (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 £2,391,194.60 being 33% of the issued share capital of the Company, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company shall be entitled to make an offer or agreement before the expiry of such authority which would or might require shares to be allotted or any such rights to be granted, after such expiry and the Directors shall be entitled to allot shares or grant any such rights pursuant to any such offer or agreement as if this authority had not expired and all unexercised authorities previously granted to the Directors to allot shares or grant any such rights be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot shares or grant any such rights in pursuance of any offer or agreement entered into prior to the date of this resolution

Special Resolutions

- 5 THAT (subject to the passing of the resolution numbered 4 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 4 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 £724,604 being 10% of the issued share capital of the Company

This power shall expire upon the expiry of the general authority conferred by resolution 4 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

- 6 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 10,869,067 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 2013 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 6 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
27 March 2012

Notes to the Notice of Annual General Meeting, including explanatory notes to the Form of Proxy

- 1 A member entitled to attend and vote at the Annual General Meeting ("AGM") 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. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this 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 than 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.
- 2 A form of proxy is enclosed for use by shareholders and, if appropriate, must be deposited with Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time of the AGM. Appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.
- 3 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, in order to be able to attend and vote at the AGM or any adjourned meeting, (and also for the purpose of calculating how many votes a person may cast) a person must have his/her name entered on the register of members of the Company by 12 noon on 16 June 2012 (or 12 noon on the date 2 days before any adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 4 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM, or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- 5 A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- 6 The issued share capital of the Company is 72,460,444 Ordinary shares of 10 pence each. The total number of voting rights in the Company is 72,460,444.

- 7 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each proxy form together with the number of shares that such proxy is appointed in respect of. All copies of the proxy form should then be sent to Neville Registrars Limited at the address given above.
- 8 To direct your proxy how to vote on the resolutions, mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 9 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).
- 10 If you submit more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

Advisors

Company Registration Number:	05733632	
Registered Office	2nd Floor 8/9 Carlisle Street London W1D 3BP	
Nominated Advisor and Broker:	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN	
Auditors	Francis Clark LLP Sigma House Oak View Close Edginswell Torquay TQ2 7FF	
Solicitors	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL	
Registrars	Currently Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	With effect from 20 April 2012 Neville Registrars Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Company Secretary	Peter Fitzwilliam The Mission Marketing Group plc 2nd Floor 8/9 Carlisle Street London W1D 3BP	
Bankers:	Royal Bank of Scotland plc Corporate Banking 9th Floor 280 Bishopsgate London EC2M 4RB HSBC Bank plc City of London Corporate Banking Centre 1st Floor 60 Queen Victoria Street London EC4N 4TR	

Form of Proxy

**The Mission Marketing Group plc ("the Company")
Annual General Meeting**

I/We _____ (full name)
(BLOCK CAPITALS)

of _____ (address)
being member/members in the Company hereby appoint the Chairman of the Meeting or (see note 1)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 18 June 2012 and at any adjournment thereof

My/our proxy is to vote on the resolutions as follows

Ordinary Resolutions	For	Against	Vote Withheld
1 To receive the financial statements and the reports of the Directors and auditors for the year ended 31 December 2011			
2 To appoint Francis Clark LLP as auditors of the Company			
3 To authorise the Directors to fix the remuneration of Francis Clark LLP			
4 To authorise the Directors to allot shares pursuant to Section 551 of the Companies Act 2006			
Special Resolutions			
5 To disapply statutory pre-emption rights pursuant to Section 570, Section 571 and Section 573 of the Companies Act 2006			
6 To renew the Company's authority to make market purchases of its own ordinary shares			

Dated this _____ day of _____ 2012

Signature(s) _____

Please indicate how you wish your form of proxy to vote on the resolutions by inserting "X" in the appropriate space. In the case of a corporation the form of proxy must either be under its common seal (if any) or signed on its behalf by its duly authorised agent or officer

Do not affix postage if posting in
Gt Britain Channel Islands or N Ireland

Third fold and tuck in

BUSINESS REPLY SERVICE
Licence No RSTY-SAKX-RZSL

2



First fold

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
B63 3DA

Second fold

PLEASE TEAR ALONG DOTTED LINE

the mission marketing group plc

2nd Floor 8/9 Carlisle Street, London W1D 3BP
T +44 (0)203 463 2099
www.themission.co.uk