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AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document.

This document, which is an admission document required by the rules of AIM ("Admission Document"), does not comprise a prospectus for the purposes of the Prospectus Rules. This document does not constitute an offer to the public within the meaning of section 85 of FSMA, is not an approved prospectus for the purposes of, and as defined in section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules. This document has not been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules.

Application has been made for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 12 April 2006. The Ordinary Shares are not dealt in, or on, any other recognised investment exchange and no other such applications have been made.

The Directors, whose names and functions appear on page 3, accept responsibility for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

THE MISSION MARKETING GROUP PLC

(incorporated and registered in England and Wales with registered number 05733632)

Placing of 12,333,333 new Ordinary Shares of 10p at 120p per share

Acquisition of the entire issued share capital of

Bray Leino Holdings Limited

and Admission to trading on AIM

Nominated Adviser and Broker:

Seymour Pierce Limited

Share Capital Following Admission			
Authorised		Issued and fully paid	
Number of Ordinary Shares	Nominal Value	Number of Shares	Nominal Value
85,000,000	£0.10	20,000,000	£0.10

Seymour Pierce Limited, which is regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting as nominated adviser and broker exclusively for the Company in connection with the Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person in respect of his decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document for which the Directors are responsible (without limiting the statutory rights of any person to whom this document is issued). Seymour Pierce Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company.

Your attention is drawn to Part II of this document, which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Enlarged Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction and should not be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Japan, Australia or the Republic of Ireland, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, the Republic of Ireland or Japan.

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DIRECTORS, OFFICERS AND ADVISERS

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Martin John Banbury, *Deputy Chairman*
Iain Fraser Ferguson, *Chief Executive Officer*
Timothy Buckler Alderson, *Chief Financial Officer*
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Auditors to the Company

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Registrars

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Beckenham
Kent BR3 4TU

Financial Public Relations

Financial Dynamics
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DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Acquisition Agreement"	the conditional agreement dated 10 April 2006 between (1) the Sellers and (2) the Company, details of which are set out in paragraph 9.10 of Part VIII of this document
"Act" or "Companies Act"	the Companies Act 1985, as amended
"Admission"	admission of the issued and to be issued Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules and guidance notes contained in Part One and Two respectively of the booklet entitled "AIM RULES FOR COMPANIES" published by the London Stock Exchange and those other rules and guidance notes of the London Stock Exchange which govern the admission of securities to trading on, and the regulations of, AIM
"Articles"	the articles of association of the Company
"A Shareholders"	Dylan Bogg, Chris Morris, Philip Wright, Brian McGowan and Mark Firth
"Big Communications" or "Big"	Big Communications Limited, a wholly owned subsidiary of TMMH
"Board"	the board of directors of the Company
"Bray Leino"	Bray Leino Holdings Limited
"City Code"	the City Code on Takeovers and Mergers
"Company" or "themission®"	The Mission Marketing Group plc, a company incorporated in England and Wales with registered number 05733632
"Consideration Shares"	the 5,170,833 New Ordinary Shares to be issued to the Sellers on completion of the Acquisition Agreement
"CREST"	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo
"CRESTCo"	CRESTCo Limited
"Directors"	the directors of the Company whose names are set out on page 3 of this document
"Enlarged Group"	the Company and its subsidiaries immediately following Admission
"Enlarged Share Capital"	the issued share capital of the Company immediately following Admission
"EU"	the European Union
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this document
"FSA"	the Financial Services Authority of the United Kingdom
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Fuse Digital" or "Fuse"	Fuse Digital Limited, a wholly owned subsidiary of TMMH
"Group"	the Company and its subsidiaries as at the date of this document

"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the proposals described in this document
"Official List"	the Official List of the UKLA
"Options"	options over Ordinary Shares granted pursuant to the Share Option Plan
"Ordinary Shares"	ordinary shares of £0.10 each in the capital of the Company
"p"	pence
"Placing"	the proposed placing by Seymour Pierce on behalf of the Company of the Placing Shares with institutional and other investors at the Placing Price pursuant to the terms and conditions of the Placing Agreement as described in this document
"Placing Agreement"	the conditional agreement dated 10 April 2006 between (1) the Company, (2) Seymour Pierce and (3) the Directors and Jerram Shurville relating to the Placing, a summary of the principal terms and conditions of which is set out in paragraph 9.11 of Part VIII of this document
"Placing Price"	120p per Placing Share
"Placing Shares"	the 12,333,333 New Ordinary Shares to be issued by the Company pursuant to the Placing
"£"	pounds sterling
"Sellers"	David Morgan and others
"Seymour Pierce"	Seymour Pierce Limited
"Shareholder"	a holder of Ordinary Shares
"Share Option Plans" or "Plans"	the Enterprise Management Incentive Share Option Scheme and the Unapproved Share Option Scheme of the Company, a summary of the principal provisions of which are set out in paragraph 10 of Part VIII of this document
"subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking"	have the meanings respectively ascribed to them by the Companies Act
"TMMH"	The Mission Marketing Holdings Limited, a wholly owned subsidiary of the Company
"UK" or "United Kingdom"	United Kingdom of Great Britain and Northern Ireland
"UK GAAP"	United Kingdom generally accepted accounting principles
"UKLA"	United Kingdom Listing Authority
"uncertificated" or "in uncertificated form"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST

PLACING STATISTICS

Placing Price	120p
Number of Ordinary Shares in issue prior to the Placing and Acquisition	1,359,167
Number of New Ordinary Shares being issued pursuant to the Acquisition	5,170,833
Number of Placing Shares being placed on behalf of the Company	12,333,333
Percentage of the Enlarged Share Capital subject to the Placing	61.67%
Number of Ordinary Shares in issue immediately following Admission	20,000,000
Market capitalisation of the Company at the Placing Price	£24.0 million
Gross proceeds of the Placing	£14.8 million
Estimated net proceeds receivable by the Company pursuant to the Placing after expenses (excluding VAT)	£13.1 million
International Security Identification Number (ISIN)	GB00B11FD453

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Issue of, and dealings commence in, the Ordinary Shares on AIM	13 April 2006
Expected date of delivery of Ordinary Shares into CREST accounts	13 April 2006
Definitive share certificates dispatched in respect of the Placing Shares (where applicable)	20 April 2006

KEY INFORMATION

themission® aims to generate shareholder value by creating the first regional 'super-agency'. It will acquire, integrate and grow established advertising and marketing agencies, of national scale and quality, which are located in key regional centres.

The business model is based on the buy-and-build approach and will focus on acquiring and developing successful agencies with proven profit performance, strong leadership and loyal clients.

The management team has, collectively, a demonstrable track record in assembling and maximising performance from agencies and networks, and experience in creating, and raising finance for quoted groups.

themission® will build on an established base – two acquisitions have already been completed.

The flotation of themission® will enable immediate completion of the agreed acquisition of Bray Leino – a national agency with multi-discipline capabilities. The acquisition transforms the Group to a size in excess of peers such as Creston plc and Cello Group plc at a similar stage in their development.

Organic growth will be delivered by leveraging scale and synergies and by deploying a proven coaching and business development resource to help deliver organic improvement.

Growth will also be fuelled through further acquisitions and targets are already identified, each having been qualified and selected over the last two years. Guideline acquisition and deal structure criteria are in place covering strategic fit, financial and consideration models, and business profiles.

With the marketing services sector now returning to expansion and the ability of regional agencies to outperform on costs, margins and growth, the Directors believe that themission® offers a strong commercial proposition for clients and clear prospects for further value extraction.

PART I

INFORMATION ON THE ENLARGED GROUP

INTRODUCTION

TMMH was incorporated in 2002 to build, as part of one umbrella brand, a UK marketing services group comprising integrated agencies which are based in key business centres throughout the UK.

In February 2005 TMMH acquired its first two agencies, Big Communications and Fuse Digital. The successful acquisition and integration of these businesses has provided a base for further development and immediately continuing on Admission, the mission® will complete the acquisition of Bray Leino, a leading marketing communications agency, giving the Enlarged Group national scale.

From the Enlarged Group, the Directors aim to build a profitable group that adds value to each subsidiary agency and generates organic and acquisition growth through substantial improvement in reach, resources, and cost-structure. All agencies in the mission® will benefit from their own established brands and reputations, with the additional advantage of national coverage, presence and scale offered by the mission®.

the mission® will provide its subsidiaries with an enhanced ability to offer a range of specialist skills, including: advertising, design, direct marketing, digital/on-line marketing, sales promotion, public relations and media planning to regional, national and international clients.

A management team with a demonstrable track record of success in the sector will lead the mission® and drive the acquisition programme of screened and pre-qualified target agencies and the subsequent process of integration into the Enlarged Group.

THE CURRENT BUSINESS – the mission®

Following the two initial acquisitions already made by TMMH, the Group already has profitable agencies in advertising and new media. Big Communications and Fuse Digital work collaboratively together on clients including WKD and Alliance & Leicester.

A summary of the financial history of TMMH is set out below:

	<i>Big</i> <i>12 Months to</i> <i>31-Dec-05</i> <i>£'000</i>	<i>Fuse</i> <i>12 Months to</i> <i>31-Dec-05</i> <i>£'000</i>	<i>the Group</i> <i>12 Months to</i> <i>31-Dec-05</i> <i>£'000</i>
Turnover	4,425	705	5,130
Gross profit	3,085	653	3,738
Gross profit as a percentage of turnover	70%	93%	73%
Operating profit	628	282	910
Central costs			(319)
Operating profit			<u>591</u>
Number of staff	55	12	67

Big Communications

Big Communications was established in 1996. Since its incorporation, Big has won scores of industry awards – including Midlands and East Agency of the Year in 2002 – and can demonstrate a track record of delivering significant returns on investment for its clients. A current example of this is WKD, which has seen growth in revenue from £65 million to over £500 million since working with Big Communications.

Specialist disciplines at Big include brand planning and strategic development, TV, poster and press advertising, literature and catalogue design, direct marketing and retail point-of-sale.

Big Communications has a range of clients covering different sectors and market communications disciplines. The Directors believe this diversity, combined with a substantial proportion of clients on contracted fee arrangements, provides a platform for further income growth.

Big's clients include several major national brands which have been retained over extended periods and include Beverage Brands, Jewson, Triton Showers, Alliance & Leicester, Marley and Princes Soft Drinks.

In 2005 Big successfully pitched and won client assignments with British Heart Foundation, Amtico, Page & Moy, Fruit of the Loom, Punjana and Grant Thornton.

Big is led by an established and experienced management team:

Philip Wright – Managing Partner

A founding member of Big Communications and Fuse Digital, Phil has worked on a wide variety of accounts across a number of sectors. Phil jointly heads up client servicing, as well as having responsibility for new business generation. Having attained the CIM Diploma in 1998, Phil has recently been appointed a Fellow of the Institute.

Dylan Bogg – Creative Director

Dylan was one of the founding shareholders and is a director of Big Communications and Fuse Digital. As well as being joint Creative Director at Big Communications, Dylan is also responsible for the production department. This approach has led to a balance of profitable delivery and award winning work and Dylan has won many TV, poster, press and below the line awards for the likes of WKD, Journey, Loake and Morphy Richards.

Mark Firth – Creative Director

Jointly responsible for the Creative Department, Mark has been in the advertising industry for over 20 years. Prior to Big Communications, Mark was Creative Director at Cogent (Midlands), as well as having periods at other agencies, including Ogilvy and Mather. A regular contributor to regional press and creative judging panels, Mark has won a range of creative awards for his work through the line and is also a member of the Midlands Creative Circle.

Chris Morris – Managing Partner

With over 35 years in the industry, Chris was part of the founding team and is a former Managing Director of Cogent Elliot. Chris was initially involved as an investor and non-executive director to help advise Big Communications in its early stages. Chris took a full time executive role in 1998 and is now jointly responsible for client servicing. Chris is a committee member of The Marketing Society Midlands and the holder of a CAM Diploma in Communications and Marketing.

Fuse Digital

Fuse Digital was incorporated in 2000 and provides expertise in new media marketing, including website development and advertising, SMS messaging, digital video and database management.

Fuse has also received industry recognition for its creative and effective new media design work, notably some 'Gold' awards in the GRAMIA 2005 awards.

Fuse is developing its visibility in the growing online commercial environment and is attracting high-profile clients including Greenpeace, WKD, Lucozade and Carlsberg.

Fuse has an experienced, young management team and the Directors believe Fuse will generate significant organic growth as the new media sector continues to rapidly expand and as clients' new media needs become more established. The key management is set out below.

Simon Davies – Managing Director

Simon Davies joined Big Communications to provide new media solutions to its incumbent client base. In May 2001 the success of this offering led to Big creating a separate new media company – Fuse Digital – and naming Simon as Managing Director.

During this time Simon has won a host of blue chip clients including Carlsberg, Greenpeace, Quorn, WKD, British Heart Foundation and Lucozade and been instrumental in Fuse winning the accolade of New Media Agency of the Year in the GRAMIA awards. Other awards for Simon include RSA, D&AD, New Media Age, Roses, Cream (including Gold at Grand Prix in 2001), Fresh and the Golden Gramia for non-traditional media.

Alpesh Solanki – Senior Designer

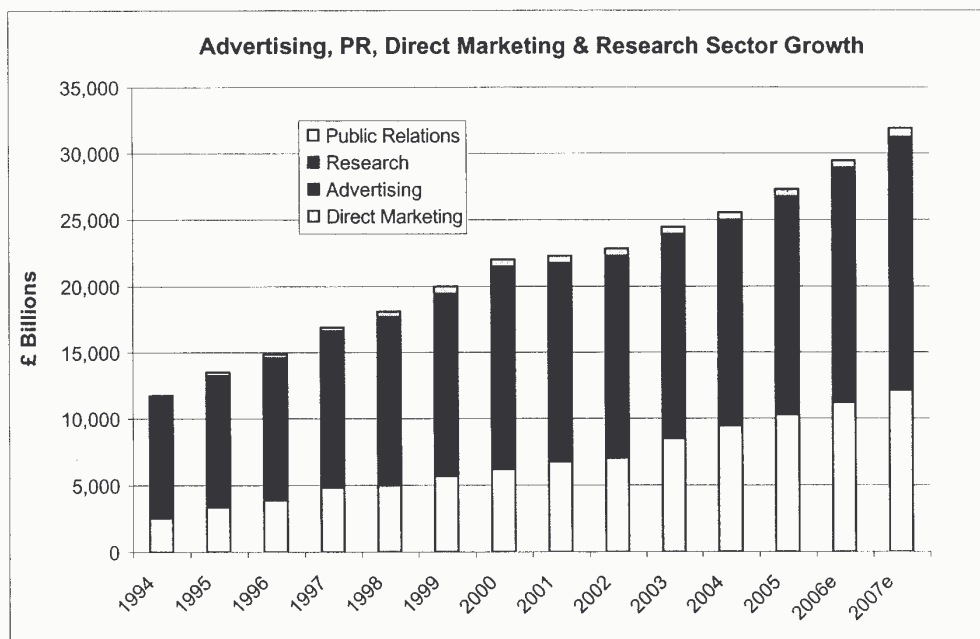
Before joining Fuse in 2003, Alpesh was senior designer at Dimension Data (formerly Proxicom/Clarity). He has 7 years of experience working with blue-chip clients in industries including automotive, financial services, telecommunications, pharmaceutical, travel, sports, retail and entertainment. Clients he has worked with include cahoot, Royal & Sun Alliance, Manchester United, Astra Zeneca, Black and Decker, Dresdner Kleinwort Wasserstein, Nike, Toyota, Lexus, MTV, VH1, BT, Coca-Cola, Abbey National, Marriot Hotels, Eurostar, Royal Academy of Music, Hornby & Scalextric.

Alpesh has also worked on a short term basis with AKQA, Agency.com, ilevel, Wundermans and Leo Burnett. He has also been involved in industry leadership. He was an award judge for the D&AD Student Awards and has won BIMAs for cahoot (best online bank), Manchester United (best use of broadband) alongside many awards from NMA, Revolution, Cream, Fresh and Gramia.

THE MARKET AND COMPETITION

The Directors believe that the successful initial build of the mission® can now be accelerated by market growth factors and further acquisitions.

A market analysis indicates that the current upturn in the marketing services sector will continue for a further 10 years. The UK market for marketing spend has been through a cyclically low period for the 3 years up to 2003. In 2004 the market was worth in excess of £30 billion and projected to reach £31.2 billion in 2005 and £32.8 billion in 2006.



The Directors believe the industry consensus is that it is now in an upturn period with growth rates of 5 to 7 per cent. expected for the next 5 to 7 years including a likely activity spike driven by the 2006 Winter Olympics and the Football World Cup.

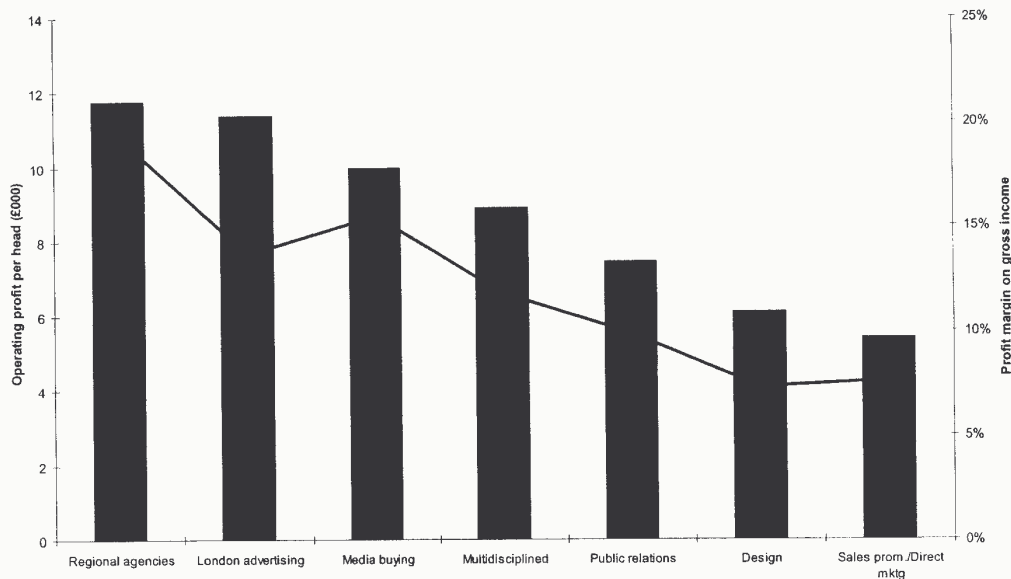
Within this overall industry growth, the Directors believe there are trends which may significantly benefit established leading national agencies which are based outside of London in a number of ways.

First, the Directors believe the marketing services sector is experiencing structural and commercial change and that some clients are seeking alternatives to the mass media focus originated by the large London agencies and global networks. Last year the Central Office of Information, one of the UK's largest advertisers, announced a much-changed roster of its agencies "to give it greater coverage in the regions". The Directors believe that the increasing investment in and relocation to the relatively higher performing regions by global and national corporations provides a growing future reservoir of regionally based prospective clients.

Second, the Directors believe that clients will increasingly favour fully integrated, creative support agencies that deliver effective business solutions.

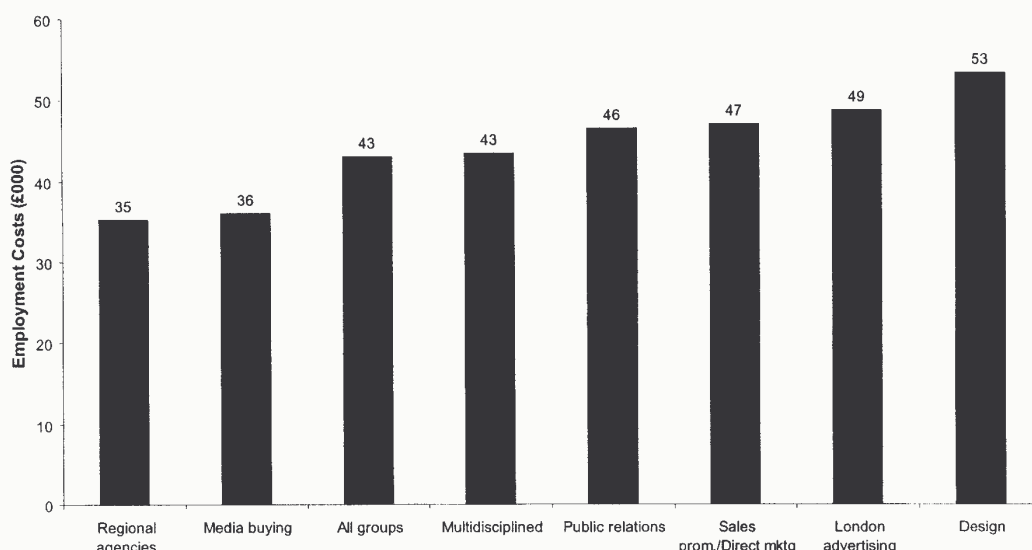
Third, the Directors see regionally based agencies benefiting from their established multi-discipline approach and lower cost base. The Directors believe this enables the regional agencies to compete in this changing environment and to deliver superior relative performance. A survey of agencies over four years published by Willot Kingston Smith in October 2005 shows that, on average, regional agencies have lower staff costs, lower operating costs, higher margins and higher return on capital than their London-based peers.

Profitability by Principal Activity



Source: Compiled using data from the Willot Kingston Smith Annual Survey 2005 – Financial Performance of Marketing Services Companies (October 2005).

Employment Costs By Principal Activity



Source: Compiled using data from the Willot Kingston Smith Annual Survey 2005 – Financial Performance of Marketing Services Companies (October 2005).

Government and private sector spending is expected to further stimulate the economies in the UK regions and is expected to increase. This represents further stimulus to the business opportunity addressed by themission® agencies.

themission® has been established to take advantage of these industry changes by offering a viable, credible, national alternative to the “legacy” London-centric models based originally on mass media led investment.

BUSINESS STRATEGY

themission® aims to leverage the potential for the top independent advertising and marketing agencies, located outside London, to operate collaboratively within a branded network.

themission® plan is to expand rapidly in the UK over the next three years through accelerated organic growth in its existing operations and Bray Leino, and through further acquisitions. themission® will then broaden its scope, based on the same strategy and growth model, to target similar, regionally-based agencies in key European markets.

themission® intends to acquire only proven, well managed, agencies with good profit potential. The Directors believe each agency will benefit from a raised profile, a deeper pool of resources, cost synergies and a national network of offices. The increase in group size, product portfolio, management talent and geographic spread will allow an increase in the size and complexity of pitches that can be addressed by each group agency.

With their strategy, the Directors plan to extract increased value from successful agencies, which they believe are largely overlooked by the global networks and competitors with a London focus for UK presence.

Acquisition Growth

themission® has set clear acquisition criteria to target agencies that have strong financial performance, resources, reputation and demonstrate some or all of the following six characteristics:

- strategic fit and commitment to themission® vision;
- proven reputation;

- multi-disciplined, fully integrated service;
- on-line and digital expertise;
- high quality leadership, talent and creativity;
- top-tier regional, national or international clients.

A number of agencies have, over the last two years, been screened for acquisition. A pipeline of qualified targets, selected against the above criteria, is already in place for the next phase of acquisition following completion of the Bray Leino acquisition.

The Enlarged Group will retain the management teams of its constituent agencies and ensure their commitment through the use of deferred consideration to the vendors of the business and employee share incentive schemes. Succession management planning has commenced, supported by external experts.

Organic Growth

In addition to the strong financial performance of the mission's existing and target subsidiaries, the Directors believe that the Enlarged Group can experience a number of incremental competitive advantages:

- growing UK market, plus a trend toward regional location of client head offices, such as that done by RBS, Vodaphone and Next;
- a regional agencies sector demonstrating stronger margins and margin consistency than London based agencies;
- strong industry specific Board with further strength in depth at the subsidiary level;
- raised confidence amongst clients, staff and suppliers from dealing with a quoted public company with national reach;
- proven agency management teams, which will be retained and strongly incentivised to continue to build on their relationships with existing and new customers, suppliers and employees;
- business model for organic profit enhancement including:
 - deeper client penetration and share of spend;
 - increased scale allowing participation in larger bids;
 - access to additional specialisms offered by other subsidiaries, broadening the service offering;
 - less exposure to few dominant clients;
 - wider geographical reach at zero cost;
 - benchmarking to ensure upper quartile industry efficiency.

Centralised Services

the mission® will also provide a number of centralised services for and throughout the Enlarged Group including:

- financial planning and oversight through the business planning, annual budgeting and monthly reporting processes;
- corporate governance and risk management through implementation of the Enlarged Group control policies and procedures;
- transferring of best practice throughout the Enlarged Group, e.g. HR, IT, and administration;
- funding and cash management through Enlarged Group debt relationships and centralised treasury to minimise financial costs;
- procurement of services at a discount to the rates achievable by individual subsidiaries, e.g. insurance, hardware, software and printing;
- tax and VAT optimisation through the appropriate utilisation of available group relief.

INFORMATION ON THE ACQUISITION – BRAY LEINO

The acquisition of Bray Leino adds an immediate uplift in scale, capability and operational capacity to the mission®.

Bray Leino has been providing advertising services since 1975. Today, it is one of the UK's leading regional marketing communications groups. It has carefully and profitably developed its portfolio of services in response to client demand.

Bray Leino is now a 'total service' communications business offering a full, and fully integrated, portfolio of advertising, marketing and communications services covering six specialist areas:

- **Agency** – providing advertising, strategic, promotional, design and media services to national businesses and brands.
- **Healthcare** – a dedicated unit providing communication and brand-building services to the healthcare and pharmaceutical industries.
- **Events** – providing exhibition marketing, shop fitting, design and print services.
- **Learning** – providing training and education services.
- **Public Relations** – helping businesses communicate effectively with key audiences.
- **On-line and e-marketing** – consultancy and execution of e-commerce and new media business programmes.

In 2001, the Bray Leino group was acquired from management by DVC Worldwide LLC. Continuing business growth created the need for a centralised management and administration resource to act as a hub for group activities, and at the end of 2004, the business was restructured accordingly. Drawing together the various specialist disciplines within the group created a core resource of key business personnel. This resource now provides a focus for group activity and acts as a strategic and creative 'think-tank' which every business unit can access and leverage.

In May 2005, a management buy-out returned control of the business to its directors and management. At the same time, Bray Leino acquired and integrated the business of The Zoo Group Limited, a well-established agency and public relations business specialising in the food and drink, house building, B2B and environmental sectors.

The Bray Leino group acts for national and international companies including a number of household name brands. The client roster is very diverse, although special expertise exists in healthcare, FMCG (fast moving consumer goods), fashion and automotive industries, as well as public sector organisations.

Agency Division

Advertising and brand-building are the original services on which Bray Leino was founded. The agency is retained by more than 20 companies, many of which make use of the full spectrum of agency services. These can include advertising, strategic planning, media planning and buying, direct marketing, packaging, experiential, web design and online marketing and corporate identity development.

Relationships exist with many clients including Wrigley's, Shloer, Statoil, WRAP (the Waste Resources Action Programme), Dendron and global automotive company Federal Mogul, whose brands include Champion and Ferodo. Significant on-going responsibilities include above-the-line activity for Wrigley's Extra and major pan-European B2B projects for BP.

Specialist skills in the agency Healthcare division meet the communication needs of health industry businesses including Bausch & Lomb, Sanofi Pasteur MSD, Dermal, Lanes and Thornton & Ross.

Events Division

Bray Leino Events specialises in the conception, design, transportation and build of exhibition stands and displays. The division has assembled a team capable of managing projects in their entirety. Expertise includes exhibitions and trade shows, point of sale display and retail solutions, conferences and events, in fact any experience where consumers interact directly with brands.

Fashion and healthcare are core specialities. Relationships exist with companies such as Aquascutum, Bally, Genzyme and Guidant. More recently, FCUK, Paul Smith, Ben Sherman and Mulberry have been added to the international client list.

Learning Division

Bray Leino Learning brings together skilled training consultants and online communications specialists around a central sales and management team. Together, they provide high quality learning and personal development solutions to businesses and many major organisations in the public sector.

The division has assembled a 160 strong network of independent training consultants nationwide. Bray Leino Learning combines traditional training expertise with e-learning creativity to design and deliver practical solutions to training problems that bring improvements in individual and business performance.

Courses span skills such as management development, personnel development, health and safety, business psychology, customer service and sales training.

Important clients include The Highways Agency, No. 10 Downing Street, HM Revenue & Customs, United Utilities and Qinetiq.

Public Relations Division

With offices in Bristol and London, Bray Leino's PR teams include experienced practitioners from leading national and international consultancies, former in-house heads of PR plus its own 'home grown' talent.

Bray Leino undertakes international PR initiatives, where it operates as 'lead' consultancy, through to UK campaigns, with specialist skills in B2B and B2C communication. Major clients include WRAP, Britax, Bibby, Mitel and many other clients across the Bray Leino group.

The Bray Leino businesses will combine with the existing companies in the mission[®] to produce a profitable group of national scale.

	<i>Pro forma 12 Months to 31-Dec-04 £'000</i>	<i>Pro forma 12 Months to 31-Dec-05 £'000</i>
Turnover	30,468	42,408
Gross profit	8,930	15,244
	29%	36%
Operating profit (EBITA)	1,180	2,986
Adjusted EBITA	1,180	3,606
Number of Staff	206	233

Bray Leino Management Team

Bray Leino has an experienced management team, including specialist leadership for each business division. Management experience has also been further increased following the recent acquisition of The Zoo Group Limited, whereby its CEO, Nick Bacon is now in place as the Bray Leino Chief Operating Officer.

David Morgan – Chairman

A believer in integrated communications, David launched Bray Leino in 1975, targeting clients in the Healthcare, Consumer and Business to Business sectors. Under David's guidance, support businesses were subsequently developed in key areas such as training, exhibitions and research.

Nick Bacon – COO

This year Nick celebrates twenty-six years in the advertising business. He joined Harrison Cowley as an agency trainee, was Managing Director of a divisional company at the age of 25 and became Group Managing Director of Saatchi UK Affiliates ten years later. He was appointed Chief Executive of Brunnings Advertising in 1991, a post he left two years later to launch BCLO. Nick is now concentrating on the integration of the firms Bristol and Filleigh agencies, whilst also co-ordinating the group's overall new business activities and development strategy.

John Moreno – Managing Director

John's whole career has been in the advertising and marketing services arena. He spent several years at Saatchi & Saatchi in London, prior to joining Bray Leino in 1986, initially working on Dendron and IVAC (an international medical instrumentation company owned by Eli Lilly). John was appointed Managing Director of Bray Leino in 1994.

Steve James – Creative Director

In 1977 Steve joined Bray Leino as a Junior Designer and became Creative Director in 1986. He bought a stake in the group and helped develop the business, growing the Creative Department from approximately 6 people to currently around 28 people. The department has won many industry awards for creativity, particularly in the Healthcare field and Steve has sat on various judging panels for Industry awards.

CURRENT TRADING AND PROSPECTS FOR THE ENLARGED GROUP

The existing Group companies, Big Communication and Fuse Digital are showing a promising start to the year and are trading in line with their 2006 budgets. Bray Leino are also on track to deliver against their growth expectations for the year.

CONSOLIDATED GROUP

A summary of the financial history of the Enlarged Group is set out below:

	<i>BIG/Fuse</i>	<i>BrayLeino</i>	<i>TMMG</i>	<i>themission®</i>
	<i>Pro forma</i>	<i>Pro forma</i>	<i>Pro forma</i>	<i>Pro forma</i>
	<i>12 Months to</i>	<i>12 Months to</i>	<i>12 Months to</i>	<i>12 Months to</i>
	<i>31-Dec-05</i>	<i>31-Dec-05</i>	<i>31-Dec-05</i>	<i>31-Dec-05</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	5,130	42,408	0	47,538
Gross profit	3,738	15,244	0	18,982
Turnover as a percentage of profit	73%	36%		40%
Operating profit (EBITA)	910	2,986	-319	3,577
Adjusted EBITA	910	3,606	-319	4,197
Number of Staff	67	233	0	300

DIRECTORS, KEY MANAGEMENT, CONSULTANTS AND EMPLOYEES

The Company's management team has both big and small agency experience of the marketing services industry. Together, they have a demonstrable track record of building groups by acquisition, creating effective, profitable agencies and driving and organic growth within the sector.

The biographical details of the Directors and senior management of the Company are set out below:

Directors

Francis Maude, *Non-Executive Chairman (aged 52)*

Francis is a lawyer by training and has wide business experience. He was appointed a non-executive Director of ASDA Group Plc in 1992. Previously, he was a Director of Salomon Brothers in 1992-93 and a Managing Director of Morgan Stanley & Co Ltd in 1993-97. Most recently, he oversaw, as Chairman, the development and sale of Incepta and became Chairman at Huntsworth plc.

Martin Banbury, *Deputy Chairman (aged 49)*

Martin is the founder of themission® and has a track record of building and creating value from service businesses.

His initial marketing and commercial experience was gained at Procter and Gamble, Cussons and Britvic. He later started and built his own agency, Communicator, which became a successful and highly profitable agency. Communicator was sold to Lighthouse in 1999, and Lighthouse was sold to Cordiant in 2000.

Since then, Martin has built successful business interests in the property and insurance sectors and Insure & Go travel insurance has been grown from 0 to a £35 million business in 3 years.

Martin also owns a development in East London which will provide a further extension of the Soho House Group.

Iain Ferguson, *Chief Executive Officer (aged 49)*

Iain joins themission® from his role as Executive Vice President and member of the Executive committee at Havas – the world's sixth largest marketing communications group – where, reporting directly to the Group Chairman and CEO, he was responsible for planning, leading and executing a major reorganisation in September 2003, aimed at disposing of non-core assets to reduce margin drag from underperforming companies. Iain executed the restructure from four operating divisions to three. He identified core competences for retention and integration in the group, recommended companies for transfer, closure or disposal, appointed and managed external advisors and completed a programme of 20 disposals in the UK, France, US and Brazil.

Iain was promoted to this group role from his previous assignment as CEO of Euro RSCG Marketing Services based at the New York headquarters to take business line accountability for, and develop the capabilities and performance of, a worldwide agency network, across 30 key locations with revenues of \$200 million. He created the strategy, structure and with its leadership team, completed and integrated significant US agency acquisitions, and internationalised key clients.

Before working in New York, Iain was responsible on a worldwide basis for Havas business with Philips and successfully built Euro RSCG's European Marketing Services capabilities from his base in London and Paris.

He was previously CEO of KLP Group in the UK where he oversaw start-ups, regional expansion and the creation of KLP as a recognised leader in the UK below-the-line sector. He has held a number of leadership positions in industry bodies including SPCA (past Chairman) and MAA Worldwide (past President).

Tim Alderson, *Chief Financial Officer (aged 49)*

Tim was recruited to themission® following his successful role in helping to build Creston plc from concept to a London listed £57 million market capitalisation group in 4 years. Through Creston's "buy-and-build" acquisition strategy Tim was instrumental in delivering organic growth three times that of the sector and Creston achieved status of Europe's #13 growth company in 2004. In the process, Tim managed the acquisition process of five acquisitions from £6 to £38 million consideration and raised acquisition finance. Creston now has annualised sales of over £75 million.

Tim was previously Corporate Finance Manager of Thames Water Plc and oversaw acquisitions valued from £10 to £100 million. Subsequently he became Finance Director of their Product and Service Division comprising companies in 7 countries. He managed a restructure reducing the division from 14 to 4 operating companies with £90 million sales achieving doubled operating profit.

Brian Child, Non-Executive Director (aged 59)

Brian has extensive and in-depth knowledge of the UK and European regional agency market, having served as CEO of McCann Erickson Manchester, and UK Group Chairman and latterly Chief Operating Officer of McCann World Group UK.

In his non-executive role at themission®, Brian will provide counsel on acquisitions, people development and integration. He is Chairman of the Marketeer Association (regional agencies federation) and serves as a non-Executive Director at Elmwood Design.

Key Management and Consultants**Jerram Shurville, Chief Operating Officer**

Jerram is a veteran of the marketing services industry, having commenced his financial training in 1979 at Posterlink where he qualified as an ACCA before joining the BMP advertising group. He was recruited by Havas, and became Group Financial Director of EuroRSCG Marketing Services.

Jerram was appointed COO for all of Havas' UK fulfilment and telemarketing agencies in the UK, and, as part of Havas' acquisitions team, was solely responsible for the acquisition of Worthington Design and its merger into The Conran Design Group which he then Chaired. He was subsequently responsible for the creation of three start up companies (Sales Promotion, Direct Marketing and New Media) and was instrumental in initiating Havas' acquisition of Lopex Communications in 1999.

Jerram was founder director – and remains a non-executive director – of Acacia Avenue, one of the UK's fastest growing 'new' qualitative research agencies which has recorded consistent profits since it launched in 2002. He is also a non-executive director of the Powerhouse Clothing Company, a Belfast based manufacturer of sports clothing and Viveka, a north London healthcare practice. Jerram joined Martin in themission® in 2004.

Employees

As at 1 January 2006, the Group employed approximately 67 employees. The split of employees by area of activity is as follows:

<i>Staff Numbers</i>	<i>Big at 31-Dec-05</i>	<i>Fuse at 31-Dec-05</i>	<i>Total at 31-Dec-05</i>
Directors	2	*	2
Senior management	4	1	5
Client services	19	3	22
Artwork	7	–	7
Creative	10	6	16
Production and traffic	6	–	6
Support services	5	1	6
New business	2	–	2
Photography	–	1	1
Total	55	12	67

* The two directors of Big are also directors of Fuse.

TERMS OF THE ACQUISITION OF BRAY LEINO

Under the terms of the Acquisition Agreement, the Company has agreed to acquire the entire issued share capital of Bray Leino from the Sellers, for an initial consideration of £14,872,502 to be satisfied as to £1,481,319 in cash, £7,186,181 by the issue of guaranteed loan notes by the Company and the balance by the issue of the Consideration Shares. The initial consideration is subject to adjustment by reference to the net working capital and debt position of Bray Leino as at completion.

Deferred consideration of up to £1,664,500 may be payable six months after completion subject to the financial performance of Bray Leino.

In addition additional consideration may be payable dependent upon the future financial performance of Bray Leino up to a maximum of £8,000,000. Any additional consideration due to the Sellers will be satisfied by the issue of guaranteed loan notes by the Company subject to the Company's option to satisfy up to 50 per cent. of any such additional consideration in new Ordinary Shares.

Under the terms of the Acquisition Agreement, the Sellers have undertaken to the Company not to dispose of 4,295,835 of the Consideration Shares for a period of 12 months from Admission. Following the expiry of such initial 12 month period each Seller may sell no more than the higher of 33 per cent. of his then aggregate holding of Consideration Shares, or £10,000 in market value in each 12 month period following the expiry of the initial 12 month period. Any sale by a Seller must first be offered to the Company's brokers in order to enable marketing of the same.

The Acquisition Agreement is conditional, *inter alia*, on Admission. Further details of the Acquisition Agreement are set out in paragraph 9.10 of Part VIII of this document.

REASONS FOR ADMISSION AND USE OF PROCEEDS

The Company is seeking Admission in order to raise its profile and status, to enable employees to be incentivised by the grant of options in publicly traded shares, and to provide access to capital to develop its business or to reserve the cash element of consideration for any further acquisitions.

The Placing proceeds will be used to satisfy the cash consideration due on completion of the Acquisition Agreement, to fund the costs incurred in connection with Admission and to meet the working capital requirements of the Enlarged Group.

DETAILS OF THE PLACING

The Company is proposing to raise £13.1 million (net of expenses) through a placing by Seymour Pierce of 12,333,333 Placing Shares at the Placing Price of 120 pence per Ordinary Share.

Under the Placing Agreement, Seymour Pierce has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Shares are being placed by Seymour Pierce with institutions and other investors. The obligations of Seymour Pierce under the Placing Agreement are conditional upon, *inter alia*, Admission taking place by 8.00 a.m. on 13 April 2006 (or such later date, being not later than 8.00 a.m. on 28 April 2006, as the Company and Seymour Pierce shall agree) and upon the Acquisition Agreement becoming unconditional. Seymour Pierce has the right to terminate the Placing Agreement at any time prior to Admission in the event of a breach of warranty or of the Placing Agreement.

The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will represent approximately 61.67 per cent. of the Enlarged Share Capital of the Company on Admission. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £24 million.

As part of the Placing the Directors and Jerram Shurville and connected persons have agreed to subscribe £1,735,000 for 1,445,833 Placing Shares at the Placing Price.

Each of the Directors and Jerram Shurville have agreed not to dispose or agree to dispose of any interests in Ordinary Shares held by them at Admission (subject to specific exceptions and excluding the Ordinary Shares subscribed by them in the Placing) for a period of 12 months from the date of Admission without the prior written consent of Seymour Pierce. Thereafter during the following two consecutive 12 month periods commencing on the first anniversary of the date of Admission, they each may dispose of up to one-third of the nominal value of their interests in Ordinary Shares or, if greater, Ordinary Shares with a market value of £10,000 in each such 12 month period subject to giving Seymour Pierce the first opportunity to sell such shares in order to maintain an orderly market in the Ordinary Share capital of the Company.

Further details of the Placing Agreement are set out in paragraph 9.11 of Part VIII of this document.

The Company has obtained advance assurance from the Inland Revenue that it will be a qualifying company for Enterprise Investment Scheme ("EIS") and a qualifying holding for Venture Capital Trusts ("VCT") purposes. Investors should consider the comments in paragraph 12 of Part VIII regarding taxation. Shares to be issued to EIS and VCT investors will be issued to such investors by the Company on the day immediately prior to Admission. Prospective VCT and EIS investors should be aware that such issues will be irrevocable and are not conditional on Admission taking place.

The Placing of the remaining Placing Shares (after the issue of any Placing Shares to EIS and VCT investors) is conditional, *inter alia*, upon Admission taking place on 13 April 2006, or such later date as the Company and Seymour Pierce may agree (not being later than 28 April 2006). Further details of the Placing Agreement are set out in paragraph 9 of Part VIII of this document.

LOCK-IN AGREEMENTS

In addition to the restrictions entered into by the Sellers pursuant to the Acquisition Agreement and the Directors and Jerram Shurville pursuant to the Placing Agreement, the A Shareholders (other than Brian McGowan), who on Admission will be the holders of 1,135,303 Ordinary Shares in aggregate, have undertaken to Seymour Pierce and the Company not to dispose of any interests in Ordinary Shares (except in certain limited circumstances) at any time during the 12 month period from the date of Admission. Thereafter in the three consecutive 12 month periods immediately following the initial 12 months such persons may dispose of up to one-third of the nominal value of their interests in Ordinary Shares or, if greater, Ordinary Shares with a market value of £10,000, subject to giving Seymour Pierce the first opportunity to sell such shares in order to maintain an orderly market in the Ordinary Share capital of the Company.

The Sellers, who on Admission will hold 5,170,833 Ordinary Shares in aggregate, have undertaken to Seymour Pierce and the Company not to dispose of any interests in 4,295,835 of such Ordinary Shares (except in limited circumstances) at any time during the 12 month period from the date of Admission. Thereafter during each consecutive 12 month period they each may dispose of up to one-third of the nominal value of their interests in Ordinary Shares from time to time (excluding any Ordinary Shares purchased by them in the market) or, if greater, Ordinary Shares with a market value of £10,000 in each such 12 month period subject to giving Seymour Pierce the first opportunity to sell such shares in order to maintain an orderly market in the Ordinary Share capital of the Company.

Further details of the lock-in agreements are set out in paragraph 9 of Part VIII of this document.

On Admission the Directors will be interested in an aggregate of 2,728,709 Ordinary Shares, representing 13.64 per cent. of the Enlarged Share Capital of the Company. In addition the Directors have been granted options pursuant to the Share Option Plans over 1,570,000 Ordinary Shares at the Placing Price. Jerram Shurville has been granted options pursuant to the Share Option Plans over 430,000 Ordinary Shares at the Placing Price. Details of the Directors' holdings of Ordinary Shares are set out in paragraph 10 of Part VIII of this document.

SHARE OPTION PLAN

In order to provide an incentive to employees of the Enlarged Group in the future the Company has established the Share Option Plans. Details of the Share Option Plans, and the options that will have been granted on Admission are set out in paragraphs 5.2 and 10 of Part VIII of this document.

ADMISSION, SETTLEMENT AND CREST

Application has been made to the London Stock Exchange for all the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Existing Ordinary Shares and New Ordinary Shares will commence on 13 April 2006.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form. Application has been made by the Company's Registrar and transfer agent for Ordinary Shares in issue at Admission to be admitted to CREST. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so.

It is expected that share certificates will be dispatched by the Company's Registrars no later than 20 April 2006 and Ordinary Shares will be delivered in CREST on 13 April 2006. Pending the despatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register. No temporary documents of title will be issued.

CORPORATE GOVERNANCE AND BOARD PRACTICES

The Directors recognise the importance of sound corporate governance and will, in so far as is practicable given the Company's size and the constitution of the Board, comply with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice.

Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company intends to hold Board meetings at least 6 times each financial year and at other times as and when required.

Committees

The audit committee of the Company, comprising Francis Maude and Brian Child (both non-executive Directors) will be chaired by Francis Maude and will meet at least twice a year. The audit committee is responsible for ensuring that the Enlarged Group's financial performance is properly monitored, controlled and reported. It will also meet the auditors and review reports from the auditors relating to accounts and internal control systems. The audit committee will meet once a year with the auditors. The term of office is intended to be one year for each of Francis Maude and Brian Child. Further details of their engagement letters can be found at paragraph 8 of Part VIII.

The remuneration committee of the Company, comprising Francis Maude and Brian Child (both non-executive Directors) will be chaired by Brian Child and will set and review the scale and structure of the executive Directors' remuneration packages, including share options and the terms of their service contracts. The remuneration and the terms and conditions of the non-executive Directors will be determined by the Directors with due regard to the interests of the Shareholders and the performance of the Enlarged Group. The remuneration committee will also make recommendations to the Board concerning the allocation of share options to employees. The term of office is intended to be one year.

The Board has constituted a Nominations Committee comprising Francis Maude (Chairman), Brian Child and Iain Ferguson.

The Company has adopted a model code for Directors' dealings which is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Enlarged Group's applicable employees as well.

DIVIDEND POLICY

The Company intends, in the absence of unforeseen circumstances, to follow a progressive dividend policy which will take into account the underlying earnings of the Enlarged Group and the growth and development opportunities available to it, whilst maintaining an appropriate level of dividend cover. The Directors expect that the first dividend to be paid by the Company following Admission will be in respect of the period to 31 December 2006. The Board will continue to review the appropriateness of its dividend policy as the Enlarged Group develops.

TAXATION

Information regarding taxation is set out in paragraph 12 of Part VIII of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law.

Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

ADDITIONAL INFORMATION

The attention of investors is drawn to the information contained in Parts II to VIII of this document which provides additional information on the Enlarged Group.

PART II

RISK FACTORS

An investment in the Ordinary Shares of the Company involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Company's Ordinary Shares. The Board considers the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority.

If any of the following risks actually occur, the Enlarged Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Enlarged Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group.

An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

Securities traded on AIM

The Ordinary Shares will be traded on AIM rather than the Official List. An investment in shares traded on AIM carries a higher risk than those listed on the Official List. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector, and other events and factors outside of the Company's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

Share price effect of sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in Parts I and VIII of this document, or the expectation or belief that sales of such shares may occur.

Current operating results as an indication of future results

The Enlarged Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Accordingly, investors should not rely on comparisons with the Enlarged Group's results to date as an indication of future performance. Factors that may affect the Enlarged Group's operating results include increased competition and an increased level of expenses as it continues to expand into new business areas. It is possible that, in the future, the Enlarged Group's operating results will fall below the expectations of securities analysts or investors. If this occurs, the trading price of the Ordinary Shares may decline significantly.

Management of growth

The ability of the Enlarged Group to implement its strategy in an evolving market requires effective planning and management control systems. The Directors anticipate that further expansion will be required to respond to market opportunities and the potential growth in its client base. The Enlarged Group's growth plans may place a significant strain on the Enlarged Group's management and operational, financial and personnel resources. Therefore the Enlarged Group's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Enlarged Group's growth could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Competition

The Directors intend to continue to invest in the development of potentially competitive and market-leading services and solutions. However, the market is increasingly competitive and the Enlarged Group may face significant competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Enlarged Group and may be able to provide better products and services or adopt more aggressive pricing policies. There is no assurance that the Enlarged Group will be able to compete successfully in such a market place.

Product lifespan and technological change

It should be recognised that the Enlarged Group operates in a market that sees continuous technological development. If competitors introduce new products that employ new technologies, or if new industry or government standards and practices emerge, the Enlarged Group's existing products and services may become obsolete. The future success of the Company will depend on the Enlarged Group's ability to:

- enhance its existing products and services;
- address the increasingly sophisticated and varied needs of its customers; and
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

Developing the Enlarged Group's technology and product range entails significant technical and business risks. The Enlarged Group may use or procure new technologies ineffectively or fail to adapt its products and services to customer requirements or emerging industry standards. If the Enlarged Group faces material delays in introducing new products, services or enhancements, it may be at a significant competitive disadvantage.

Product development

The Company's future success depends upon the Enlarged Group's ability to develop and introduce new products, services or enhancements which meet the needs of its customers.

The Enlarged Group may need to incur substantial product development expenditure to keep pace and ensure compatibility with new technology in its target markets. If the Enlarged Group fails to develop and introduce new products, services or enhancements on a timely basis, its products and services may no longer be acceptable in the marketplace and the Enlarged Group may be unable to attract new customers or retain existing customers.

Any significant delays in product development or introduction could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. Further, any failure by the Enlarged Group to anticipate or respond adequately to changes in technology and customer preferences could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Government and legislative change

There may be changes in future government policy in relation to the markets in which the Company operates which may have a material effect on the Group's business.

Dependence on Key Customers

The Company has significant contracts and long-term relationships with a number of key customers, some of which may be terminated without cause or on written notice at the expiry of their term. Although the Company knows of no reason why such contracts should be terminated or will not be renewed on the same or more favourable terms the Directors cannot guarantee that the relevant parties commercial position or market conditions will not alter this position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the trading position and any future profitability of the Company.

Future Fundraisings

Whilst the Directors have no current plans for raising additional capital immediately after Admission and are satisfied that the working capital available to the Enlarged Group will, from Admission, be sufficient for its present requirements it is possible that the Company will need to raise extra capital in the future to develop fully the Enlarged Group's business or to take advantage of acquisition opportunities. The Enlarged Group's capital requirements depend on numerous factors, including its ability to maintain and expand its customer base and on potential acquisitions. It is difficult for the Directors to predict accurately the timing and amount of the Enlarged Group's capital requirements for such extraordinary items. If the Company's plans or assumptions change or prove to be inaccurate, or if the Company makes any material acquisitions, the Company may require further financing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

IFRS

The Company currently prepares its financial statements in accordance with UK GAAP. It is a requirement under the AIM Rules that companies will have to comply with IFRS for each financial year on or after 1 January 2007. The Company will therefore have to adopt IFRS from 1 January 2007 and will need to provide comparable data in accordance with IFRS for the financial year ending 31 December 2006. It is not possible to predict the impact that the conversion from UK GAAP to IFRS will have on the Company's financial results, although it could adversely affect the capital position or the reported profitability of the Company.

Taxation Change

There may be changes in future government fiscal policy in relation to the marketing sector. Any such changes may have a material effect on the Enlarged Group's business.

Dependence on Key Executives and Personnel

The Enlarged Group's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to continue to attract and retain highly skilled and qualified personnel. The Directors cannot give assurances that members of the senior management team and the executive Directors will continue to remain with the Enlarged Group. The loss of the services of the Directors, members of senior management and other key employees could damage the Enlarged Group's business.

The Company's Objectives may not be fulfilled

The value of an investment in the Company is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the Directors expect.

Dividends

The Directors intend, subject to availability of distributable reserves, that dividends will be paid to Shareholders when the Board considers it appropriate and prudent to do so. However, the main focus of the Enlarged Group in the short term will be in delivering capital growth for Shareholders. Dividend growth in the Ordinary Shares will rely on underlying growth in the Company's business.

The dividend policy mentioned in Part I of this document should not be construed as a dividend forecast. Any change in the tax treatment of dividends or interest received by the Company may reduce the level of dividend (if any) receivable by Shareholders. There can be no guarantee that the Company's objectives will be achieved.

Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current tax laws and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

General economic climate

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Enlarged Group's operations, business and profitability are affected by these factors, which are beyond the control of the Enlarged Group.

In addition, the performance of the marketing industry is to a large extent dependent upon the performance of the economy.

Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Enlarged Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements have been made on the reasonable belief of the Directors and speak only as of the date of this document. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

EIS/VCT

The Company has received provisional approval from the Inland Revenue confirming that its activities and the Ordinary Shares to be issued should qualify under the EIS and under the VCT legislation. Neither the Company, nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will be available or that, if given, such relief or status will not be withdrawn.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status claimed by investors.

Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

If the Company ceases to carry on the business outlined in this document during the three year period from the last issue of Ordinary Shares, this could prejudice the qualifying status of the Company under the EIS scheme or for a longer period under the VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

PART III
FINANCIAL INFORMATION ON THE COMPANY

10 April 2006

The Directors
The Mission Marketing Group plc
288 Bishopsgate
London
EC2M 4QP

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8EL

Dear Sirs

The Mission Marketing Group plc ("the Company")

We report on the financial information set out in Part III of the AIM Admission Document dated 10 April 2006 ("the Admission Document") of The Mission Marketing Group plc on the basis set out below. This report is required by the AIM Rules and is given for the purpose of complying with that Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

Basis of Preparation

The Company was incorporated on 7 March 2006 and has not completed its first accounting reference period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.

At 7 March 2006 the Company had an issued share capital of 2 ordinary shares of £0.10 each. On 6 April 2006 a further 1,359,165 ordinary shares of £0.10 each were allotted at £1.20 per share, which together with the two subscriber shares formed the consideration for the acquisition of 100 per cent. of the issued ordinary share capital of The Mission Marketing Holdings Limited. On 7 April 2006 an agreement was entered into to allot a further 1,136,667 ordinary shares of 10p each at £1.20 per share as consideration to acquire 100 per cent. of the issued A Share capital of the Mission Marketing Holdings Limited; this agreement and the issue of these shares is conditional on the Company being admitted to AIM.

The Company has not traded during the period from incorporation to the date of this report and there has been no income or expenditure and, therefore, no change in the Company's position has arisen. No dividend has been proposed or paid by the Company since incorporation.

Responsibilities

The Directors of The Mission Marketing Group plc are responsible for preparing the financial information on the basis of preparation set out above.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures

in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of The Mission Marketing Group plc at the date stated in accordance with the basis of preparation set out above.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KINGSTON SMITH

Chartered Accountants & Registered Auditors

PART IV

FINANCIAL INFORMATION ON THE MISSION MARKETING HOLDINGS LIMITED

10 April 2006

The Directors
The Mission Marketing Group plc
288 Bishopsgate
London
EC2M 4QP

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8EL

Dear Sirs

The Mission Marketing Holdings Limited ("TMMH" or "the Company")

We report on the financial information set out in Part IV of the AIM Admission Document dated 10 April 2006 ("the Admission Document") of The Mission Marketing Group plc on the basis of the accounting policies set out in the Notes to the Financial Information. This report is required by the AIM Rules and is given for the purpose of complying with that Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

Responsibilities

The Directors of TMMH are responsible for preparing the financial information on the basis of preparation set out in the Notes.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements, concerning the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of TMMH at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in the Notes to the Financial Information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KINGSTON SMITH

Chartered Accountants & Registered Auditors

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		18 month period to 31 December	Year to 31 December	Year to 31 December
	Note	2003 £	2004 £	2005 £
Turnover	1			
Continuing operations		—	—	—
Acquisitions		—	—	4,663,338
		—	—	4,663,338
Cost of Sales				
Continuing operations		—	—	—
Acquisitions		—	—	(1,215,405)
		—	—	(1,215,405)
Gross Profit				
Continuing operations		—	—	—
Acquisitions		—	—	3,447,933
		—	—	3,447,933
Administrative Expenses				
Continuing operations		(48,970)	(244,399)	(319,302)
Acquisitions		—	—	(2,623,857)
		(48,970)	(244,399)	(2,943,159)
Other operating income		—	—	—
Group operating profit/(loss)	2	(48,970)	(244,399)	504,774
Profit/(loss) on sale of tangible assets				2,043
Interest receivable and similar income	3	36	233	12,088
Interest payable and similar charges	4	—	—	(247,768)
Profit/(loss) on ordinary activities before taxation		(48,934)	(244,166)	271,137
Taxation	6	—	—	(102,455)
Profit/(loss) on ordinary activities after taxation		(48,934)	(244,166)	168,682
Dividends on equity shares		—	—	—
Retained profit/(loss) for the financial year for the Group	19	(48,934)	(244,166)	168,682
Basic earnings per share (pence)	7	(489.34)	(48.35)	16.71

There are no recognised gains or losses in the year other than the profit for the year.

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2003 £	31 December 2004 £	31 December 2005 £
Fixed Assets				
Intangible assets	8	–	–	9,134,419
Tangible assets	9	3,713	5,124	97,686
		<u>3,713</u>	<u>5,124</u>	<u>9,232,105</u>
Current Assets				
Debtors	13	6,029	21,573	2,113,551
Cash at bank and in hand		5,478	23,304	759,433
		<u>11,507</u>	<u>44,877</u>	<u>2,872,984</u>
Creditors: Amounts falling due within one year	14	(1,990)	(8,738)	(2,444,328)
Net Current Assets		<u>9,517</u>	<u>36,139</u>	<u>428,656</u>
Total Assets Less Current Liabilities		<u>13,230</u>	<u>41,263</u>	<u>9,660,761</u>
Creditors: Amounts falling due after more than one year	15	(62,163)	(334,263)	(2,760,079)
Provisions for liabilities and charges				
Deferred consideration	16	–	–	(4,320,600)
Net assets		<u>(48,933)</u>	<u>(293,000)</u>	<u>2,580,082</u>
Capital and reserves				
Called up share capital	19	1	100	201
Share premium	19	–	–	2,704,299
Profit and loss account	19	(48,934)	(293,100)	(124,418)
Shareholders' Funds		<u>(48,933)</u>	<u>(293,000)</u>	<u>2,580,082</u>

CONSOLIDATED CASHFLOW STATEMENT

		18 month period to 31 December 2003 £	Year to 31 December 2004 £	Year to 31 December 2005 £
	Note			
Net cash inflow/(outflow) from operating activities	22	<u>(51,215)</u>	<u>(249,738)</u>	<u>572,790</u>
Returns on Investments and Servicing of Finance				
Interest received		36	233	12,088
Interest paid		<u>—</u>	<u>—</u>	<u>(227,333)</u>
Net cash outflow from returns on investments and servicing of finance		36	233	(215,245)
Taxation				
Corporation tax paid		<u>—</u>	<u>—</u>	<u>(31,210)</u>
Capital Expenditure and Financial Investment				
Payments to acquire tangible fixed assets		(5,507)	(4,868)	(49,007)
Receipts from sale of tangible fixed assets		<u>—</u>	<u>—</u>	<u>3,950</u>
Net cash outflow from capital expenditure and financial investment		<u>(5,507)</u>	<u>(4,868)</u>	<u>(45,057)</u>
Acquisitions and disposals				
Purchase of subsidiary undertaking	12	—	—	(4,002,979)
Net cash acquired with subsidiary	12	<u>—</u>	<u>—</u>	<u>152,830</u>
Net cash outflow from acquisitions and disposals		<u>—</u>	<u>—</u>	<u>(3,850,149)</u>
Financing				
New long term bank loan		—	—	3,510,000
Issuing of ordinary share capital		1	99	1,340,000
Loans from director		62,163	272,100	990,000
Repayment of loan from director				(1,340,000)
Repayments of bank loan		<u>—</u>	<u>—</u>	<u>(195,000)</u>
Net cash inflow from financing		<u>62,164</u>	<u>272,199</u>	<u>4,305,000</u>
(Decrease)/increase in cash in the year	23	<u>5,478</u>	<u>17,826</u>	<u>736,129</u>

1. Principal Accounting Policies

(a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

The directors are currently in discussion with banks and other financial institutions to raise additional finance for the company. The directors have prepared the accounts on a going concern basis on the assumption that these discussions will be successful.

(b) Basis of consolidation

The group's accounts consolidate the accounts of the company and its subsidiary undertakings, Big Communications Limited and Fuse Digital Limited, made up to 31 December 2005, using the acquisition method of accounting.

(c) Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

(d) Income recognition

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 fall over the accounting year end, income is recognised to reflect the partial performance of the contractual obligations in accordance with UITF 40.

This represents a change in accounting policy from the previous years; the financial effect of this is immaterial.

(e) Goodwill

Goodwill represents the difference between the fair value of the total consideration given and the fair value of the separable net assets acquired. It has been capitalised in accordance with the requirements of FRS 10.

In accordance with Financial Reporting Standards 10 and 11, the carrying value of goodwill is reviewed annually for impairment on the basis stipulated in FRS 11 and is adjusted to the recoverable amount if required.

(f) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset, over its expected useful life, as follows:

Computer Equipment	25% – 33.33% straight line
Office Equipment	20% – 33.33% straight line
Motor vehicles	25% – straight line

(g) 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 securities 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.

(h) Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(i) *Pension scheme arrangements*

Payments into the defined contribution pension scheme are charged to the profit and loss account as they fall due, in accordance with SSAP 24.

2. Operating Profit

	2003 £	2004 £	2005 £
The operating profit/(loss) is stated after charging:			
Auditors' remuneration	–	–	25,000
Auditors' remuneration – non audit services	–	–	39,883
Depreciation – owned tangible fixed assets	1,794	3,457	50,118

3. Interest Receivable and similar income

	2003 £	2004 £	2005 £
Bank interest received	36	233	12,088

4. Interest Payable and similar charges

	2003 £	2004 £	2005 £
Bank overdraft and loan interest	–	–	247,768

5. Directors and Employees

	2003 £	2004 £	2005 £
Directors' remuneration	–	–	10,000

The average number of persons employed by the group (including directors) during the period was:

	2003	2004	2005
Directors	1	1	2
Marketing Services	–	–	59
	1	1	61

Their total remuneration was:

	2003 £	2004 £	2005 £
Wages and salaries	–	–	1,720,394
Social Security costs	–	–	188,821
Other pension costs	–	–	82,348
	–	–	1,991,563

The number of directors receiving contributions into a money purchase scheme is nil.

6. Taxation

	2003 £	2004 £	2005 £
(a) Analysis of charge in period			
Current tax:			
UK Corporation tax on profits of the period (Note 6(b))	—	—	102,455
Tax on profit on ordinary activities	<u>—</u>	<u>—</u>	<u>102,455</u>
(b) Factors affecting tax charge for the period			
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:			
Profit on ordinary activities before tax	<u>—</u>	<u>—</u>	<u>271,137</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.0%	—	—	81,341
Effects of:			
Expenses not deductible for tax purposes	—	—	17,582
Depreciation for period in excess of capital allowances	—	—	1,248
Effect of small company relief	—	—	(5,668)
Other tax differences	—	—	7,952
Current tax charge for the period (Note 6(a))	<u>—</u>	<u>—</u>	<u>102,455</u>

7. Earnings per Share

	Result for the year £	Weighted average no. of shares	Pence per share
2005			
Basic earnings per share	168,682	1,009,167	16.71
2004			
Basic earnings per share	(244,166)	505,000	(48.35)
2003			
Basic earnings per share	(48,934)	10,000	(489.34)

There are no potentially dilutive ordinary shares, therefore the diluted earnings per share will be the same as the basic earnings per share shown above.

8. Intangible Assets

	<i>Goodwill</i> £	<i>Total</i> £
Cost		
At 1 January 2003, 2004, and 2005	—	—
Additions	9,134,419	9,134,419
Disposals	—	—
	<hr/>	<hr/>
At 31 December 2005	9,134,419	9,134,419
	<hr/>	<hr/>
Amortisation		
At 1 January 2003, 2004, and 2005	—	—
Charge for the period	—	—
	<hr/>	<hr/>
At 31 December 2005	—	—
	<hr/>	<hr/>
Net Book Value		
At 31 December 2005	9,134,419	9,134,419
	<hr/>	<hr/>
At 31 December 2004	—	—
	<hr/>	<hr/>
At 31 December 2003	—	—
	<hr/>	<hr/>

9. Tangible Fixed Assets

	<i>Computer Equipment</i> £	<i>Motor Vehicles</i> £	<i>Office Equipment</i> £	<i>Total</i> £
Cost				
At 1 January 2003	–	–	–	–
Additions	5,007	–	500	5,507
At 1 January 2004	5,007	–	500	5,507
Additions	4,358	–	510	4,868
Disposals	–	–	–	–
At 1 January 2005	9,365	–	1,010	10,375
Assets due to acquisition of Big Communications Ltd	291,017	36,957	50,785	378,759
Assets due to acquisition of Fuse Digital Ltd	22,770	–	–	22,770
Additions	39,957	–	9,050	49,007
Disposals	(5,007)	(9,084)	(500)	(14,591)
At 31 December 2005	358,102	27,873	60,345	446,320
Depreciation				
At 1 January 2003	–	–	–	–
Charge for the period	1,669	–	125	1,794
At 1 January 2004	1,669	–	125	1,794
Charge for the year	3,121	–	336	3,457
At 1 January 2005	4,790	–	461	5,251
Assets due to acquisition of Big Communications Ltd	217,730	35,066	36,706	289,502
Assets due to acquisition of Fuse Digital Ltd	16,447	–	–	16,447
Charge for the year	40,552	1,891	7,675	50,118
Disposals	(3,310)	(9,084)	(290)	(12,684)
At 31 December 2005	276,209	27,873	44,552	348,634
Net Book Value				
At 31 December 2005	81,893	–	15,793	97,686
At 31 December 2004	4,575	–	549	5,124
At 31 December 2003	3,338	–	375	3,713

10. Investments – Company

The company holds more than 20 per cent. of the share capital of the following:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Class of share</i>	<i>Proportion held</i>	<i>Nature of business</i>
<i>Principal subsidiary undertakings:</i>				
Fuse Digital Limited	England and Wales	Ordinary	100%	Digital creative agency
Big Communications Limited	England and Wales	Ordinary	100%	Creative agency

The above subsidiary undertakings are registered in England and Wales and have been consolidated into these financial statements using the acquisition method of accounting.

11. Acquisitions

Big Communications Ltd ("Big")

On 2 February 2005 the company acquired the whole of the issued share capital of Big for consideration (including deferred consideration) as set out below. This purchase has been accounted for by the acquisition method of accounting. The assets and liabilities of Big at 2 February 2005 are set out below.

	<i>Book value and fair value to group £</i>
Tangible fixed assets	89,257
Debtors	1,728,788
Cash	134,124
Creditors falling due within one year	(1,302,605)
Provision for deferred taxation	(23,000)
Net assets	626,564
Goodwill	8,922,566
	<u>9,549,130</u>
Satisfied by:	
Cash on completion	3,309,000
Shares issued	1,323,468
Surplus cash due on 5th business day after completion	260,000
Surplus cash due on first anniversary of completion	105,000
Deferred/contingent consideration	4,191,400
Acquisition costs	360,262
	<u>9,549,130</u>

The amount of deferred consideration payable is dependent upon the combined earnings before interest and tax of Big and Fuse in the period from 1 April 2004 to 31 March 2009. The Directors consider the combined additional consideration of £4,320,600 to be the most reasonable estimate of the amounts that will be payable. The deferred consideration is to be settled by an issue of unsecured loan notes.

Big Communications earned a profit after tax of £324,699 in the eleven month period ending 31 March 2005. Of this amount, £242,048 arose in the period from 1st May 2004 to 2 February 2005. The summarised profit and loss account for the period 1 May 2004 to the effective date of acquisition is as follows:

	<i>£</i>
Turnover	<u>3,593,167</u>
Operating profit	630,283
Loss on fixed asset disposals	(181,022)
Amounts written off investments	(17,711)
Finance costs	(27,036)
Profit before tax	404,514
Taxation	(162,466)
Profit for the nine months ended 2 February 2005	<u><u>242,048</u></u>

Fuse Digital Limited ("Fuse")

On 2 February 2005 the company acquired the whole of the issued share capital of Fuse for consideration (including deferred consideration) as set out below. This purchase has been accounted for by the acquisition method of accounting. The assets and liabilities of Fuse at 2 February 2005 are set out below.

	<i>Book value and fair value to group £</i>
Tangible fixed assets	6,323
Debtors	202,136
Cash	18,706
Creditors falling due within one year	(87,169)
Net assets	139,996
Goodwill	211,853
	<u>351,849</u>
Satisfied by:	
Cash on completion	102,000
Shares issued	40,932
Surplus cash due on 5th business day after completion	50,000
Surplus cash due on first anniversary of completion	20,000
Deferred/contingent consideration	129,200
Acquisition costs	9,717
	<u>351,849</u>

The amount of deferred consideration payable is dependent upon the combined earnings before interest and tax of Big and Fuse in the period from 1 April 2004 to 31 March 2009. The Directors consider the combined additional consideration of £4,320,600 to be the most reasonable estimate of the amounts that will be payable. The deferred consideration is to be settled by an issue of unsecured loan notes.

Fuse earned a profit after tax of £102,245 in the eleven month period ending 31 March 2005. Of this amount, £84,459 arose in the period from 1 May 2004 to 2 February 2005. The summarised profit and loss account for the period 1 May 2004 to the effective date of acquisition is as follows:

	<i>£</i>
Turnover	<u>402,481</u>
Operating profit	<u>110,133</u>
Profit before tax	110,133
Taxation	(25,674)
Profit for the nine months ended 2 February 2005	<u><u>84,459</u></u>

12. Cashflow

The subsidiary undertakings acquired during the year made the following contributions to, and utilisations of, group cash flow.

	£
Operating profit	768,600
Depreciation charges	47,862
Increase in debtors	(210,766)
Increase in creditors	527,824
Net Cash Inflow from operating activities	1,133,520
Corporation tax paid	(31,210)
Capital expenditure and financial investment	(43,089)
	1,059,221

Analysis of net outflow of cash in respect of the purchase of the subsidiary undertakings

	£
Cash at bank and in hand acquired	152,830
Cash consideration paid	(3,721,000)
Stamp duty paid	(47,690)
Acquisition costs paid	(234,289)
	(3,850,149)

13. Debtors

	2003 £	2004 £	2005 £
Trade debtors	–	–	1,796,837
VAT debtor	–	16,400	–
Other debtors	5,625	10	157,758
Prepayments and accrued income	404	5,163	158,956
	6,029	21,573	2,113,551

14. Creditors : Amounts falling due within one year

	2003 £	2004 £	2005 £
Bank loans and overdrafts	–	–	554,921
Trade creditors	–	–	254,101
Corporation tax	–	–	282,412
Social security and other taxes	–	–	463,272
Other creditors	1,403	7,538	126,180
Accruals and deferred income	587	1,200	763,442
	1,990	8,738	2,444,328

15. Creditors: Amounts falling due after more than one year

	2003 £	2004 £	2005 £
Director's Current Account	62,163	334,263	–
Bank loans (secured)	–	–	2,760,079
Obligations under hire purchase contracts	–	–	–
	<u>62,163</u>	<u>334,263</u>	<u>2,760,079</u>
Analysis of loans			
Wholly repayable within 5 years	62,163	334,263	3,315,000
Included in current liabilities	–	–	(554,921)
	<u>62,163</u>	<u>334,263</u>	<u>2,760,079</u>

The bank loans are secured by way of a debenture over the assets and undertakings of each of the group companies. A cross company guarantee exists in favour of the bank on account of each group company. The loan is also secured over the entire issued share capital of Big Communications Ltd and Fuse Digital Ltd. Martin Banbury (director) has given a personal guarantee over the borrowings limited to £1,824,000, and the loan is further secured over his shares in Insure & Go Insurance Services Limited.

The bank loan is being repaid by monthly installments of £65,000. Interest is being charged at base rate plus a margin of between 2.5 and 3 per cent.

16. Provisions for Liabilities and Charges

	2003 £	2004 £	2005 £
Provision for deferred contingent consideration	<u>–</u>	<u>–</u>	<u>4,320,600</u>

Further details regarding this deferred contingent consideration can be found in Note 11.

17. Controlling Party

The company's ultimate controlling party is Martin Banbury by virtue of his majority shareholding.

18. Related Party Transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8, paragraph 3(c), not to make disclosures concerning transactions or balances with other members of the group headed by The Mission Marketing Holdings Limited which have been eliminated on consolidation.

During the year Martin Banbury, one of the directors of the company, loaned the company money. The total amount outstanding at the year end was £1,182. The maximum amount owed to Martin Banbury in the year was £1,341,182.

19. Shareholders' Funds

	<i>Profit and Loss Account £</i>	<i>Share Capital £</i>	<i>Share Premium £</i>	<i>Total £</i>
Balance at 1 January 2003	–	–	–	–
Increase in share capital	–	1	–	1
Retained loss for the year	(48,934)	–	–	(48,934)
Balance at 31 December 2003 and 1 January 2004	(48,934)	1	–	(48,933)
Increase in share capital	–	99	–	99
Retained loss for the year	(244,166)	–	–	(244,166)
Balance at 31 December 2004 and 1 January 2005	(293,100)	100	–	(293,000)
Increase in share capital	–	101	–	101
Premium on shares issued during the year	–	–	2,704,299	2,704,299
Retained profit for the year	168,682	–	–	168,682
Balance at 31 December 2005	<u>(124,418)</u>	<u>201</u>	<u>2,704,299</u>	<u>2,580,082</u>

20. Share Capital

	<i>2003 £</i>	<i>2004 £</i>	<i>2005 £</i>
Authorised			
1000/500,000 ordinary shares of £1 each	1,000	500,000	–
4,999,800,000 Ordinary shares of 0.01p each	–	–	499,980
200,000 'A' – 'T' shares of 0.01p each	–	–	20
	<u>1,000</u>	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid			
100 ordinary shares of £1 each	1	100	–
2,000,000 ordinary shares of 0.01p each	–	–	200
10,000 'A' – 'T' shares of 0.01p each	–	–	1
	<u>1</u>	<u>100</u>	<u>201</u>

The ordinary shares rank higher than the A – T shares in respect of voting rights and of rights to dividends.

On 2 February 2005, the entire authorised share capital was subdivided into 5,000,000,000 shares of 0.01p each. At the same date 200,000 of the unissued 0.01p shares were redesignated as 10,000 each of 'A' to 'T' shares of 0.01p each.

On 2 February 2005, 10,000 'A' shares of 0.01p each were allotted for a consideration of £1,364,400.

On the 31 December 2005, 1,000,000 ordinary shares of 0.01p each were allotted for a consideration of 1,340,000.

21. Future Financial Commitments

Operating leases

At 31 December 2005 the group had annual commitments under operating leases as set out below:

	<i>Land and Buildings 2003</i>	<i>Other 2003</i>	<i>Land and Buildings 2004</i>	<i>Other 2004</i>	<i>Land and Buildings 2005</i>	<i>Other 2005</i>
	£	£	£	£	£	£
Operating leases which expire:						
Within 1 – 2 years	–	–	–	–	2,700	35,934
In the second to fifth year	–	–	–	–	66,000	51,084
After 5 years	–	–	–	–	–	–

22. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	£	£	£
Operating profit	(48,970)	(244,399)	504,774
Depreciation charges	1,794	3,457	50,118
Increase in debtors	(6,029)	(15,544)	(617,026)
Increase in creditors	1,990	6,748	634,924
Net Cash Inflow from Operating Activities	(51,215)	(249,738)	572,790

23. Reconciliation of Cash Flow to Movement in Net Debt

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	£	£	£
Increase in cash in the period	5,478	17,826	736,129
Change in net debt resulting from cashflows	(62,163)	(272,100)	(2,981,919)
Change in net debt resulting from acquisition	–	–	(4,445,600)
Net funds/(debt) at beginning of the year	–	(56,685)	(310,959)
Net (debt)/funds at the end of the year	(56,685)	(310,959)	(7,002,349)

24. Analysis of Net Debt

	<i>At 01.07.02</i>	<i>Cash Movement</i>	<i>At 31.12.03</i>	<i>Cash Movement</i>	<i>At 31.12.04</i>	<i>Cash Movement</i>	<i>Acquisition Movement</i>	<i>At 31.12.05</i>
	£	£	£	£	£	£	£	£
Cash in hand and at bank	–	5,478	5,478	17,826	23,304	736,129	–	759,433
Net cash	–	5,478	5,478	17,826	23,304	736,129	–	759,433
Bank loan	–	–	–	–	–	(3,315,000)	–	(3,315,000)
Director's loan	–	(62,163)	(62,163)	(272,100)	(334,263)	333,081	–	(1,182)
Acquisition cash outstanding	–	–	–	–	–	–	(125,000)	(125,000)
Deferred consideration loan notes	–	–	–	–	–	–	(4,320,600)	(4,320,600)
Net debt	–	(62,163)	(62,163)	(272,100)	(334,263)	(2,981,919)	(4,445,600)	(7,761,782)
	–	(56,685)	(56,685)	(254,274)	(310,959)	(2,245,790)	(4,445,600)	(7,002,349)

PART V
PRO FORMA FINANCIAL INFORMATION FOR THE
MISSION MARKETING GROUP PLC

10 April 2006

The Directors
The Mission Marketing Group plc
288 Bishopsgate
London
EC2M 4QP

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8EL

Dear Sirs,

PRO FORMA FINANCIAL INFORMATION FOR THE
MISSION MARKETING GROUP PLC ("TMMG")

We report on the pro forma Profit and Loss account ("the pro forma financial information") set out in Part V of the admission document dated 10 April 2006 which has been prepared on the basis described below for illustrative purposes only, to provide information about how the acquisition of Bray Leino Holdings Limited ("BLH") might have affected the financial information presented on the basis of the accounting policies adopted by The Mission Marketing Holdings Limited in preparing the financial statements for the period ended 31 December 2005. This report is required by guidance issued by the London Stock Exchange with respect to the AIM market and is given for the purpose of complying with the guidance issued by the London Stock Exchange and for no other purposes.

Basis of Preparation

The pro forma financial information has been prepared on the basis that the entire enlarged group that will result out of the proposed acquisition of BLH by TMMG was in existence for the year ended 31 December 2005. The pro forma information has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the financial position of the Group.

Responsibilities

It is the responsibility of the directors of TMMG to prepare the pro forma financial information in accordance with guidance issued by the London Stock Exchange.

It is our responsibility to form an opinion, as required by guidance issued by the London Stock Exchange as to the proper compilation of the pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their use.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the

evidence supporting the adjustments and discussing the pro forma financial information with the directors of TMMG.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of The Mission Marketing Holdings Limited.

Declaration

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with guidance issued by the London Stock Exchange.

Yours faithfully

KINGSTON SMITH

Chartered Accountants & Registered Auditors

The unaudited pro forma Profit and Loss Account of the Group, illustrating the effect on the Group of the acquisition of Bray Leino Holdings as if it had taken place on 1 January 2005, is set out below. The unaudited proforma Profit and Loss Account also illustrates the effect on the Group of the acquisition of Zoo Group Limited by Bray Leino Holdings Limited as if this acquisition had taken place on 1 January 2005 and the effect on the Group of the acquisition of Big Communications Limited and Fuse Digital Limited by The Mission Marketing Holdings Limited as if this acquisition had taken place on 1 January 2005.

This pro forma financial information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Group.

	Bray Leino Holdings Ltd (Note 1)	Zoo Group Limited Pre Acquisition Results (Note 2)	Pro forma Bray Leino Holdings Ltd	The Mission Marketing Holdings Ltd (Note 3)	Big & Fuse Pre Acquisition Results (Note 4)	Pro forma The Mission Marketing Holdings Ltd	Accounting Policies Adjustments (Note 5)	Enlarged Group Total Pro forma
Turnover								
Continuing operations	34,586,827	–	34,586,827	–	–	–	–	34,586,827
Acquisitions	4,859,200	2,510,362	7,369,562	4,663,338	467,149	5,130,487	–	12,500,049
Discontinued operations	451,188	–	451,188	–	–	–	–	451,188
	39,897,215	2,510,362	42,407,577	4,663,338	467,149	5,130,487	–	47,538,064
Cost of Sales								
Continuing operations	(22,743,777)	–	(22,743,777)	–	–	–	–	(22,743,777)
Acquisitions	(2,618,856)	(1,460,689)	(4,079,545)	(1,215,405)	(177,092)	(1,392,497)	–	(5,472,042)
Discontinued operations	(340,095)	–	(340,095)	–	–	–	–	(340,095)
	(25,702,728)	(1,460,689)	(27,163,417)	(1,215,405)	(177,092)	(1,392,497)	–	(28,555,914)
Gross Profit								
Continuing operations	11,843,050	–	11,843,050	–	–	–	–	11,843,050
Acquisitions	2,240,344	1,049,673	3,290,017	3,447,933	290,057	3,737,990	–	7,028,007
Discontinued operations	111,093	–	111,093	–	–	–	–	111,093
	14,194,487	1,049,673	15,244,160	3,447,933	290,057	3,737,990	–	18,982,150
Distribution costs								
Continuing operations	(1,024,720)	–	(1,024,720)	–	–	–	–	(1,024,720)
Acquisitions	(151,256)	–	(151,256)	–	–	–	–	(151,256)
Discontinued operations	(28,524)	–	(28,524)	–	–	–	–	(28,524)
	(1,204,500)	–	(1,204,500)	–	–	–	–	(1,204,500)
Administrative expenses								
Continuing operations	(7,983,490)	–	(7,983,490)	(319,302)	–	(319,302)	–	(8,302,792)
Acquisitions	(1,970,133)	(1,002,530)	(2,972,663)	(2,623,857)	(203,614)	(2,827,471)	–	(5,800,134)
Discontinued operations	(97,160)	–	(97,160)	–	–	–	–	(97,160)
	(10,050,783)	(1,002,530)	(11,053,313)	(2,943,159)	(203,614)	(3,146,773)	–	(14,200,086)
Operating Profit before amortisation								
Continuing operations	2,834,840	–	2,834,840	(319,302)	–	(319,302)	–	2,515,538
Acquisitions	118,955	47,143	166,098	824,076	86,443	910,519	–	1,076,617
Discontinued operations	(14,591)	–	(14,591)	–	–	–	–	(14,591)
	2,939,204	47,143	2,986,347	504,774	86,443	591,217	–	3,577,564
Amortisation								
Continuing operations	(289,622)	–	(289,622)	–	–	–	289,622	–
Acquisitions	–	(32,216)	(32,216)	–	–	–	32,216	–
Discontinued operations	–	–	–	–	–	–	–	–
	(289,622)	(32,216)	(321,838)	–	–	–	321,838	–

	Bray Leino Holdings Ltd (Note 1)	Zoo Group Limited Pre Acquisition Results (Note 2)	Pro forma Bray Leino Holdings Ltd	The Mission Marketing Holdings Ltd (Note 3)	Big & Fuse Pre Acquisition Results (Note 4)	Pro forma The Mission Marketing Holdings Ltd	Accounting Policies Adjustments (Note 5)	Enlarged Group Total Pro forma
Operating Profit								
Continuing operations	2,545,218	–	2,545,218	(319,302)	–	(319,302)	289,622	2,515,538
Acquisitions	118,955	14,927	133,882	824,076	86,443	910,519	32,216	1,076,617
Discontinued operations	(14,591)	–	(14,591)	–	–	–	–	(14,591)
	<u>2,649,582</u>	<u>14,927</u>	<u>2,664,509</u>	<u>504,774</u>	<u>86,443</u>	<u>591,217</u>	<u>321,838</u>	<u>3,577,564</u>
Profit/(Loss) on sale of fixed assets	–	–	–	2,043	–	2,043	–	2,043
Amounts written off investments	–	–	–	–	(17,711)	(17,711)	–	(17,711)
Interest receivable and similar income	111,485	11,894	123,379	12,088	–	12,088	–	135,467
Interest payable and similar charges	(410,860)	–	(410,860)	(247,768)	(3,312)	(251,080)	–	(661,940)
Profit on ordinary activities before taxation	<u>2,350,207</u>	<u>26,821</u>	<u>2,377,028</u>	<u>271,137</u>	<u>65,420</u>	<u>336,557</u>	<u>321,838</u>	<u>3,035,423</u>
Tax on profit on ordinary activities	(856,615)	–	(856,615)	(102,455)	(31,988)	(134,443)	–	(991,058)
Profit on ordinary activities after taxation	<u><u>1,493,592</u></u>	<u><u>26,821</u></u>	<u><u>1,520,413</u></u>	<u><u>168,682</u></u>	<u><u>33,432</u></u>	<u><u>202,114</u></u>	<u><u>321,838</u></u>	<u><u>2,044,365</u></u>

Notes

1. Based on the financial information in Part VI for the year ended 31 December 2005.
2. The pre acquisition results for Zoo Group Limited represents the results of Zoo Group Limited for the period 1 January 2005 to 5 May 2005.
3. Based on the financial information in Part IV for the year ended 31 December 2005.
4. The pre acquisition results for Big Communications Limited and Fuse Digital Limited represents the results for these companies for the period 1 January 2005 to 2 February 2005.
5. The amortisation of goodwill included within the financial information of Bray Leino Holdings Limited and Zoo Group Limited has been eliminated for the purposes of this pro forma financial information in order to illustrate the effect of Bray Leino Holdings Limited adopting the accounting policies of the Mission Marketing Holdings Limited, under which goodwill is subject to annual impairment reviews.

PART VI

FINANCIAL INFORMATION ON BRAY LEINO HOLDINGS LIMITED

10 April 2006

The Directors
The Mission Marketing Group plc
288 Bishopsgate
London
EC2M 4QP

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8EL

Dear Sirs

Bray Leino Holdings Limited ("BLH" or "the Company")

We report on the financial information set out in Part VI of the AIM Admission Document dated 10 April 2006 ("the Admission Document") of The Mission Marketing Group plc on the basis of the accounting policies set out in the Notes to the Financial Information. This report is required by the AIM Rules and is given for the purpose of complying with that Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

Basis of preparation of the financial information

On 5 May 2005, Bray Leino Holdings Limited became the holding company for the Group previously headed by Bray Leino Group Limited; as there has been no change in the underlying business as a result of this transaction, this financial information has been prepared in order to present the results and show the affairs of the underlying business throughout the 3 years to 31 December 2005.

Responsibilities

The Directors of BLH are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of Bray Leino Holdings Limited at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in the Notes to the Financial Information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KINGSTON SMITH

Chartered Accountants & Registered Auditors

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Bray Leino Group Limited

Bray Leino Group Limited/Bray Leino Holdings Limited

		Year to 31 December 2003	Year to 31 December 2004	Continuing Operations 2005	Acquisitions 2005	Discontinued Operations 2005	Total Year to 31 December 2005
	Note	£	£	£	£	£	£
GROUP TURNOVER	2	31,761,798	30,468,058	34,586,827	4,859,200	451,188	39,897,215
Cost of Sales		(22,787,978)	(21,538,101)	(22,743,777)	(2,618,856)	(340,095)	(25,702,728)
GROSS PROFIT		8,973,820	8,929,957	11,843,050	2,240,344	111,093	14,194,487
Distribution costs		(1,196,314)	(1,080,192)	(1,024,720)	(151,256)	(28,524)	(1,204,500)
Administrative expenses		(5,545,176)	(6,669,710)	(8,273,112)	(1,970,133)	(97,160)	(10,340,405)
GROUP OPERATING PROFIT	3	2,232,330	1,180,055	2,545,218	118,955	(14,591)	2,649,582
Profit/(loss) on disposal of fixed assets		(2,884)	(9,000)				–
Interest receivable and similar income	4	53,216	73,573				111,485
Interest payable and similar charges	5	(10,979)	(2,858)				(410,860)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,271,683	1,241,770				2,350,207
Tax on profit on ordinary activities	8	(580,001)	(379,638)				(856,615)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,691,682	862,132				1,493,592
Dividends on equity and non-equity shares	9	(787,716)	–				(2,442,737)
RETAINED GROUP PROFIT FOR THE FINANCIAL YEAR	10	903,966	862,132				(949,145)

All of the activities of the group are classed as continuing for periods 2003 and 2004. See Note 3(b) for explanation on 2005 activities.

The group has no recognised gains or losses other than the results for the periods as set above.

The accompanying notes are an integral part of this profit and loss account.

CONSOLIDATED BALANCE SHEET

		Bray Leino Group Limited		Bray Leino Holdings Limited
		Year to	Year to	Year to
	Notes	31 December 2003	31 December 2004	31 December 2005
		£	£	£
FIXED ASSETS				
Intangible assets	11	366,952	340,000	8,397,078
Tangible assets	12	1,528,232	1,278,367	1,236,891
		1,895,184	1,618,367	9,633,969
CURRENT ASSETS				
Stock	13	323,800	691,100	409,200
Debtors	14	7,048,415	9,304,433	6,413,026
Cash at bank and in hand		1,436,673	1,347,277	2,769,715
		8,808,888	11,342,810	9,591,941
CREDITORS : Amounts falling due within one year	15	(5,396,208)	(6,795,230)	(8,484,248)
NET CURRENT ASSETS		3,412,680	4,547,580	1,107,693
TOTAL ASSETS LESS CURRENT LIABILITIES		5,307,864	6,165,947	10,741,662
CREDITORS: Amounts falling due after more than one year	16	(13,080)	(9,765)	(7,825,449)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	17	(27,906)	(27,172)	(45,000)
NET ASSETS		5,266,878	6,129,010	2,871,213
CAPITAL AND RESERVES				
Called up share capital	19	1,487,470	1,487,470	809,700
Share redemption account	20	129,393	129,393	–
Share premium account	21	–	–	1,422,771
Profit and loss account	22	3,650,015	4,512,147	638,742
SHAREHOLDERS' FUNDS	23	5,266,878	6,129,010	2,871,213
SHAREHOLDERS' FUNDS ATTRIBUTABLE TO:				
Equity shareholders		4,686,658	5,548,790	2,871,213
Non-equity shareholders		580,220	580,220	–
		5,266,878	6,129,010	2,871,213

The accompanying notes are an integral part of this balance sheet.

CONSOLIDATED CASHFLOW STATEMENT

		Year to 31 December 2003 £	Year to 31 December 2004 £	Year to 31 December 2005 £
Notes				
NET CASH INFLOW FROM OPERATING ACTIVITIES	30	1,469,036	262,339	5,512,214
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		53,216	73,573	111,485
Interest paid		(8,751)	(1,082)	(276,229)
Interest element of finance leases and hire purchase contracts		(2,228)	(1,776)	(631)
Issue costs of new bank loan		–	–	(151,000)
Preference dividends paid		(5,818)	–	–
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		36,419	70,715	(316,375)
TAXATION				
Corporation tax paid		(580,001)	(379,638)	(554,001)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(219,079)	(172,587)	(132,791)
Receipts from sale of tangible fixed assets		–	113,963	8,257
NET CASH (OUTFLOW) FROM CAPITAL EXPENDITURE		(219,079)	(58,624)	(124,534)
ACQUISITION AND DISPOSALS				
Purchase of subsidiary undertakings		–	–	(9,245,400)
Cash acquired with subsidiary undertakings		–	–	1,680,700
Net cash outflow for acquisitions and disposals		–	–	(7,564,700)
FINANCING				
Issue of ordinary share capital		–	–	1,504,471
Bank loan		–	–	6,000,000
Bank loan repayments		–	–	(600,000)
Capital element of finance leases and hire purchase contracts		(6,325)	(3,315)	(3,316)
Net cash inflow/(outflow) from financing		(6,325)	(3,315)	6,901,155
EQUITY DIVIDENDS				
Equity Dividends paid		(781,898)	–	(2,402,737)
(Decrease)/increase in cash in the year	31	(81,848)	(108,523)	1,451,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

On 5 May 2005, Bray Leino Holdings became the holding company for the group previously headed by Bray Leino Group Ltd; as there has been no change in the underlying business as a result of this transaction, this financial information has been prepared in order to present the results and state of affairs of the underlying business throughout the 3 years to 31 December 2005.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Bray Leino Group Limited and all its subsidiary undertakings to 31 December 2003 and 2004 as detailed in note 26.

The Group's financial statements consolidate the financial statements of Bray Leino Holdings Limited and all its subsidiary undertakings to 31 December 2005 as detailed in note 26.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. All acquisitions of subsidiaries have been accounted for under the acquisition method of accounting and all inter-company balances and transactions have been eliminated in full.

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	50 years straight line
Leasehold property	15 years straight line
Plant and machinery	15% reducing balance
Technical equipment	25% straight line
Motor vehicles	25% straight line

Residual value is calculated on prices prevailing at the date of acquisition.

Stock and work in progress

Work in progress is stated at the lower of cost and net realisable value, cost being the invoiced cost of goods and services supplied by outside parties for jobs in production.

Net realisable value is based on estimated invoice value less further costs expected to be incurred to completion.

Finance and operating leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign Currencies

Monetary 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 transaction. Exchange differences are included in the profit and loss account.

Goodwill

Purchased goodwill is capitalised and amortised by equal annual instalments through the profit and loss account over its estimate useful life of 20 years.

Intangible fixed assets and amortisation – development expenditure

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is three years. Provision is made for any impairment.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

European grant income

Capital grants receivable are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

2. Turnover

The geographical analysis of turnover is as follows:

	2003 £	2004 £	2005 £
United Kingdom	30,057,921	28,744,529	38,587,156
Rest of Europe	1,625,321	1,605,782	1,300,069
Rest of the World	78,556	117,747	9,990
	<u>31,761,798</u>	<u>30,468,058</u>	<u>39,897,215</u>

All turnover is derived from the company's principal activities.

3. (a) Operating Profit

	2003 £	2004 £	2005 £
The operating profit is stated after charging/(crediting):			
Depreciation and amounts written off tangible fixed assets:			
– owned	306,009	288,771	307,491
– held under finance leases	11,585	10,718	3,781
Operating lease costs:			
– amounts payable in respect of hire of plant and machinery	212,302	213,031	204,334
– other operating leases	229,889	243,641	362,606
Auditors' remuneration			
– audit fees	42,000	42,000	51,800
– non audit fees	10,450	8,050	22,000
Amortisation of intangible fixed assets	53,999	26,952	289,622
Grant income recognised	(40,800)	(20,086)	–
	<u> </u>	<u> </u>	<u> </u>

(b) Group Reorganisation

On 1 January 2005, Bray Leino Limited acquired the assets and trade of two of its subsidiaries, Bray Leino Training for Change Limited and Blue Sky (UK) Limited. On 5 May 2005 Bray Leino Holdings Limited acquired the whole of the issued share capital of Bray Leino Group Limited and The Zoo Group Limited, a Bristol based marketing and PR agency. On 1 June 2005 Bray Leino Limited acquired the assets and trade of fellow subsidiary, The Zoo Group Limited. On 31 July 2005 a subsidiary, DVC Turquoise Limited, ceased trading.

4. Interest Receivable and similar income

	2003 £	2004 £	2005 £
Bank interest receivable	–	–	111,485
Other	53,216	73,573	–
	<u>53,216</u>	<u>73,573</u>	<u>111,485</u>

5. Interest Payable and similar charges

	2003 £	2004 £	2005 £
Bank overdraft and loan interest	299	1,082	276,229
Finance charges payable in respect of finance leases and hire purchase contracts	2,228	1,776	134,000
Other	8,452	–	631
	<u>10,979</u>	<u>2,858</u>	<u>410,860</u>

6. Directors' remuneration

	2003 £	2004 £	2005 £
Directors' emoluments	1,198,681	217,524	222,353
Company contributions to money purchase scheme	124,413	39,832	39,832

The number of directors who are accruing benefits under company pension schemes were as follows:

	Number of directors		
	2003	2004	2005
Money purchase pension scheme	2	2	2
For the highest paid director:			
Aggregate emoluments	138,691	136,991	140,217
Aggregate pension contributions	24,100	24,100	24,100
	162,791	161,091	164,317

7. Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	2003	2004	2005
Production	64	63	33
Administration and client services	147	143	200
	211	206	233

The aggregate payroll costs of these persons were as follows:

	2003 £	2004 £	2005 £
Wages and salaries	5,569,950	5,533,446	6,674,790
Social Security costs	588,974	628,183	688,164
Other pension costs	370,134	429,560	417,888
	6,529,058	6,591,189	7,780,842

8. Tax on profit on ordinary activities

	2003 £	2004 £	2005 £
(a) Analysis of charge in period			
Current tax:			
UK Corporation tax on profits of the period	607,873	448,524	813,100
Adjustment in respect of prior year	(23,362)	(68,152)	25,687
	584,511	380,372	838,787
Deferred tax:			
Origination and reversal of timing differences	(4,231)	399	18,778
Adjustment in respect of prior year	(279)	(1,133)	(950)
Tax on profit on ordinary activities	580,001	379,638	856,615

(b) Factors affecting tax charge for the period

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK.
The differences are explained below:

	2003 £	2004 £	2005 £
Profit on ordinary activities before tax	<u>2,271,683</u>	<u>1,241,770</u>	<u>2,350,207</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.0%	681,505	372,531	705,062
Effects of:			
Expenses not deductible for tax purposes	57,151	56,032	80,177
Provision against investments	–	–	475,875
Dividends from subsidiary companies	–	–	(638,237)
Non-taxable income	(153,839)	(2,306)	–
Capital allowances in the period in excess of depreciation	23,056	22,267	9,150
Prior year tax charge	(23,362)	(68,152)	(9,854)
Group relief	–	–	(173,521)
Other differences	–	–	10,865
Current tax charge for the period (Note 8(a))	<u>584,511</u>	<u>380,372</u>	<u>459,517</u>

9. Dividends and other appropriations

The following dividends have been paid in respect of the relevant periods:

	2003 £	2004 £	2005 £
Equity shares:			
Final dividend paid	781,898	–	2,402,737
Other dividends on non-equity shares:			
Final dividend paid	5,818	–	40,000
	<u>787,716</u>	<u>–</u>	<u>2,442,737</u>

10. Profit for the Financial Year

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements; these were dealt with in the financial statements of the company.

	2003 £	2004 £	2005 £
Group Retained Profit	<u>903,966</u>	<u>862,132</u>	<u>(949,145)</u>
Company Retained Profit	<u>–</u>	<u>–</u>	<u>218,600</u>

11. Intangible Assets

	<i>Goodwill Bray Leino Group Limited £</i>	<i>Goodwill Bray Leino Holdings Limited £</i>	<i>Development Expenditure £</i>	<i>Total £</i>
Cost				
At 1 January 2003	340,000	–	157,542	497,542
At 31 December 2003 and 2004	340,000	–	157,542	497,542
On acquisition of subsidiaries (note 26)	(340,000)	8,686,700	–	8,346,700
At 31 December 2005	–	8,686,700	157,542	8,844,242
Amortisation				
At 1 January 2003	–	–	76,591	76,591
Charge for the period	–	–	53,999	53,999
At 31 December 2003	–	–	130,590	130,590
Charge for the year	–	–	26,952	26,952
At 31 December 2004	–	–	157,542	157,542
Charge for the year	–	289,622	–	289,622
At 31 December 2005	–	289,622	157,542	447,164
Net Book Value				
At 31 December 2003	340,000	–	26,952	366,952
At 31 December 2004	340,000	–	–	340,000
At 31 December 2005	–	8,397,078	–	8,397,078

The development expenditure relates to the development of a CD ROM for training purposes. The development commenced in 2000 and the first sale was made during 2001.

During periods 2003 and 2004 goodwill on consolidation of Bray Leino Group Limited arose of £340,000; this has not been amortised.

During 2005 goodwill of £8,686,700 arose on the acquisition of Bray Leino Group Limited by Bray Leino Holdings Limited.

12. Tangible Fixed Assets

	<i>Freehold and Leasehold Property</i> £	<i>Fixtures, Fittings and Equipment</i> £	<i>Motors</i> £	<i>Technical Equipment</i> £	<i>TOTAL</i> £
Cost					
At 1 January 2003	1,016,019	1,289,623	30,421	1,320,764	3,656,827
Additions	61,406	30,348	–	127,325	219,079
Disposals	–	(20,391)	–	(231,403)	(251,794)
At 31 December 2003	1,077,425	1,299,580	30,421	1,216,686	3,624,112
Additions	2,075	16,032	–	154,480	172,587
Disposals	(120,000)	–	–	(231,370)	(351,370)
At 31 December 2004	959,500	1,315,612	30,421	1,139,796	3,445,329
Additions	106,655	98,644	95,491	343,767	644,557
Disposals	–	(49,212)	(46,489)	(169,212)	(264,913)
At 31 December 2005	1,066,155	1,365,044	79,423	1,314,351	3,824,973
Depreciation					
At 1 January 2003	239,198	812,183	8,948	966,867	2,027,196
Provisions	68,122	73,805	7,606	168,061	317,594
Disposals	–	(18,268)	–	(230,642)	(248,910)
At 31 December 2003	307,320	867,720	16,554	904,286	2,095,880
Provisions	67,868	65,751	7,606	158,264	299,489
Disposals	(11,000)	–	–	(217,407)	(228,407)
At 31 December 2004	364,188	933,471	24,160	845,143	2,166,962
Provisions	106,712	161,593	83,716	325,755	677,776
Disposals	–	(45,665)	(41,779)	(169,212)	(256,656)
At 31 December 2005	470,900	1,049,399	66,097	1,001,686	2,588,082
Net Book Value					
At 31 December 2003	770,105	431,860	13,867	312,400	1,528,232
At 31 December 2004	595,312	382,141	6,261	294,653	1,278,367
At 31 December 2005	595,255	315,645	13,326	312,665	1,236,891

Included in the above in respect of assets held under finance leases, is as follows:

	2003 £	2004 £	2005 £
Net book value	43,416	32,698	–
Depreciation	11,585	10,718	3,781

13. Stocks

	2003 £	2004 £	2005 £
Raw materials and consumables	69,300	64,700	63,100
Work in progress	254,500	626,400	346,100
	323,800	691,100	409,200

14. Debtors

	2003 £	2004 £	2005 £
Trade debtors	5,145,722	6,278,920	6,280,280
Amount owed by group undertakings	1,646,587	2,870,519	–
Other debtors	10,797	10,258	33,646
Corporation tax recoverable	99,709	72,736	–
Prepayments and accrued income	145,600	72,000	99,100
	<u>7,048,415</u>	<u>9,304,433</u>	<u>6,413,026</u>

15. Creditors: Amounts falling due within one year

	2003 £	2004 £	2005 £
Bank loans and overdrafts	9,457	28,584	1,165,000
Payments received on account	304,591	1,143,043	418,207
Obligations under finance lease and hire purchase	3,315	3,315	3,315
Trade creditors	3,309,157	3,939,808	5,166,192
Amounts owed to group undertakings	376,291	467,782	–
Taxation and social security	1,044,311	950,998	1,374,434
Other creditors	55,300	22,700	79,100
Accruals and deferred income	293,786	239,000	278,000
	<u>5,396,208</u>	<u>6,795,230</u>	<u>8,484,248</u>

The bank loan is secured by a fixed and floating charge over all the Group's current and future assets. Amounts due under finance lease obligations are secured by a charge over the fixed assets to which they relate.

16. Creditors: Amounts falling due after more than one year

	2003 £	2004 £	2005 £
Obligations under hire purchase contracts	13,080	9,765	6,449
Bank loan	–	–	4,084,000
Unsecured loan notes	–	–	2,811,000
Convertible redeemable preference shares	–	–	750,000
Accruals	–	–	134,000
Preference dividends payable	–	–	40,000
	<u>13,080</u>	<u>9,765</u>	<u>7,825,449</u>

The bank loan is secured by a fixed and floating charge over all the Group's current and future assets. Amounts due under finance lease obligations are secured by a charge over the fixed assets to which they relate.

(a) Obligations under finance leases and hire purchase contracts

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2003 £	2004 £	2005 £
Within one year	3,315	3,315	3,315
In the second to fifth year	13,080	9,765	6,449
Over five years	—	—	—
	<u>16,395</u>	<u>13,080</u>	<u>9,764</u>

(b) Loans

	2005 £
Unsecured loan notes	2,811,000
Convertible Redeemable Preference shares	<u>750,000</u>
	<u>3,561,000</u>
Amount due within one year	—
Amount due after one year	<u>3,561,000</u>
	<u>3,561,000</u>

(c) Unsecured Loan Notes

The unsecured loan notes consist of £1,581,000 repayable in 2008 and £1,230,000 repayable in 2010. The loan notes can be redeemed by the company giving not less than 30 days prior written notice. Interest is charged at 2.25 per cent. over LIBOR and is payable on redemption.

(d) Preference Share Capital

Authorised, Allotted and fully paid:

	2005 £
750,000 Convertible Redeemable Preference Shares of £1 each	<u>750,000</u>

During 2005 £750,000 £1 Preference shares were issued at par to part finance the acquisition of Bray Leino Group Limited.

The convertible redeemable preference shares carry a fixed cumulative dividend of 8 per cent. per annum. On a winding up or liquidation the holders have priority before other classes of share to receive repayment of nominal value plus any arrears of dividend, and thereafter on a pro rata and pari passu basis with ordinary shareholders as if preference shares had been converted to ordinary shares. Preference shares can be redeemed at par by the company at any time, but in any event must be redeemed within seven years of issue or before any sale or listing of the company. The preference shareholders have the right to convert to ordinary shares in certain circumstances.

17. Provisions for liabilities and charges

	2003 £	2004 £	2005 £
Deferred Taxation			
At beginning of year	32,416	27,906	27,172
Charge to the profit and loss for the year	(4,510)	(734)	17,828
At end of year	<u>27,906</u>	<u>27,172</u>	<u>45,000</u>
The elements of deferred taxation are as follows:			
Difference between accumulated depreciation and amortisation and capital allowances	27,906	27,172	44,100
Other short-term timing differences	–	–	900
Deferred tax liability	<u>27,906</u>	<u>27,172</u>	<u>45,000</u>

There is an unrecognised deferred tax asset of 2003: £3,083 2004: £61,447 in respect of capital losses carried forward. These assets have not been recognised as directors are not certain that any benefits will arise in the foreseeable future.

18. Contingencies

For 2003 and 2004 the company had entered into an omnibus guarantee and set off agreement with Lloyds TSB Bank plc in respect of the following group companies:

Bray Leino Group Limited
Bray Leino Limited
Bray Leino Training for Change Limited
DVC Turquoise Limited
Blue Sky (UK) Limited

As at 31 December 2004, Barclays Bank Plc holds a £1.5 million guarantee in accordance with requirements and criteria set out by TVEye.

During 2005 the company entered into a composite guarantee with National Westminster Bank plc in respect of the following group companies:

Bray Leino Group Limited
Bray Leino Limited
Bray Leino Training for Change Limited
DVC Turquoise Limited
Blue Sky (UK) Limited
The Zoo Group Limited
BCLO Limited
BCLO Public Relations Limited
Blue Sky Exhibitions Limited

As at 31 December 2005, the potential liability under this arrangement was £nil.

19. Share capital

	2003 £	2004 £	2005 £
Authorised			
Equity shares:			
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000	–
2,250,000 ordinary shares of £1 each	–	–	2,250,000
Non-equity shares:			
250,000 'A' preference shares of £1 each	250,000	250,000	–
500,000 'B' preference shares of £1 each	500,000	500,000	–
	<u>1,750,000</u>	<u>1,750,000</u>	<u>2,250,000</u>
Allotted, called up and fully paid			
Equity shares:			
907,250 ordinary shares	907,250	907,250	–
809,707 ordinary shares of £1 each	–	–	809,700
Non-equity shares:			
116,364 'A' preference shares	116,364	116,364	–
463,856 'B' preference shares	463,856	463,856	–
	<u>1,487,470</u>	<u>1,487,470</u>	<u>809,700</u>

Provided always that the group has sufficient profits available for distribution from which such dividend may be paid, the holders of the 'A' preference shares are entitled to receive a fixed, non-cumulative, annual dividend in an amount equal to 5 per cent. of the amount paid up, or credited as paid up, on such preference shares. Upon any redemption of the 'A' preference shares, the company shall pay to the holders of the 'A' preference shares being redeemed a pro rated dividend in respect of the period between the accrual of the last annual dividend and the date of redemption, together with the principal amount payable on redemption. The 'B' preference shares have no rights to dividends.

No 'B' preference shares may be redeemed until all 'A' preference shares have been redeemed, unless all 'A' preference shareholders agree otherwise in writing. All preference shares are to be redeemed at par. Neither class of preference shares hold any voting rights.

During 2005, 809,707 Ordinary £1 shares were allotted for a total consideration of £2,233,000, after deducting expenses of £41,000. Included in this total are 160,910 shares that were issued to part finance the acquisition of The Zoo Group Limited.

20. Share redemption reserves

	2003 £	2004 £	2005 £
Balance brought forward	129,393	129,393	129,393
Acquisition adjustment	–	–	(129,393)
Balance carried forward	<u>129,393</u>	<u>129,393</u>	<u>–</u>

21. Share premium account

	2003 £	2004 £	2005 £
Balance brought forward	–	–	–
Shares issued in the period (after expenses)	–	–	1,422,771
Balance carried forward	<u>–</u>	<u>–</u>	<u>1,422,771</u>

22. Profit and loss account

	2003 £	2004 £	2005 £
Balance brought forward	2,746,049	3,650,015	4,512,147
Retained profit for the year	903,966	862,132	(949,145)
Retained pre-acquisition profits in subsidiaries	–	–	(2,924,260)
Balance carried forward	<u>3,650,015</u>	<u>4,512,147</u>	<u>638,742</u>
Retained Pre-acquisition profits in subsidiaries			
Retained profits brought forward @ 1/1/05			4,512,147
Pre-acquisition loss (Jan-Apr 2005)			<u>(1,587,887)</u>
Retained pre-acquisition profits			<u>2,924,260</u>

23. Reconciliation of movement in shareholders' funds

	2003 £	2004 £	2005 £
Profit for the financial year	1,691,682	862,132	1,493,592
Retained pre-acquisition profits in subsidiaries			(2,924,260)
Equity dividends paid	<u>(787,716)</u>	<u>–</u>	<u>(2,442,737)</u>
	903,966	862,132	(949,145)
Opening shareholders' funds	<u>4,362,912</u>	<u>5,266,878</u>	<u>6,129,010</u>
Closing shareholders' funds	<u>5,266,878</u>	<u>6,129,010</u>	<u>2,871,213</u>

24. Future Financial Commitments

Operating leases

For the following periods the group had annual commitments under operating leases as set out below:

	Land and Buildings 2003 £	Other 2003 £	Land and Buildings 2004 £	Other 2004 £	Land and Buildings 2005 £	Other 2005 £
Operating leases which expire:						
Within 1 – 2 years	21,400	–	10,500	–	2,850	–
In the second to fifth year	–	198,800	–	199,200	241,020	168,000
After 5 years	<u>189,400</u>	<u>–</u>	<u>220,920</u>	<u>–</u>	<u>117,920</u>	<u>–</u>

25. Pensions

The Bray Leino group of companies operates a defined contributions pension scheme.

The pension cost charges for the following periods represent contributions payable by the group to the scheme:

	2003 £	2004 £	2005 £
Defined contribution pension scheme	370,134	429,560	407,101

There were no outstanding or prepaid contributions at either the beginning or end of any of the reported periods.

26. Investments

(a) Bray Leino Group Limited (2003 & 2004)

Details of the investments held by the company in subsidiary undertakings, all of which are incorporated in England, are as follows:

Name	Class of share	Proportion held	Nature of business
Principal subsidiary undertakings:			
DVC Activecare Limited	Ordinary	100%	Dormant
Bray Leino Limited	Ordinary	80%	Advertising agents
Blue Sky (UK) Limited	Ordinary	100%	*Exhibitions, graphic design and printing
Bray Leino Training for Change Limited	Ordinary	100%	*Training consultants
DVC Turquoise Limited	Ordinary	100%	*Market research
Student Magazine Limited	Ordinary	50%	*Non-trading

*The shares in these subsidiaries are held by Bray Leino Limited.

Blue Sky (UK) Limited owns the following subsidiary undertakings:

Designamo Limited (Dormant)	– 100%
Artline Productions Limited (Dormant)	– 50%
Blue Sky Exhibitions Limited (Dormant)	– 100%

(b) Bray Leino Holdings Limited (2005)

Details of the investments held by the company in subsidiary undertakings, all of which are incorporated in England, are as follows:

Name	Class of share	Proportion held	Nature of business
Bray Leino Group Limited	Ordinary	100%	Holding company ⁽¹⁾
Bray Leino Limited	Ordinary	100%	Advertising, PR & training services ⁽²⁾
Blue Sky (UK) Limited	Ordinary	100%	Dormant
Bray Leino Training for Change Limited	Ordinary	100%	Dormant
DVC Turquoise Limited	Ordinary	100%	Dormant
Blue Sky Exhibitions Limited	Ordinary	100%	Dormant
The Zoo Group Limited	Ordinary	100%	Dormant ⁽¹⁾
BCLO Limited	Ordinary	100%	Dormant
BCLO Public Relations Limited	Ordinary	100%	Dormant
MO (UK) Limited	Ordinary	100%	Marketing

(1) Owned directly by the company.

(2) Owned 20% directly, and 80% indirectly.

(c) **Acquisitions**

(i) **Bray Leino Group Limited**

The company acquired the whole of the issued share capital of Bray Leino Group Limited on 5 May 2005. The acquisition method of accounting has been used in respect of the transaction. No fair value adjustments were deemed necessary to the book values of the group's assets and liabilities, which were as follows:

	<i>Book and Fair Value £</i>
Tangible fixed assets	1,269,000
Stocks	516,200
Debtors	4,800,900
Cash at bank and in hand	3,206,500
Creditors falling due within one year	(5,648,700)
Creditors falling due after one year	(9,800)
Provisions	(27,100)
Net assets acquired	4,107,000
Consolidated goodwill capitalised	6,824,000
	<u>10,931,000</u>
Satisfied by:	
Cash on date of acquisition	7,100,000
Issue of loan notes	2,811,000
Issue of preference shares	750,000
Acquisition costs	270,000
	<u>10,931,000</u>

(ii) **The Zoo Group Limited**

The company acquired the whole of the issued share capital of The Zoo Group Limited on 5 May 2005. The acquisition method of accounting has been used in respect of the transaction. No fair value adjustments were deemed necessary to the book values of the group's assets and liabilities, which were as follows:

	<i>Book and Fair Value £</i>
Tangible fixed assets	93,200
Debtors	1,142,600
Cash at bank and in hand	1,680,700
Creditors falling due within one year	(2,271,500)
Deferred tax asset	95,000
Net assets acquired	740,000
Consolidated goodwill capitalised	1,862,000
	<u>2,602,000</u>
Satisfied by:	
Cash on date of acquisition	1,711,000
Deferred consideration	100,000
Issue of ordinary shares	728,000
Expenses	63,000
	<u>2,602,000</u>

27. Related party disclosures

During the period the group was contracted to pay rent, in respect of premises it occupied, to the following related parties. The following amounts were due in the period:

	<i>Rent Paid</i> <i>£'000</i>
Mrs P H Morgan (wife of D W Morgan – director)	51
Hannele Properties Ltd (in which D W Morgan has 100% interest)	90
S R James – director	27
Mrs L Colom-Moreno (wife of J E Colom-Moreno – director)	27

As at 31 December 2005 no amounts were due to or from any of the above related parties.

28. Ultimate parent company and parent undertaking of larger group of which the company is a member

Until 5 May 2005 the company was a subsidiary of DVC Worldwide LLC, incorporated in the United States of America.

Following the management buy out in May 2005 there is no overall controlling party.

29. Post Balance Sheet Event

Since 2005 year end the group has restructured its borrowings. The £750,000 Convertible Redeemable Preference shares have been redeemed at par, and the 2008/2010 Unsecured Loan Notes have been fully repaid. This has been financed largely through a new bank loan, which is repayable over five years and attracts a variable interest rate of 2.25 per cent. above LIBOR.

30. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2003 £	2004 £	2005 £
Operating profit	2,232,330	1,180,055	2,649,582
Depreciation charges	317,594	299,489	259,210
Amortisation	53,999	26,952	289,622
(Increase)/decrease in stock	502,600	(367,300)	281,900
Decrease/(increase) in debtors	(1,712,837)	(2,262,021)	3,962,798
(Decrease)/increase in creditors	75,350	1,385,164	(1,930,898)
Net Cash Inflow from Operating Activities	1,469,036	262,339	5,512,214

31. Reconciliation of Net Cash Flow to Movement in Net Funds

	2003 £	2004 £	2005 £
(Decrease)/increase in cash in the year	(81,848)	(108,523)	1,451,022
Change in net funds	(81,848)	(108,523)	1,451,022
Opening net funds	1,509,064	1,427,216	1,318,693
Closing net funds	1,427,216	1,318,693	2,769,715

32. Analysis of Changes in Net Funds

	At 1 January 2003 £	Cashflows £		At 31 December 2003 £	Cashflows £		At 31 December 2004 £
Net cash:			Other £			Other £	
Cash in hand and at bank	1,509,064	(72,391)	–	1,436,673	(89,396)	–	1,347,277
Overdrafts	–	(9,457)	–	9,457	(19,127)	–	(28,584)
		(81,848)			(108,523)		
Debt due after one year	–	–	–	–	–	–	–
Debt due within one year	–	–	–	–	–	–	–
Finance Leases	(22,720)	6,325	–	(16,395)	3,315	–	(13,080)
NET FUNDS	<u>1,486,344</u>	<u>(75,523)</u>	<u>–</u>	<u>1,410,821</u>	<u>(105,208)</u>	<u>–</u>	<u>1,305,613</u>

	At 31 December 2004	Cashflows non cash changes	Other non cash change	At 31 December 2005
Net cash:				
Cash in hand and at bank	1,347,277	1,422,438		2,769,715
Overdrafts	(28,584)	28,584		–
		1,451,022		
Debt due after one year	–	(4,084,000)	(3,561,000)	(7,645,000)
Debt due within one year	–	(1,165,000)	–	(1,165,000)
Finance Leases	(13,080)	3,316	–	(9,764)
NET FUNDS	<u>1,305,613</u>	<u>(3,794,662)</u>	<u>(3,561,000)</u>	<u>(6,050,049)</u>

33. Major Non-Cash Transactions

As detailed in Note 26 part of the consideration for the purchases of Zoo Group Limited and Bray Leino Group Limited comprised shares and loan notes.

PART VII

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

10 April 2006

The Directors
The Mission Marketing Group plc
288 Bishopsgate
London
EC2M 4QP

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London
EC4N 8EL

Dear Sirs,

PRO FORMA STATEMENT OF NET ASSETS OF THE MISSION MARKETING HOLDINGS LIMITED ("TMMH")

We report on the pro forma statement of net assets set out in Part VII of the admission document dated 10 April 2006 which has been prepared on the basis described below for illustrative purposes only, to provide information about how the acquisition of Bray Leino Holdings Limited ("BLH") and the placing might have affected the financial information presented on the basis of the accounting policies adopted by TMMH in preparing the financial statements for the period ended 31 December 2005. This report is required by guidance issued by the London Stock Exchange with respect to the AIM market and is given for the purpose of complying with guidance issued by the London Stock Exchange and for no other purposes.

Responsibilities

It is the responsibility of the directors of TMMH to prepare the pro forma statement of net assets information in accordance with guidance issued by the London Stock Exchange.

It is our responsibility to form an opinion, as required by guidance issued by the London Stock Exchange as to the proper compilation of the pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their use.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the directors of TMMH.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the pro forma statement of net assets has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of TMMH.

Declaration

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance guidance issued by the London Stock Exchange.

Yours faithfully

KINGSTON SMITH

Chartered Accountants & Registered Auditors

The unaudited pro forma Statement of Net Assets of the group, illustrating the effect on the group of the acquisition of Bray Leino Holdings Limited and the proposed placing, as if these took place on 31 December 2005, is set out below. The Pro forma Statement has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the group.

	<i>The Mission Marketing Holdings Limited</i>	<i>Bray Leino Holdings Limited</i>				
	<i>31 December 2005</i>	<i>31 December 2005</i>	<i>Acquisition</i>	<i>Financing</i>		<i>Pro forma</i>
	<i>Audited</i>	<i>Audited</i>	<i>Adjustments</i>	<i>Adjustments</i>		
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>		<i>£</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>		<i>Note</i>	
Fixed Assets						
Intangible assets	9,134,419	8,397,078	20,753,787			38,285,284
Tangible assets	97,686	1,236,891	–	–		1,334,577
Investments	–	–	–	–		–
	<u>9,232,105</u>	<u>9,633,969</u>	<u>20,753,787</u>	<u>–</u>		<u>39,619,861</u>
Current Assets						
Stock and work in progress	–	409,200	–	–		409,200
Debtors	2,113,551	6,413,026	–	7,186,181		15,712,758
Cash at bank and in hand	759,433	2,769,715	(3,181,319)	3,553,819	5,6	3,901,648
	<u>2,872,984</u>	<u>9,591,941</u>	<u>(3,181,319)</u>	<u>10,740,000</u>		<u>20,023,606</u>
Creditors due within one year	<u>(2,444,328)</u>	<u>(8,484,248)</u>	<u>–</u>	<u>–</u>		<u>(10,928,576)</u>
Net Current Assets	<u>428,656</u>	<u>1,107,693</u>	<u>(3,181,319)</u>	<u>10,740,000</u>		<u>9,095,030</u>
Total Assets less Current Liabilities	9,660,761	10,741,662	17,572,468	10,740,000		48,714,891
Creditors due after more than one year	<u>(2,760,079)</u>	<u>(7,825,449)</u>	<u>(7,186,181)</u>	<u>3,660,000</u>	6,7	<u>(14,111,709)</u>
Provisions for Liabilities and Charges						
Deferred consideration	(4,320,600)	–	(5,000,000)		4	(9,320,600)
Deferred taxation	–	(45,000)				(45,000)
Net Assets	<u>2,580,082</u>	<u>2,871,213</u>	<u>5,386,287</u>	<u>14,400,000</u>		<u>25,237,582</u>

Notes:

1. The Mission Marketing Holdings Limited figures have been extracted from the financial information in Part IV.
2. The Bray Leino Holdings Limited figures have been extracted from the financial information in Part VI.
3. Goodwill Arising on acquisition of Bray Leino Holdings Limited

	£	£
Consideration:		
Shares issued in exchange on completion		6,205,000
Shares issued in exchange in March 2007		1,652,500
Shares issued in lieu of transaction costs		400,000
Cash paid on completion:		
– Consideration	1,481,319	
– 50% contribution to the vendors transaction costs	300,000	
– Transaction Costs in relation to the debt and equity fundraising and the acquisition of Bray Leino Holdings Limited	1,400,000	
	<u>3,181,319</u>	
Secured loan note:		
– Payable May 2007	<u>7,186,181</u>	
		10,367,500
Deferred consideration – loan notes (note 4)	2,500,000	
Deferred consideration – shares (note 4)	<u>2,500,000</u>	
		<u>5,000,000</u>
Total consideration		23,625,000
Less: net assets acquired:		
Net assets: Bray Leino Holdings Limited	2,871,213	
Less: goodwill acquired in Bray Leino Holdings Limited	<u>(8,397,078)</u>	
		<u>(5,525,865)</u>
		<u>29,150,865</u>
Existing goodwill in Bray Leino Holdings Limited		8,397,078
New goodwill on consolidation		<u>20,753,787</u>
		<u>29,150,865</u>

4. Deferred consideration
The Deferred consideration, payable in shares or cash, is dependent on the results of Bray Leino Holdings Limited for the three years ended 31 December 2008 and is subject to a maximum of £8,000,000 and minimum of £nil. A deferred consideration of £5,000,000 has been assumed for the purposes of this statement, payable £2,500,000 in loan notes and £2,500,000 in shares.
5. Share Issues
The proposed admission to AIM and placing of shares is assumed to raise funds of £14,400,000 gross of transaction costs. Shares issued as part of the consideration for Bray Leino Holdings Limited and the transaction costs are detailed in note 3 above.
6. Bank Loans
A bank loan of £7,500,000 is to be entered into on completion of the proposed transaction.
The existing bank loan of Bray Leino Holdings Limited of £7,975,000 together with the existing bank loan owed by The Mission Marketing Holdings plc of £3,185,000 are assumed to be repaid.
7. Secured Loan Notes
Secured loan notes to the value of £7,186,181 are to be issued as part of the consideration for Bray Leino Holdings Limited. These loan notes bear interest at a rate of 0.85 below the base rate of National Westminster Bank plc and have been secured by Royal Bank of Scotland.
As part of the security for these loan notes The Mission Marketing Group plc will pay £7,186,181 into an escrow account with Royal Bank of Scotland until these loan notes are redeemed.
6. Basis of Preparation
The Mission Marketing Group plc was not incorporated at 31 December 2005 and so has not been included into this *pro forma* statement of net assets.

PART VIII

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered in England and Wales where it remains domiciled on 7 March 2006 under the Act as a public company limited by shares with the name The Mission Marketing Group Plc and with registration number 05733632. On 6 April 2006 the Company obtained a trading certificate pursuant to section 117 of the Act.
- 1.2 The liability of the members of the Company is limited.
- 1.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.4 The Company's registered office is at Devonshire House, 60 Goswell Road, London EC1M 7AD. Its principal place of business is 288 Bishopsgate, London EC2M 4QP and the telephone number is 020 7959 3011.
- 1.5 The accounting reference date of the Company is 31 December.

2. The Group

- 2.1 The Company has the following significant subsidiaries:

<i>Company</i>	<i>Activity</i>	<i>Country of Incorporation</i>	<i>Proportion of ownership interest</i>	<i>Proportion of voting power</i>
TMMH	Holding Company	England and Wales	100	100
Big Communications	Advertising	England and Wales	100	100
Fuse Digital	New Media Marketing	England and Wales	100	100
Bray Leino	Advertising	England and Wales	100	100

- 2.2 The Company is the holding company of the Enlarged Group.

3. Share Capital

- 3.1 At the date of incorporation, the authorised share capital of the Company was £7,500,000 divided into 75,000,000 shares of £0.10 each, two of which were issued credited as fully paid to the subscribers to the Company's memorandum of association.
- 3.2 The following changes have taken place in the authorised and issued share capital of the Company since incorporation:
- 3.2.1 on 6 April 2006 the Company issued 1,359,165 new Ordinary Shares to Martin Banbury, Tim Alderson, Jerram Shurville, Iain Ferguson and Brian Child in consideration for the transfer to the Company of the 2,000,000 issued ordinary shares of £0.0001 each in the capital of TMMH;
- 3.2.2 on 10 April 2006 the Company issued, conditional on Admission, 1,136,667 New Ordinary Shares to the A Shareholders in consideration for the transfer to the Company of the 10,000 issued "A" Shares of £0.0001 each in the capital of TMMH.
- 3.3 The Company's authorised and issued fully paid share capital, at the date of this document is, and immediately following the Placing and Admission (assuming subscription in full) will be, as follows:

	<i>At the date of this document</i>		<i>Following Admission</i>	
	<i>Amount £</i>	<i>Number of Ordinary Shares</i>	<i>Amount £</i>	<i>Number of Ordinary Shares</i>
Authorised	8,500,000	85,000,000	8,500,000	85,000,000
Issued and fully paid	135,917	1,359,167	2,000,000	20,000,000

- 3.4 The provisions of section 89(1) of the Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied by resolution of the Company referred to in paragraph 3.5.3 below. This disapplication will give the Directors limited flexibility to issue shares for cash following Completion. Subject to certain limited exceptions, unless the approval of shareholders in general meeting is

obtained, the Company must normally offer Ordinary Shares to be issued for cash to existing ordinary shareholders on a pro rata basis. Other than the issue of the New Ordinary Shares, and save for the Ordinary Shares reserved to satisfy existing options granted under the Share Option Plans, and the potential issue of new Ordinary Shares pursuant to the Acquisition Agreement referred to in paragraph 9.10 of this Part VIII, no such issue is presently in contemplation.

3.5 By resolution of the shareholders of the Company passed on 6 April 2006 it was resolved that:

3.5.1 the authorised share capital of the Company be increased to £8,500,000 by the creation of 10,000,000 additional Ordinary Shares;

3.5.2 the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act):

- (a) up to an aggregate nominal value of £1,200,000 pursuant to the Placing;
- (b) up to an aggregate nominal value of £6,169,584 pursuant to the Acquisition Agreement;
- (c) up to an aggregate nominal amount of £113,667 pursuant to the agreement referred to in paragraph 9.7 below; and
- (d) (other than pursuant to sub-paragraphs (a), (b) and (c) above), up to an aggregate nominal value of £666,667

provided that the authority shall expire on the fifth anniversary of the date of the passing of the resolution unless and to the extent that such authority is renewed or extended prior to such date and except that the Company may, before such expiry, make an offer or an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by the resolution had not expired, this authority to replace any existing authority which will be revoked with immediate effect provided that the resolution shall not affect the right of the Directors to allot relevant securities in pursuance of any offer or agreement entered into prior to the date of the resolution;

3.5.3 the Directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by the resolution referred to in paragraph 3.5.2 above as if section 89(1) of the Act did not apply to any such allotment PROVIDED that the power shall be limited to:

- (a) the allotment of equity securities up to an aggregate nominal amount of £1,200,000 pursuant to the Placing;
- (b) the allotment of equity securities for cash in connection with a rights issue or any other pre-emptive offer in favour of holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical problems under the laws of, or the requirements of, any regulatory body or any recognised stock exchange in any territory; and
- (c) the allotment (other than pursuant to sub-paragraphs (a) and (b) above), of equity securities up to a maximum aggregate nominal value of £100,000

and shall expire on the fifth anniversary of the date of the passing of the resolution unless renewed or extended prior to such time, except that the Company may, before such expiry, make an offer or an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred by the resolution had not expired, the authority to replace any existing authority which will be revoked with immediate effect 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 the resolution.

3.6 The Company had 2 Ordinary Shares in issue on incorporation and 1,359,167 Ordinary Shares in issue at the date of this document. Save as disclosed in this document the Company has not used more than 10 per cent. of the issued share capital for the purchase of assets other than cash during the period.

3.7 There are no shares in the Company which are held by, or on behalf of, the Company and none of the Company's subsidiaries holds any shares in the Company.

3.8 Other than as set out in Part I and in paragraph 5.2 of this Part VIII, no person has any rights to purchase the authorised but unissued capital of the Company and no person has been given an undertaking by the Company to increase its authorised capital.

- 3.9 The International Security Identification Number for the Ordinary Shares is GB00B11FD453.
- 3.10 No person has any rights over the capital of any of the subsidiaries of the Company and the Company has not agreed, conditionally or unconditionally, to grant any option over the capital of any of the subsidiaries.
- 3.11 On completion of the Placing, the issued share capital of the Company shall be increased by 1,470 per cent. resulting in an immediate dilution of 1,470 per cent.

4. Memorandum and Articles of Association

Memorandum of Association

- 4.1 The objects of the Company are set out in full in clause 3 of its Memorandum of Association and include the carrying on of business as a general commercial company.

Articles of Association

- 4.2 The Articles of Association of the Company (the "Articles") which were adopted pursuant to a written resolution of the Company passed on 6 April 2006 contain provisions, *inter alia*, to the following effect:

4.2.1 Voting Rights

Subject to any special terms as to voting on which any shares may have been issued or may from time to time be held, at a general meeting of the Company every member who is present in person (including any corporation present by its duly authorised representative) shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is a holder. The Directors may accept the appointment of a proxy contained in an electronic communication subject to such terms and conditions as the Directors may determine. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

4.2.2 Restrictions on voting

Unless the Directors otherwise determine, no member is entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person appearing to be interested in such shares, has been issued with a notice pursuant to section 212 of the Act (requiring disclosure of interest in shares) and has failed in relation to any such shares to give the Company the information required by such notice within 14 days.

4.2.3 Dividends

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Directors.

Subject to the provisions of the Act, the Directors may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Directors to be justified by the profits of the Company available for distribution.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall (if the Directors so resolve) be forfeited and shall cease to remain owing by the Company.

The Directors may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

The Directors may also, with the prior authority of an ordinary resolution of the Company and subject to such conditions as the Directors may determine, offer to holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution.

Unless the Directors otherwise determine, the payment of any dividend or other money that would otherwise be payable in respect of Ordinary Shares will be withheld if such shares represent at least 0.25 per cent. of their class and the holder, or any other person appearing to be interested in those shares, has been duly served with a notice under section 212 of the Act and has failed to supply the information

required by such notice within 14 days. Furthermore such a holder shall not be entitled to elect to receive Ordinary Shares instead of a dividend.

4.2.4 *Distribution of assets on a winding up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

4.2.5 *Transfer of Shares*

Every member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Directors. Such instrument must be executed by or on behalf of the transferor and (in the case of the transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder until the transferee's name is entered in the register of members.

The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is delivered for registration to the registered office for the time being of the Company or such other place as the Directors may from time to time determine, accompanied (except in the case of a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued or in the case of renunciation) by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so;

provided that the Directors shall not refuse to register any transfer of partly paid shares which are listed on the grounds they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

Unless the Directors otherwise determine, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been duly served with a notice under section 212 of the Act, has failed to supply the information required by such notice within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Directors that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or a sale to an unconnected party.

4.2.6 *Variation of rights*

If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights, or in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class. The quorum at any such meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking equally in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

4.2.7 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Act, to create and issue debenture and other loan stock and debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company, and shall exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiary undertakings, so as to procure (as far as it can in relation to its subsidiary undertakings) that the aggregate principal amount outstanding in respect of moneys borrowed by the Company does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed three times the adjusted total of capital and reserves as all shown in the latest published audited consolidated balance sheet of the Group.

4.2.8 *Changes in capital*

Subject to the provisions of the Act, the Company in general meeting may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by a person and diminish the amount of its share capital by the amount of the shares so cancelled and sub-divide all or any of its shares into shares of smaller amount. The Company may also, subject to the provisions of the Act and to any rights for the time being attached to any shares, purchase its own shares and, by special resolution, reduce its share capital or any capital redemption reserve or any share premium account in any way.

4.2.9 *Issue of shares*

Subject to the provisions of the Act and to any special rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolutions does not make specific provision, as the Directors may determine, and any share may be issued which is, or is liable to be, redeemed at the option of the Company or the holder in accordance with the Articles. Subject to the Act and to any relevant authority of the Company in general meeting required by the provisions of the Act, the unissued shares at the date of adoption of the Articles and any shares subsequently created thereafter shall be at the disposal of the Directors.

4.2.10 *Remuneration of Directors*

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Directors may from time to time determine (not exceeding £200,000 per annum in aggregate or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Directors may determine or, in default of such determination, equally.

The Directors are entitled to be repaid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

The salary or remuneration of any Director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Directors, and may be in addition to or in lieu of any fee payable to him for his services as Director.

4.2.11 *Indemnity*

Subject to the provisions of the Act, but without prejudice to any indemnity to which a Director or officer may otherwise be entitled, the Directors and officers of the Company (other than the Company's auditor from time to time) are indemnified out of the assets of the Company against any liabilities incurred by them for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that such persons are not indemnified in circumstances if to do so would be void under the Act.

4.2.12 *Pensions and gratuities for Directors*

The Directors may exercise all the powers of the Company to provide and maintain pensions, other retirement of superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of any company in the Company group and their relatives or dependants.

4.2.13 *Directors' interests in contracts*

Subject to the provisions of the Act and provided that his interest is disclosed at a meeting of the Directors in accordance with the Articles, a Director, notwithstanding his office, may enter into or

otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, may hold any other office or place of profit under the Company (except that of auditor of the Company or of a subsidiary of the Company in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors may arrange, and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested and shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal. No such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

4.2.14 *Restrictions on Directors' voting*

Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors or of a committee of the Directors concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity of by the giving of security;
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company of any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) any proposal concerning any other body corporate in which he (together with persons connected with him) does not to his knowledge have an interest (as the term is used in Part VI of the Act) in one per cent., or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;
- (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (f) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.

A Director shall not vote or be counted in the quorum on any resolution of the Directors or committee of the Directors concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

4.2.15 *Number of Directors*

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be no more than 10 or less than two.

4.2.16 *Directors' appointment and retirement by rotation*

Directors may be appointed by the Company by ordinary resolution or by the Directors. If appointed by the Directors, a Director holds office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation. A Director shall not be required to hold any shares in the Company.

At each annual general meeting of the Company one-third of the Directors who are subject to retirement by rotation or if their number is not three or a multiple of three, the number nearest to but not exceeding one-third will retire by rotation and be eligible for re-election. There shall also be required to retire by rotation any Director who at an annual general meeting of the Company shall have then been a Director at the preceding two annual general meetings and was not otherwise required to retire. Subject to the Act and to the Articles, the Directors to retire will, first, be any Director who wishes to retire and not offer himself for re-election and secondly, will be those who have been longest in office since their last appointment or re-appointment, but as between those who have been in office an equal length of time, those to retire shall (unless they otherwise agree) be determined by lot.

A person who is proposed as a new director of the Company may not be appointed if he has attained the age of 70. A director who attains the age of 70 shall retire at the next annual general meeting of the Company.

4.2.17 Untraced shareholders

Subject to the Articles, the Company may sell any shares in the Company registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Directors. The proceeds will not carry interest.

4.2.18 Non-United Kingdom shareholders

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold or to exercise voting rights attached to the Ordinary Shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

4.2.19 General Meetings

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director, shall be called by at least 21 clear days' notice in writing. All other extraordinary general meetings shall be called by at least 14 clear days' notice in writing. The notice shall specify the day, time and place of the meeting and the general nature of the business to be transacted, whether the meeting is an annual general or an extraordinary general meeting and if the meeting is convened to consider a special or extraordinary resolution, the intention to propose the resolution as such. Notice of every general meeting shall be given to all members other than any who, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company. Subject to any terms as to voting upon which any shares may be issued, or may for the time being be held and subject to the Act and to any suspension or abrogation of voting rights pursuant to these Articles, at any general meeting, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote on a show of hands, and on a poll every member shall have one vote for each share of which he is the holder.

5. Directors' and Other Interests

- 5.1 The interests of the Directors (all of which are beneficial) and persons connected with them (as defined in section 346 of the Act) in the issued share capital of the Company as at 7 April 2006 (being the latest practicable business day prior to the date of this document) and following the Placing (assuming full subscription thereunder) and Admission such interests being those which could, with reasonable diligence, be ascertained by that Director, whether or not held through another party, were as follows:

	Prior to the Placing		Following Admission and the Placing	
	Number of Ordinary Shares	%	Number of Ordinary Shares	%
Francis Maude	–	–	8,333	0.0
Martin Banbury	1,148,497	84.5	2,398,497	12.0
Iain Ferguson	67,958	5	130,458	0.7
Timothy Alderson	67,958	5	167,958	0.8
Brian Child	6,796	0.5	23,463	0.1

- 5.2 The Directors are also interested in share options granted under the Share Option Plans as follows:

	Date of Grant	Exercise Price	Number of Ordinary Shares subject to option
Francis Maude	7.4.06	120p	40,000
Martin Banbury	7.4.06	120p	420,000
Iain Ferguson	7.4.06	120p	680,000
Timothy Alderson	7.4.06	120p	370,000
Brian Child	7.4.06	120p	60,000

Of the options granted to Martin Banbury, Iain Ferguson and Tim Alderson, 83,333 are granted under the EMI Scheme. The balance and the options granted to Francis Maude and Brian Child are granted under the Unapproved Share Option Scheme.

The options granted are exercisable between three and ten years from the date of grant.

- 5.3 None of the Directors or any members of their families hold any related financial product referenced to the Ordinary Shares.

6. Substantial Shareholders

- 6.1 In addition to the interests of the Directors, the Company is aware that the following persons will be, following Admission, interested in 3 per cent. or more of the issued Ordinary Share capital of the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share Capital immediately following Admission</i>
David Morgan	1,539,761	7.7
Nicholas Bacon	678,206	3.4
Stephen James	638,440	3.2

Save as disclosed in paragraph 5 and this paragraph 6, and in so far as the Company has the information, the Company is not aware of any person or persons who either alone or, if connected, jointly following the completion of the Placing, will (directly or indirectly) exercise or could exercise control over the Company.

- 6.2 The Shareholders listed in paragraph 5 and this paragraph 6, do not have different voting rights to other holders of Ordinary Shares.
- 6.3 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

7. Additional Information on the Directors

- 7.1 Other than directorships of Group companies, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Francis Maude	Abingdon School Conservatives for Change Limited Jubilee Investment Trust plc Globalink Telecommunications International Limited Mediasurface plc Prestbury Holdings plc	Performing Business Limited Dynamis plc Policy Exchange Limited Benfield Holdings Limited Spectator (1828) Limited (The) Huntsworth plc Incepta Group plc Benfield Limited
Martin Banbury	None	The Multiple Sclerosis Foundation UK Lighthouse Remodeling Limited Sold Limited Connect One Limited Connect Five Limited Connect Six Limited
Iain Ferguson	EWDB Limited Havas UK Limited Havas Holdings Limited	Deskmask Limited Aquabind Limited Abimania Limited Elmcheck Limited Havas Shared Services Limited Herts Tring UK Limited Herts Tring Holdings Limited Snyder Communications Holdings (UK) Euro RSCG Direct Marketing Limited The Direct Response Agency Limited Hub2Asia Limited Service Innovation Group-UK Limited Ellert Payroll Services Limited Steam UK Limited RSMB Television Research Limited Euro RSCG KLP Ltd

<i>Director</i>	<i>Current</i>	<i>Past</i>
Timothy Alderson	Alderson Associates Limited	The Internet Garden Co. Limited Garden-Genie.com Limited Mobile Sensory Testing Services Limited Marketing Sciences Limited Creston PLC Emery McLaven Orr Limited John Bowler Associates Limited EMO Group Limited The Real Adventure Marketing Communications Limited Nelson, Bostock Communications Limited Marketing Sciences Limited MSTS Ltd CML Research Limited The Real Adventure (Internet) Limited Synergie Consulting Limited Sky Rock Communications Limited 21Net Ltd
Brian Child	The North of England Zoological Society Elmwood Design Limited 97.7 The City Limited	Manchester Commonwealth Games Limited NDI Momentum Limited McCann Erickson Communications House Limited McCann Properties Limited Propeller Creative Services Limited McCann-Erickson Network Limited McCann-Erickson UK Group Limited Momentum Field Marketing Limited Momentum Activating Demand Limited

7.2 Save as disclosed in this document, none of the Directors has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) had any bankruptcy order made against him or entered into any voluntary arrangements;
- (iii) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
- (iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (v) been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (vi) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

7.3 The Internet Garden Co. Limited was placed into creditors' voluntary liquidation on 5 July 2000 whilst Mr Alderson was a director. The company, which provided gardening products and services through the internet, was dissolved on 15 October 2002 with an estimated deficit to creditors of £115,000. Mr Alderson was the largest creditor, being owed approximately £30,000.

Lighthouse Remodeling Limited, which sold and installed UPV windows, was placed into creditors' voluntary liquidation on 13 November 2000 whilst Mr Banbury was a director. The company was finally dissolved on 27 May 2003 with an estimated deficit to creditors of approximately £850,000.

7.4 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

- 7.5 The Directors by virtue of their lock-in arrangements entered into at the date of Admission, would be considered to be acting in concert under the rules of The Code for the period ending 12 months from Admission.

8. Directors' Service Contracts and Remuneration

- 8.1 On 10 April 2006 Martin Banbury entered into a service agreement with the Company. The service agreement, which is to take effect from Admission, is for an initial fixed term of 12 months and thereafter terminable on not less than six months' written notice given by either party to the other at any time. The basic annual salary is £72,000 per annum to be reviewed annually (without any obligation to increase the same), the first such review to be on 31 January 2007. A bonus is payable to Mr Banbury up to a maximum of 50 per cent. of his salary by reference to the earnings per share growth of the Company. For Mr Banbury to achieve his maximum bonus the earnings per share growth must be 25 per cent. or over. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.
- 8.2 On 10 April 2006 Iain Ferguson entered into a service agreement with the Company. The service agreement, which is to take effect from Admission, is for an initial fixed term of 12 months and thereafter terminable on not less than six months' written notice given by either party to the other at any time. The basic annual salary is £150,000 per annum to be reviewed annually (without any obligation to increase the same), the first such review to be on 31 January 2007. A bonus is payable to Mr Ferguson up to a maximum of 50 per cent. of his salary by reference to the earnings per share growth of the Company. For Mr Ferguson to achieve his maximum bonus the earnings per share growth must be 25 per cent. or over.

In the event of a change of control of the Company (as defined in the City Code on Takeovers and Mergers) Mr Ferguson may within 30 days of such change elect to terminate his employment whereupon the Company shall make a payment in lieu of notice equivalent to six months gross annual salary and the gross value of his contractual benefits for six months together with a pro rated bonus.

The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.

- 8.3 On 10 April 2006 Tim Alderson entered into a service agreement with the Company. The service agreement, which is to take effect from Admission, is for an initial fixed term of 12 months and thereafter terminable on not less than six months' written notice given by either party to the other at any time. The basic annual salary is £120,000 per annum to be reviewed annually (without any obligation to increase the same), the first such review to be on 31 January 2007. A bonus is payable to Mr Alderson up to a maximum of 50 per cent. of his salary by reference to the earnings per share growth of the Company. For Mr Alderson to achieve his maximum bonus the earnings per share growth must be 25 per cent. or over. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.
- 8.4 On 10 April 2006 Francis Maude entered into a letter of appointment with the Company appointing him as non-executive Chairman. The appointment, which is conditional on and effective from Admission, is for a fixed term expiring on 1 April 2007 unless both parties agree otherwise two months prior to 1 April 2007. The basic fee payable to Mr Maude is £25,000 per annum. Mr Maude is also entitled to options at the Placing Price over 0.2 per cent. of the Enlarged Share Capital.
- 8.5 On 10 April 2006 Brian Child entered into a service agreement with the Company appointing him as a non-executive director. The appointment, which is conditional on and effective from Admission, is for a fixed term expiring on 1 April 2007 unless both parties agree otherwise two months prior to 1 April 2007. The basic fee payable to Mr Child is £25,000 per annum. Mr Child is also entitled to options at the Placing Price over 0.3 per cent. of the Enlarged Share Capital.
- 8.6 On 10 April 2006 Jerram Shurville entered into a service agreement with the Company. The service agreement, which is to take effect from Admission, is for an initial fixed term of 12 months and thereafter terminable on not less than six months' written notice given by either party to the other at any time. The basic annual salary is £120,000 per annum to be reviewed annually (without any obligation to increase the same), the first such review to be on 31 January 2007. A bonus is payable to Mr Shurville up to a maximum of 50 per cent. of his salary by reference to the earnings per share growth of the Company. For Mr Shurville to achieve his maximum bonus the earnings per share growth must be 25 per cent. or over. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment.

9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Enlarged Group within the two years immediately preceding the date of this document and are, or may be, material:

- 9.1 an agreement dated 2 February 2005 between (1) Dylan Bogg and others and (2) TMMH pursuant to which TMMH purchased the entire issued share capital of Big Communications and Fuse Digital. The consideration payable for the purchase of Big Communications at completion was satisfied as to £3,309,000 in cash and by the issue to the vendors of 9,700 "A" shares of 0.01 pence. A further sum of £260,000 was paid within five days of completion and a further cash sum of £105,000 was payable on 5 February 2006. The consideration payable for the purchase of Fuse Digital at completion was satisfied as to £102,000 in cash and by the issue to the vendors of 300 "A shares" of 0.01 pence each. A further sum of £50,000 was paid within five days of completion and a further cash sum of £20,000 was payable on or before 5 February 2006. Deferred consideration payable by reference to the earnings before interest and tax of Big Communications and Fuse Digital for the five 12 month periods ending on 31 March 2009 is payable to the vendors. Any deferred consideration shall be satisfied by the issue of loan notes in TMMH redeemable at any time after six months from their date of issue.

Warranties and a tax covenant were given by the vendors to TMMH which also received the benefit of restrictive covenants from the vendors.

- 9.2 an agreement dated 5 May 2005 between (1) DVC Holdings (UK) Limited ("DVC") and (2) Bray Leino pursuant to which Bray Leino purchased the entire issued share capital of Bray Leino Group Limited and part of the issued share capital of Bray Leino Limited for an aggregate consideration of £11,750,000. The consideration was split as to £9,480,000 for the shares in Bray Leino Group Limited and £2,370,000 for the shares in Bray Leino Limited and was satisfied at completion by the payment of £7,100,000 in cash, the issue of loan notes having a nominal value of £4,000,000 and the issue to DVC of 750,000 preference shares of £1 each in the capital of Bray Leino Limited warranties were given by DVC to Bray Leino. DVC also entered into limited restrictive covenants for a period of three years from completion. The preference shares were redeemed in full on 31 January 2006.
- 9.3 an agreement dated 5 May 2005 between (1) Nicholas Bacon and others and (2) Bray Leino pursuant to which Bray Leino purchased the entire issued share capital of The Zoo Group Limited. The consideration was satisfied by the payment at completion of £1,710,596 in cash and the issue of 160,909 ordinary shares in the capital of Bray Leino (representing 20 per cent. of the issued share capital of Bray Leino as enlarged by such issue). The initial consideration was subject to adjustment by reference to the net assets of Zoo as at completion. If the net asset value was less than £528,596, the vendors agreed to pay Bray Leino the amount of the shortfall.

Further consideration up to a maximum of £350,000 was payable depending upon the achievement of certain tax savings by The Zoo Group Limited.

Bray Leino received the benefit of trading and tax warranties and a tax covenant from the vendors together with three year non-competition and non-solicitation covenants from Nicholas Bacon and 18 month covenants from the other vendors;

- 9.4 a credit agreement dated 25 January 2006 between (1) Bray Leino and (2) The Royal Bank of Scotland plc (acting as agent for and on behalf of National Westminster Bank plc) pursuant to which the Bank made available to Bray Leino a revolving credit facility of £8,300,000 to enable Bray Leino to redeem the loan notes and preference shares held by DVC and to repay existing borrowings of Bray Leino. The revolving credit facility reduces by quarterly instalments of £325,000 in each of the four quarters commencing 31 March 2006 and then by quarterly amounts of £437,500 until 31 December 2010 when the facility is to have been repaid. Interest is payable quarterly by reference to LIBOR plus 2.25 per cent. The credit facility is repayable immediately if there is a change of control, flotation, refinancing or sale of Bray Leino. The credit facility will be replaced at completion by the facility referred to in paragraph 9.9 below
- 9.5 a deed dated 25 January 2006 between (1) Bray Leino and (2) DVC pursuant to which Bray Leino purchased the loan notes issued to DVC pursuant to the agreement referred to in paragraph 9.2 above for a cash sum of £2,810,829 plus accrued interest of £145,938. DVC acknowledged that there were no other amounts owing or payable to it under the agreement referred to in paragraph 9.2 above and Bray Leino waived and released DVC from any liability it may have to Bray Leino under such agreement.
- 9.6 an agreement dated 6 April 2006 between (1) the Company and (2) Martin Banbury, Tim Alderson and Jerram Shurville, Iain Ferguson and Brian Child pursuant to which the Company acquired the entire issued ordinary share capital of TMMH in consideration of the issue by the Company to the vendors of 1,359,165 Ordinary Shares in aggregate, credited as fully paid.
- 9.7 an agreement dated 10 April 2006 between (1) the Company, (2) TMMH and (3) the A Shareholders pursuant to which, conditional, *inter alia*, on Admission, the Company agreed to acquire the 10,000 issued 'A' ordinary shares in the capital of TMMH in consideration of the issue by the Company to the A Shareholders of 1,136,667 Ordinary Shares in aggregate, credited as fully paid.
- 9.8 a deed of assignment and variation dated 10 April 2006 between (1) the A Shareholders, (2) the Company and (3) TMMH pursuant to which the parties have conditional, *inter alia*, on Admission, agreed to vary the terms of the agreement referred to in paragraph 9.1 above.

Under the deed the A Shareholders have agreed to assign to the Company their rights to receive a sum equal to two-thirds of any sums payable by TMMH to the A Shareholders in accordance with sub-clauses 5.2(a) and 5.3(a) of the agreement referred to in paragraph 9.1 (such two-thirds being a maximum aggregate sum of £1,364,400). In consideration of such assignment, the Company will issue unsecured, zero coupon loan notes to the A Shareholders having a nominal value of £1,364,400. Such loan notes shall be redeemed by the Company on 1 February 2008.

- 9.9 a credit agreement dated 10 April 2006 between (1) the Company and (2) The Royal Bank of Scotland plc (acting as agent for and on behalf of National Westminster Bank plc) pursuant to which the Bank has made available to the Company (i) a revolving credit facility of £10,000,000 to enable the Company to make payments to the Sellers under the Acquisition Agreement, to refinance the existing indebtedness of the Group and Bray Leino, to discharge costs and expenses of the acquisition of Bray Leino and the bank facilities and to assist with the funding of future acquisitions and (ii) a loan note guarantee facility of £7,186,181 to provide a loan note guarantee to satisfy consideration due to the Sellers under the Acquisition Agreement. The revolving credit facility reduces by 24 quarterly instalments commencing on 30 June 2006 and is to be repaid by 31 March 2012. Interest is initially payable quarterly by reference to LIBOR plus 2 per cent. The credit facility is repayable immediately if there is a change of control, refinancing or sale of the whole of a substantial part of the business, assets and undertaking of the Enlarged Group. The facility is to be secured by debentures and cross guarantees from each member of the Enlarged Group.
- 9.10 the Acquisition Agreement pursuant to which the Company has agreed, conditional, *inter alia*, on Admission, to purchase the entire issued share capital of Bray Leino for an initial consideration of £14,872,500 which shall be satisfied as to £1,481,319 in cash, £7,186,181 by the issue of loan notes and £6,205,000 by the issue of 5,170,833 New Ordinary Shares, credited as fully paid, at the Placing Price.

The initial consideration is subject to adjustment by reference to the net working capital of Bray Leino as at Completion. If net working capital is less than £1,080,000, then the Sellers shall pay to the Company the amount by which net working capital is less than £1,150,000. If net working capital exceeds £1,220,000 then the Company shall pay to the Sellers the lesser of (a) amount by which net working capital exceeds £1,150,000 and (b) an amount equal to the net cash balance.

Deferred consideration up to a maximum of £1,664,500 shall be paid to the Sellers dependent upon the EBIT of Bray Leino for the six month period ending on 30 June 2006. The deferred consideration shall be satisfied by the issue to the Sellers of new Ordinary Shares at market value.

Additional Consideration up to a maximum of £8,000,000 may be payable dependent upon the average EBIT of Bray Leino for the three years ending 31 December 2008. Any additional consideration shall be satisfied by the issue of loan notes to the Sellers provided that the Company may elect to satisfy not more than 50 per cent. of such consideration by the issue of new Ordinary Shares.

Any loan notes issued by the Company in satisfaction of either initial or additional consideration will be guaranteed by The Royal Bank of Scotland plc and will bear interest at 0.85 per cent. below the base rate of The Royal Bank of Scotland plc. The loan notes will be redeemable by a noteholder at any time after six months and one day from their date of issue. Any outstanding balance (including accrued but unpaid interest) in relation to the initial loan notes shall be redeemed by the Company on 31 May 2007.

The loan notes will be transferable with the prior written consent of the Company, such consent not to be unreasonably withheld or delayed.

If any Seller (other than those referred to in the Acquisition Agreement) shall cease to be employed by the Bray Leino group prior to the third anniversary of Completion in circumstances where he is a bad leaver, then he shall cease to be entitled to receive any additional consideration falling to be paid after the date of termination which consideration shall be treated as a proportionate reduction in the aggregate additional consideration falling to be paid and shall not be paid to the other Sellers.

The Sellers have undertaken that they will retain 4,295,835 of the Consideration Shares issued at Completion for a period of 12 months from the Completion Date. Following the expiry of such initial 12 month period each Seller may sell no more than the higher of 33 per cent. of his then aggregate holding of Consideration Shares or £10,000 in market value in each 12 month period following expiry of the initial 12 month period. Any sale by a Seller must first be offered to the Company's brokers in order to enable an orderly marketing of the same.

The Company may rescind the Acquisition Agreement at any time prior to Admission in the event of, amongst others, a material breach of Warranty, any adverse material change in the financial or trading position of the Bray Leino group or if the Placing Agreement is terminated by Seymour Pierce.

Certain of the Sellers have given non-solicitation and non-competition covenants in favour of the Company until 31 December 2009.

The Sellers have also given trading and tax warranties and a tax covenant in favour of the Company.

- 9.11 The Placing Agreement pursuant to which and conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 13 April 2006 Seymour Pierce has agreed to use reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains indemnities and warranties from the Company and the Directors in favour of Seymour Pierce together with provisions which enable Seymour Pierce to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are not found to be true or accurate. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement (and engagement letter dated 14 December 2005 from Seymour Pierce to the Company) the Company has agreed to pay to Seymour Pierce a corporate finance fee of £150,000 and a commission of one per cent. of the value of the Placing Shares at the Placing Price plus a commission of two per cent. of the value of the Placing Shares (excluding Placing Shares subscribed by the Directors and persons introduced by them) at the Placing Price. Seymour Pierce has agreed to accept 166,667 new Ordinary Shares at the Placing Price in satisfaction of £200,000 of the fees and commissions due to it.

Each of the Directors and Jerram Shurville have agreed not to dispose or agree to dispose of any interests in Ordinary Shares held by them at Admission (subject to specific exceptions and, except as stated below, excluding Ordinary Shares subscribed by them pursuant to the Placing) for a period of 12 months from the date of Admission without the prior written consent of Seymour Pierce. Martin Banbury has agreed that 842,256 of the 1,250,000 Placing Shares subscribed by him will be subject to the lock-in arrangements. Thereafter during the following two consecutive 12 month periods commencing on the first anniversary after the date of Admission they each may dispose of up to one-third of the nominal value of their interests in Ordinary Shares or, if greater, Ordinary Shares with a market value of £10,000 in each such 12 month period subject to giving Seymour Pierce the first opportunity to sell such shares in order to maintain an orderly market in the Ordinary Share capital of the Company.

The restrictions above do not apply to any disposal by a Director or Jerram Shurville in certain circumstances including the acceptance of a recommended offer or the acceptance of an irrevocable commitment to accept a recommended offer; in the event of a court order; pursuant to a plan, compromise or other arrangement between the Company and its members; a transfer to a member of his family or to a trust for the benefit of members of his family; a transfer to personal relatives in the event of death; a sale in order to raise funds to meet any liability for breach of warranty or any of the indemnities in the Placing Agreement; and a transfer to trustees in bankruptcy in the event of bankruptcy.

- 9.12 A nominated adviser agreement dated 10 April 2006 made between (1) the Company, (2) the Directors and (3) Seymour Pierce pursuant to which the Company has appointed Seymour Pierce to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce an annual fee of £20,000 plus VAT for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by (1) the Company and (2) the Directors in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 3 months' notice by either party thereafter.
- 9.13 A broker agreement dated 10 April 2006 made between (1) the Company, (2) the Directors and (3) Seymour Pierce pursuant to which the Company has appointed Seymour Pierce to act as broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce an annual fee of £15,000 plus VAT for its services as broker. The agreement contains certain undertakings and indemnities given by (1) the Company and (2) the Directors in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a fixed term of 12 months and subject to termination on 3 months' notice by either party thereafter.
- 9.14 Lock in agreements dated 10 April 2006 between (1) Seymour Pierce, (2) the Company and (3) each of the A Shareholders (other than Brian McGowan) pursuant to which such persons have agreed with Seymour Pierce and the Company not to dispose of any interests in Ordinary Shares (except in certain limited circumstances) at any time during the period of 12 months from the date of Admission. Thereafter during each consecutive 12 month period commencing on the first anniversary of Admission they may each dispose of up to one-third of the nominal value of their interests in Ordinary Shares as at Admission or, if greater, Ordinary Shares with a market value of £10,000 in each such 12 month period. Such disposal shall be made taking into account Seymour Pierce's reasonable representations and recommendations in respect of the proposed disposal with a view to maintaining an orderly market in the Ordinary Share capital of the Company and, subject to Seymour Pierce offering competitive prices and rates of commission, through Seymour Pierce.

If two or more A Shareholders become bad leavers (as such term is defined in the deed of assignment and variation referred to in paragraph 9.8) then, at any time after the first anniversary of Admission, such A Shareholders shall be entitled to sell their entire interest in Ordinary Shares provided always that such A Shareholder first takes into account Seymour Pierce's reasonable representations and recommendations in respect of the proposed disposal with a view to maintaining an orderly market in the Ordinary Share capital of

the Company and, subject to Seymour Pierce offering competitive prices and rates of commission, through Seymour Pierce.

- 9.15 Lock in agreements dated 10 April 2006 between (1) Seymour Pierce, (2) the Company and (3) the Sellers pursuant to which such persons have agreed with Seymour Pierce and the Company not to dispose of any interest in 4,295,835 Consideration Shares for a period of 12 months from the date of Admission. Thereafter during each consecutive 12 month period commencing on the first anniversary of Admission they each may dispose of up to one-third of their interests in Ordinary Shares from time to time (excluding any Ordinary Shares purchased by him in the market) or, if greater, Ordinary Shares with a market value of £10,000. Such disposal shall be made taking into account Seymour Pierce's reasonable representations and recommendations in respect of the proposed disposal with a view to maintaining an orderly market in the issued Ordinary Share capital of the Company.

In addition, the Company has irrevocably undertaken to Seymour Pierce to immediately notify Seymour Pierce of the number of additional Ordinary Shares that are issued to the Sellers (if any) following the date of Admission pursuant to the terms of the Acquisition Agreement.

- 9.16 an agreement dated 10 April 2006 between Results International Group LLP ("Results"), TMMH and the Company pursuant to which Results will be paid £565,000 in respect of the introduction by Results of Bray Leino, and for the provision by Results of corporate finance and recruitment services. £200,000 of the fee due to Results will be satisfied by the issue of 166,667 new Ordinary Shares at the Placing Price.
- 9.17 an oral agreement between the Company and Results pursuant to which the Company will contribute £200,000 to the fees due to Results from the Sellers in respect of the introduction by Results of Bray Leino. The £200,000 will be satisfied by the issue to Results of such number of new Ordinary Shares six months after Admission as have a value of £200,000 at a price equal to the average mid-market price over the five dealing days immediately prior to issue. Results has agreed that it will not dispose of such Ordinary Shares for a period of six months from the date of issue without the consent of the Company and Seymour Pierce.

10. Summary of Principal Features of the Share Option Plans

The following is a summary of the main features of the Share Option Plans:

EMI Scheme

Constitution

The Plan will be constituted by a set of Rules and administered under the direction of the Remuneration Committee of the board of directors (the "Remuneration Committee") pursuant to Chapter 9 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") together with Schedule 5 of the ITEPA.

Eligible Employees

All employees who satisfy the conditions of Part 4 of Schedule 5 of the ITEPA will be eligible at the invitation of the board of directors. The Remuneration Committee, after consultation with the board of directors, has an absolute discretion in selecting the persons to whom options are to be granted and (subject to the limits set out below) in determining the number of options to be granted.

Grant of Options

Options may only be granted during the following periods:

- (a) before Admission or within 42 days following listing or admission to AIM;
- (b) within 42 days of the announcement of the Company's final and interim results for any financial period; and
- (c) within 42 days after the occurrence of an event which, in the opinion of the Board, is an exceptional event relating to or affecting the Enlarged Group.

If it is not possible to grant options as a result of the Model code for Securities Transactions by Directors of Listed Companies (or any code performing the same function as that Model Code), options may be granted within 42 days of the end of the relevant close period. No payment is required for the grant of an option.

Performance Targets

The Board may, acting on the recommendation of the Remuneration Committee, include in any option such objective performance targets and other conditions as it, in its absolute discretion, thinks fit. The Board may, if recommended to do so by the Remuneration Committee, amend or waive these performance targets in whatever way is fair and reasonable to take account of later events, provided that any amended condition is not more difficult to achieve.

Exercise Price

Options will entitle the recipient to subscribe for Ordinary shares at a price determined by the Board which will not be less than:

- (a) in the case of options granted prior to admission to AIM, the placing price for the Ordinary Shares;
- (b) and in any other case the market value of an Ordinary Share decided in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and (where necessary) agreed in advance with the Inland Revenue Shares Valuation Division (for shares that are traded on AIM the closing price for the preceding day will normally be used); or
- (c) if the Ordinary Shares are admitted to the Official List, the middle market quotation of an Ordinary Share, as derived from the Official List, for the three dealing days immediately preceding the date on which the option is granted.

but in no event shall the price be lower than the nominal value of an Ordinary Share.

Overall Limit on Grant of Options

The number of Ordinary Shares over which options may be granted under the Plan on any date shall be limited so that the total number of shares issued or capable of being issued in a ten year period under all employee share option plans adopted by the Company (other than any savings related share option scheme) is restricted to 10 per cent of the Company's issued ordinary share capital from time to time. On Admission the Company may grant options over 15 per cent of the enlarged issued share capital.

Individual Limit on Grant of Options

The aggregate exercise price payable for the shares over which outstanding options may be held by any Option Holder under the Plan shall not at any time exceed the appropriate legislative limit which is currently £100,000.

Exercise of Options

Options may be exercised between two and ten years after their grant. Options may normally only be exercised if the objective performance condition or conditions to be determined by the Remuneration Committee is or are met. Earlier exercise is, however, permitted if the Option Holder dies or leaves the service of any of the Participating Companies through death, injury, disability, redundancy or retirement or where, in certain circumstances, an Option Holder ceases to be employed by any of the Participating Companies by reason of his employing company ceasing to be a Group Company, or if the undertaking in which he is employed is sold outside the Group, and in any other circumstances approved by the Board. Early exercise will be required in the event of a takeover, reconstruction or voluntary winding-up of the Company. Except in the case of cessation of employment due to retirement, it will not normally be necessary for any performance conditions attached to options to be satisfied where early exercise is permitted.

Within 10 business days of receipt of a notice of exercise, the shares in respect of which the option has been exercised must be allotted and issued by the Board, or the Board must procure their transfer to the Option Holder. Such shares will rank *pari passu* in all respects with the other fully paid issued Ordinary Shares. Following the exercise of an option, the Company will apply to the London Stock Exchange for the relevant shares to be admitted to AIM (if existing Ordinary Shares are already admitted at that time).

Changes in control etc

If any company obtains control of the Company as a result of a takeover offer or the sanctioning of a scheme of arrangement under section 425 of the Act or if a company has become bound or entitled to acquire all the Ordinary Shares under sections 428 to 430F of the Act, an Option Holder will be required to exercise his options.

In the event of a capitalisation issue or offer by way of rights or upon any consolidation, subdivision or reduction of capital or any other variation of capital, the number of shares the subject of an option and the exercise price may, subject to the prior approval of the Inland Revenue, be adjusted in such a manner as the Company's auditors shall confirm in writing to be, in their opinion, fair and reasonable provided that the exercise price remains at least equal to the nominal value of an Ordinary Share. If the exercise price would otherwise fall below the nominal value, the Company may capitalise reserves to the extent it is lawful to pay up additional shares for allotment to option holders.

Miscellaneous

No rights under an option may be transferred by an Option Holder to any other person except in the event of an Option Holder's death where rights will become exercisable by personal representatives within twelve months of the date of death but no later than ten years after the grant.

The Plan may be amended by the Board in any way provided that:

- (a) no amendment may be made which would materially prejudice the interests of option holders in relation to options already granted to them unless the sanction of 75 per cent. of option holders has been obtained;
- (b) no amendment may be made which might prejudice the obtaining reliefs under the Plan.

Unapproved Share Option Scheme

The rules of the Unapproved Share Option Scheme are substantially similar to those of the EMI Scheme where that non-executive directors are eligible to participate in this Scheme.

11. Working Capital

The Directors are of the opinion having made due and careful enquiry that, taking into account the net proceeds of the Placing and the existing facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

12. UK taxation

This paragraph is intended as a general guide to the current tax law and practice in the UK in the areas referred to below. It applies (unless otherwise expressly indicated) to persons who are resident or ordinarily resident in the UK for tax purposes, who are not share dealers or charities or persons with special tax status and who beneficially own shares as investments. Shareholders who are not resident in the UK are advised to take their own independent advice.

12.1 Taxation of dividends

Under current United Kingdom tax legislation, no tax will be withheld by the Company when it pays dividends.

(a) *Individual and trustee shareholders*

- (i) An individual shareholder, resident for tax purposes in the United Kingdom, who receives a dividend from the Company will be entitled to a tax credit equal to one ninth of the amount of the net dividend which is also equivalent to a tax credit of 10 per cent. of the sum of the net dividend and the tax credit (the "gross dividend").
- (ii) Individual shareholders resident for tax purposes in the United Kingdom will be liable to income tax on the amount of the gross dividend. Dividend income will be treated as the top slice of an individual's income. The tax credit referred to in (i) above will discharge the liability to income tax in respect of the dividend of an individual shareholder who is subject to United Kingdom tax at the lower rate or basic rate only. Higher rate taxpayers will be able to offset the tax credit against their liability on tax on the gross dividend. A higher rate taxpayer will be liable to income tax on the gross dividend at a rate of 32.5 per cent. After setting off the tax credit, a higher rate taxpayer will be liable to additional income tax equal to 25 per cent. of the net dividend. If an individual United Kingdom resident shareholder's total tax credit on such dividends exceeds his overall United Kingdom tax liability, he may no longer claim from the HMRC repayment of the excess.
- (iii) For dividends paid to trustees of United Kingdom resident discretionary or accumulation trusts the gross dividend will be subject to United Kingdom income tax at a rate of 32.5 per cent. with a tax credit equal to 10 per cent. of the gross dividend.
- (iv) The amount of the tax credit in respect of a dividend paid which constitutes income of a pension fund, life assurance company, or charity will not be repaid.

(b) *Corporate shareholders*

A corporate shareholder (other than a share dealer) resident for tax purposes in the United Kingdom will not generally be liable to United Kingdom corporation tax on any dividend received, nor will it be able to recover any part of the tax credit.

(c) *Non-resident shareholders*

Certain non-resident shareholders may be able to claim repayment of part of the tax credit under a relevant double taxation agreement, but any such amount is likely to be insignificant.

12.2 Taxation on capital gains for shareholders

Depending on their circumstances, shareholders who are resident or, in the case of individuals, ordinarily resident in the UK for taxation purposes may be subject to capital gains tax (or, in the case of corporate shareholders, corporation tax on chargeable gains) in respect of any gain arising on a disposal, including a disposal on a winding-up of the company, of their shares unless the shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such. For shareholders who are individuals, taper relief, and for shareholders within the charge to UK corporation tax, indexation allowance, may reduce a chargeable gain but not create or increase any allowable loss.

Shareholders who are not resident or ordinarily resident in the UK for the purpose of UK taxation will not normally be liable to UK taxation on chargeable gains arising from a disposal of their shares unless they carry on a trade, profession or vocation in the UK through a branch or agency in connection with which the shares are held.

However, such shareholders may be subject to charges to foreign taxation depending upon their personal circumstances. In addition, individual shareholders who are temporarily non-UK resident may be liable to UK capital gains tax under anti-avoidance legislation.

12.3 Stamp duty and stamp duty reserve tax ("SDRT")

- (a) Except as mentioned in paragraph (c) below, no liability to stamp duty or SDRT will arise on the issue or allotment of New Ordinary Shares by the Company pursuant to the Placing.
- (b) Except as mentioned in paragraph (c) below, the transfer on sale of Ordinary Shares will normally be liable to *ad valorem* stamp duty at the rate of 0.5 per cent. of the amount or the value of the consideration paid (rounded up to the nearest £5), or if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer before the seventh day of the month following the month in which the agreement was entered into, or where the transfer is effected under CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the considerations paid (rounded up to the nearest penny). Liability to pay such stamp duty or SDRT is that of the transferee. In the case of transfers in CREST, SDRT will be collected in CREST in accordance with the rules of that system. These arrangements may not apply to any charge to stamp duty or SDRT under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (as referred to below). Each applicant may be required to give confirmation in his application that the increased rate of stamp duty and SDRT charges does not apply.
- (c) Where any charge to stamp duty or SDRT arises under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (which, broadly, apply where ordinary shares are transferred or, in certain circumstances, are issued to persons who issue depository receipts or provide clearance services, or their nominees or agents), stamp duty at the higher rate of 1.5 per cent. or SDRT at the higher rate of 1.5 per cent. (as appropriate) will be payable on the amount or value of the consideration paid for the issue or transfer (rounded up as set out at 9.3(b) above).

The above comments are intended as a general guide to the current tax position in the United Kingdom based on current UK tax legislation and Inland Revenue practice. They apply principally only to shareholders resident in the United Kingdom for tax purposes and who hold their ordinary shares as an investment. If you are not resident in the United Kingdom or are in any doubt as to your tax position, you should consult your own professional adviser.

13. Legal and arbitration proceedings

- 13.1 There are no governmental, legal or arbitration proceedings in which any Group company is involved or of which any Group company is aware, pending or threatened by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position.
- 13.2 There are no government legal or arbitration proceedings in which Bray Leino or any of its subsidiaries is involved or of which any such company is aware, pending or threatened by or against Bray Leino or any of its subsidiaries which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of Bray Leino and its subsidiaries taken as a whole.

14. General

- 14.1 Other than as described in this document, there has been no significant change in the trading or financial position of the Group since 31 December 2005, the date to which the last audited accounts of the TMMH were prepared.
- 14.2 Other than as described in this document there has been no significant change in the trading or financial position of Bray Leino since 31 December 2005, the date to which the last audited accounts of Bray Leino were prepared.
- 14.3 It is estimated that the total expenses payable by the Company in connection with the Placing (including those fees and commissions referred to in paragraph 9.11 payable by the Company) and the acquisition of Bray Leino are estimated to amount to approximately £2,100,000 (excluding VAT). The net proceeds of the Placing will be £13,100,000.
- 14.4 Kingston Smith has given and not withdrawn its written consent to the inclusion in this document of their reports set out in Parts III, IV and VI and their letters set out therein and the references thereto and to their name in the form and context in which they appear.
- 14.5 Seymour Pierce has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 14.6 Seymour Pierce is registered in England and Wales under number 2104188 and its registered office is at Bucklersbury House, 3 Queen Victoria Street, London, EC4N 8EL.

- 14.7 The financial information set out in this document relating to the Company and TMMH does not constitute statutory accounts within the meaning of section 240 of the Act. The information contained in Part IV has been audited and Kingston Smith has given unqualified audit reports on the statutory accounts of TMMH for the financial year ended 31 December 2005. The accounts for the 18 month period ended 31 December 2003 and the year ended 31 December 2004 were not audited as such accounts were exempt under section 249 of the Act. No audited statutory accounts have yet been produced for the Company. No other information contained in this document has been audited by Kingston Smith.
- 14.8 The financial information set out in this document relating to Bray Leino does not constitute statutory accounts within the meaning of section 240 of the Act. The information contained in Part VI has been audited and KPMG LLP has given unqualified audit reports on the statutory accounts of Bray Leino for the two financial years ended 31 December 2004. Francis Clark have given an unqualified audit report on the statutory accounts of Bray Leino for the financial year ended 31 December 2005. No other information contained in this document has been audited by KPMG LLP or Francis Clark.
- 14.9 Kingston Smith, who are a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is Devonshire House, 60 Goswell Road, London EC1M 7AD have been the auditors of the Company since its incorporation and have been the auditors of TMMH for the three years ended 31 December 2005.
- 14.10 KPMG LLP, who are a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is 8 Salisbury Square, London EC4Y 8BB have been the auditors of Bray Leino for the two years ended 31 December 2004. Francis Clark, who are a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is 23 Devon Square, Newton Abbot, Devon TQ12 2HU, have been the auditors of Bray Leino for the year ended 31 December 2005.
- 14.11 The information contained in the graphs on page 11 and 12 of this document has been compiled from a survey by Willot Kingston Smith (Annual Survey 2005 – Financial Performance of Marketing Services Companies). The Directors confirm that it has been accurately reproduced and, as far as the Directors are aware and are able to ascertain from information contained in that survey, no facts have been omitted which would render the information on pages 11 and 12 inaccurate or misleading.
- 14.12 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of material importance to the Enlarged Group's business or profitability.
- 14.13 Save as set out in this document as far as the Directors are aware there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.
- 14.14 Save as disclosed in this document the Company has no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.
- 14.15 The Company is not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.
- 14.16 The sum raised pursuant to the Placing is £14,800,000 which will be applied in the following order of priority:
- | | | |
|-------|--|------------|
| (i) | commissions and expenses payable under the Placing and the Acquisition | £2,100,000 |
| (ii) | initial consideration under the Acquisition Agreement | £8,667,500 |
| (iii) | working capital | £4,479,523 |
- The proceeds of the Placing are sufficient to fund all of the proposed uses stated above. Accordingly there are no amounts to be provided in respect of the matters mentioned above otherwise than out of the Placing or from the Company's existing resources.
- 14.17 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (i) received, directly or indirectly from the Enlarged Group within the 12 months preceding the date of this document; or
 - (ii) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Enlarged Group on or after Admission any of the following:
 - fees totalling £10,000 or more;
 - securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - any other benefit with the value of £10,000 or more at the date of this document.

15. Availability of Admission Document

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Seymour Pierce, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL.

Dated 10 April 2006