the mission
own ideas

interim report for the six months ended 30 June 2014.

2014

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The Mission Marketing Group plc (the mission(tm)) is a network of entrepreneurial marketing communications Agencies employing over 800 people in the UK, San Francisco and Singapore.

Built from a broad mix of specialist and full service offerings, the Group provides national and international Clients with award-winning marketing, advertising and business communications.

And we have our own ideas on how such a Group should be run.

We are not about imposing doctrine on our Agencies nor are we about making them conform to Group policies. We are about encouraging collaboration, empowering people and allowing our Agencies to flourish in a way that is best for them, their culture, their people and, above all, their Clients.

Unlike other Groups, our Board is comprised of the entrepreneurs who run our Agencies. Talented people with a passion to make our Clients famous and successful. Whatever the discipline.

Each Agency retains its own unique personality and reputation, whilst at the same time benefiting from the skills, tools and resources available from being part of a larger Group.

We are united by a single purpose – to work together to make our Clients' businesses more valuable and, fuelled by their success, to grow into the nation's most respected and influential creative communications group.

Quite simply, that's the mission(tm)

the mission(tm)

tm

The (tm) graphic symbolises the shared ambitions, values and goals that unite every Agency in **the mission**(tm) Group.

Addiction(tm)	A modern creative Agency with in-house content and production facilities, Addiction delivers effective and innovative communications for a number of major Clients across the globe.
april-six(tm)	The UK's leading technology channel marketing Agency working successfully with global brands on an international basis.
balloon dog(tm)	A multi-channel, full service creative Agency that focuses on brand payback through its unique approach to brand building, CRM techniques and direct marketing.
big(tm)	Regarded as one of the UK's top creative Agencies delivering award-winning advertising, promotions and digital solutions for major brands and Clients.
brayleino(tm)	A pioneer of integrated brand-building, a top 20 Agency working with Clients through every channel and across the business spectrum and, in 2012, the No.1 B2B Agency in the UK.
PROOF(tm)	A specialist PR Agency helping science, engineering and technology organisations clearly communicate complex subjects to the people they need to influence.
RLA(tm)	A specialist full service communications Agency that also includes unrivalled expertise in international channel marketing programmes across the Automotive, Retail and allied sectors.
Robson Brown(tm)	Regarded as one of the North of England's major advertising brands with proven skills in integrated communications.
SOLARIS(tm)	A specialist full service medical communications Agency delivering bespoke strategic, scientific and creative solutions to UK, European and global Clients.
'story'(tm)	An award-winning creative and direct communications Agency working with leading consumer brands and services from its Edinburgh base.
thinkbdw(tm)	The leading property integrated marketing Agency in the UK, working with developers across all aspects of their sales support programmes from advertising to show homes. ThinkMedia is the largest buyer of Estate Agency media in the UK.
yucca(tm)	A highly creative digital marketing and web development Agency, Yucca is an award-winning Agency with unique digital and online capabilities.

together, we are **the mission**(tm)

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Highlights

Interim results for the six months to 30 June 2014

The Mission Marketing Group plc ("TMMG" or "**the mission**(tm)"), the national marketing communications and advertising group, sets out its interim results for the six months ended 30 June 2014.

Trading

- Continued growth
- April-Six's new San Francisco office, opened in Q3 last year, off to a flying start
- Bray Leino's new Singapore office, opened this year, gaining traction
- Some great new Client wins in the period, including Sainsbury's, Samsung and Fiat
- Full year again expected to have a strong second-half bias – trading remains in line
- Continue to seek suitable acquisitions

Income statement

- Operating income (Revenue) up 4% to £26.3m (2013: £25.4m)
- Headline operating profit up 3% to £2.1m (2013: £2.0m)
- Net finance costs reduced by nearly a quarter to £0.3m (2013: £0.4m)
- Headline profit before tax up 9% to £1.8m (2013: £1.7m)
- Headline diluted EPS up 11% to 1.68 pence (2013: 1.51 pence)

Balance sheet and cash flow

- Cash inflow from operating activities of £5.2m (2013: £5.0m)
- Net bank debt reduced by £3.4m in the six months to £7.3m
- Gearing reduced from 17% at 31 December 2013 to 11%
- Debt leverage ratio reduced to below x1.25

Dividend

- Interim dividend declared of 0.25p (2013: 0.25p)
- Payable on 5 December 2014 to shareholders on the register at 7 November 2014

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Chairman's Statement

Full Steam Ahead.

The first half of 2014 has been an important period for the Group as our now stabilised ship has been taking on more fuel in order to help us fuel the next phase of our development and build our business into 2015 and beyond.

With results for the first half going largely to plan we have moved into a programme of development whereby we have invested in people, new facilities and systems that have beefed up our Agencies, introducing new and often innovative ways of working within a market backdrop that is encouraging a little more entrepreneurism.

Our twelve operating businesses remain in good shape with our specialist sector businesses leading the charge. Encouraging new business gains from the likes of Fiat, FireEye, Strada, VELUX, St Michel, Peer 1, Sainsbury's, Rolls Royce and Samsung have provided our core businesses with a strengthened platform to move into the second half of 2014 and especially into 2015.

Equally encouraging, the pipeline of acquisition opportunities is fuller than it has been for many years. We recently announced the purchase of Proof Communication, the specialist science, technology and engineering PR Agency, which has integrated seamlessly into our April-Six Agency and has already delivered beyond our initial expectations.

To some degree, the acquisition of Proof and the solidity of our Group signals a new phase in our business where we plan to step up the introduction of tautoousian Agencies that can work alongside our existing in a way that improves the overall. So stand by for more announcements this year.

But it's not all about the new or different. It's still about delivering outstanding work for our Clients in a way that makes them famous and more successful. As we entered into 2014 our Board decreed that our development over the coming two years would not simply be about being bigger and better it would be about doing things that will enhance our Clients. Going where they go, supporting them where they need support. We will achieve this not with flapdoodle promises but by being cautious yet controlled in how we grow.

Trading results

Turnover ("billings") for the six months ended 30 June 2014 reduced by 7% to £62.8m (2013: £67.6m), reflecting reduced levels of media buying activity, which the Group expects to have a greater bias towards the second half of the year than usual due to the timing of specific campaigns. Billings include pass-through costs (eg TV companies' charges for buying air-time) and thus the Board does not consider turnover to be a key performance measure. Instead, the Board views operating income (turnover less third party costs) as a more meaningful measure of Agency activity levels.

We are pleased to report an increase of 4% in operating income ("revenue") to £26.3m (2013: £25.4m), of which 2% came from the contribution from Solaris, acquired in Q3 2013. Underlying growth of 4% in the Group's Branding, Advertising and Digital activities and strong growth in PR activities was partly offset by reductions in Media (see above) and Events and Learning.

The Directors measure the Group's profit performance by reference to headline profits, calculated before exceptional items and acquisition adjustments (as set out in Note 3). Headline operating profits increased 3% to £2.1m (2013: £2.0m).

Profit margins in the first half (headline operating profit as a percentage of revenue) remained at 8% as improved margins in the Group's PR and Branding, Advertising and Digital activities were offset by the lower proportion of Media revenues. Generally speaking, our Clients' spending cycles tend to result in a second half bias in our financial results, including higher profit margins. We expect 2014 to be no different.

Adjustments to reported profits in 2013 comprised exceptional items totalling £2.2m (mainly relating to the costs of restructuring Bray Leino's London operations and the non-cash write-off of intangibles arising on the 2012 acquisition of Addiction) and acquisition-related items of £0.3m (mainly a reduction in estimated contingent acquisition consideration). A further reduction in estimated contingent acquisition consideration at the interim stage resulted in acquisition adjustments of £0.4m in 2014. After these adjustments, reported operating profits were £2.5m (2013: £0.4m).

Chairman's Statement cont.

The continued reduction in net debt, coupled with lower interest rates as the Group's risk profile reduces, have again reduced finance costs, by nearly a quarter, to £0.3m (2013: £0.4m). After financing costs, headline profit before tax increased 9% to £1.8m (2013: £1.7m) and reported profit before tax was £2.2m (2013: £0.1m).

The Group estimates an effective tax rate of 24% (2013: 26%), resulting in profits after tax of £1.7m for the six months (2013: £0.1m), and an increase of 11% in fully diluted headline EPS to 1.68 pence (2013: 1.51 pence).

Balance sheet, cash flow and dividend

Operating cash flows are traditionally stronger in the first half of the year than the second and the start of 2014 again saw strong cash flows, resulting in cash inflows from operating activities of £5.2m (2013: £5.0m) and a reduction in net debt to £7.3m at 30 June (2013: £8.8m). As a result, our gearing ratio (net debt to equity) reduced from 17% at 31 December 2013 to 11% at the end of the period and our "leverage ratio" (ratio of net bank debt to adjusted EBITDA) reduced below x1.25, triggering lower interest rate margins which will benefit the second half of the year.

At 30 June 2014, the Group had £11.6m of committed facilities, of which £2m was undrawn, and an additional overdraft facility of £2m. As in prior years, due to the phasing of working capital requirements, an increase in net debt is predicted in the second half of the year.

The Group's second interim dividend since it returned to the dividend list last year after an absence of 4 years, of 0.25p (2013: 0.25p), has been declared, payable on 5 December 2014 to shareholders on the register at 7 November 2014. Accordingly the ex-dividend date is 6 November 2014.

Current trading and outlook

Our financial performance remains solid. As in previous years, our second half weighting creates challenges ahead but, as we stand, we are confident that our business remains on track to deliver against our year-end expectations.

We look forward with optimism as we continue on our exciting journey.

David Morgan
Chairman

Condensed Consolidated Statement of Comprehensive Income for the 6 months ended 30 June 2014

	Note	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
		£'000	£'000	£'000
TURNOVER	2	**62,826**	67,620	124,090
Cost of sales		**(36,536)**	(42,250)	(72,496)
OPERATING INCOME	2	**26,290**	25,370	51,594
Headline operating expenses		**(24,191)**	(23,325)	(45,877)
HEADLINE OPERATING PROFIT	2	**2,099**	2,045	5,717
Exceptional items	5	**-**	(1,486)	(2,172)
Acquisition adjustments		**417**	(111)	307
OPERATING PROFIT		**2,516**	448	3,852
Investment income	6	**1**	1	1
Finance costs	6	**(290)**	(380)	(696)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,227**	69	3,157
Taxation	7	**(534)**	(18)	(804)
PROFIT FOR THE PERIOD		**1,693**	51	2,353
Other comprehensive income		**-**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,693**	51	2,353
Basic earnings per share (pence)	8	**2.24**	0.07	3.11
Diluted earnings per share (pence)	8	**2.06**	0.06	2.87
Headline basic earnings per share (pence)	8	**1.82**	1.63	4.82
Headline diluted earnings per share (pence)	8	**1.68**	1.51	4.45

Condensed Consolidated Balance Sheet as at 30 June 2014

	Note	As at 30 June 2014 Unaudited	As at 30 June 2013 Unaudited	As at 31 December 2013 Audited
		£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	9	**72,097**	70,907	72,525
Property, plant and equipment		**4,147**	3,387	3,479
		76,244	74,294	76,004
CURRENT ASSETS				
Stock and work in progress		**487**	539	365
Trade and other receivables		**26,855**	26,609	20,751
Cash and short term deposits	10	**2,072**	556	571
		29,414	27,704	21,687
CURRENT LIABILITIES				
Trade and other payables		**(15,054)**	(16,833)	(11,067)
Accruals		**(12,157)**	(9,951)	(7,035)
Corporation tax payable		**(904)**	(1,301)	(627)
Bank loans	10	**(2,286)**	(2,286)	(1,714)
Acquisition obligations	11	**(482)**	(887)	(375)
		(30,883)	(31,258)	(20,818)
NET CURRENT (LIABILITIES) / ASSETS		**(1,469)**	(3,554)	869
TOTAL ASSETS LESS CURRENT LIABILITIES		**74,775**	70,740	76,873
NON CURRENT LIABILITIES				
Bank loans	10	**(7,084)**	(7,052)	(9,573)
Obligations under finance leases		**-**	(25)	-
Acquisition obligations	11	**(1,098)**	(823)	(2,451)
NET ASSETS		**66,593**	62,840	64,849
CAPITAL AND RESERVES				
Called up share capital		**7,699**	7,699	7,699
Share premium account		**40,288**	40,288	40,288
Own shares		**(355)**	(1,054)	(462)
Share option reserve		**717**	518	614
Retained earnings		**18,244**	15,389	16,710
TOTAL EQUITY		**66,593**	62,840	64,849

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Condensed Consolidated Cash Flow Statement for the 6 months ended 30 June 2014

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Operating profit	2,516	448	3,852
Depreciation and amortisation charges	762	685	1,540
Goodwill and intangibles impairment charges	-	472	442
Net gain on remeasurement of contingent consideration	(603)	-	(660)
(Profit) / loss on disposal of property, plant and equipment	(3)	(2)	1
Non cash charge for share options and shares awarded	103	77	173
(Increase)/decrease in receivables	(6,104)	(2,245)	3,860
(Increase)/decrease in stock and work in progress	(122)	382	172
Increase/(decrease) in payables	9,154	5,576	(3,194)
OPERATING CASH FLOW	5,703	5,393	6,186
Net finance costs	(216)	(280)	(467)
Tax paid	(256)	(75)	(1,556)
Net cash inflow from operating activities	5,231	5,038	4,163
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	3	41	148
Purchase of property, plant and equipment	(1,265)	(770)	(1,240)
Acquisition of subsidiaries	-	-	(97)
Adjustment to cost of acquisition of subsidiaries	-	64	94
Cash acquired with subsidiaries	-	-	18
Acquisition of intangibles	-	(31)	(65)
Adjustment to cost of intangibles acquired	-	-	(27)
Net cash outflow from investing activities	(1,262)	(696)	(1,169)
FINANCING ACTIVITIES			
Dividends paid	-	-	(192)
Movement in HP creditor and finance leases	(35)	(76)	(136)
Payment of acquisition obligations	(381)	(549)	(550)
Repayment of long term banks loans	(2,000)	(3,643)	(1,785)
Purchase of own shares held in EBT	(52)	(64)	(306)
Net cash outflow from financing activities	(2,468)	(4,332)	(2,969)
Increase in cash and cash equivalents	1,501	10	25
Cash and cash equivalents at beginning of period	571	546	546
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,072	556	571

Condensed Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2014

	Share capital	Share premium	Own shares	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Changes in equity						
At 1 January 2013	**7,699**	**40,288**	**(1,201)**	**441**	**15,457**	**62,684**
Credit for share option scheme	-	-	-	77	-	77
Own shares purchased by EBT	-	-	(64)	-	-	(64)
Shares awarded from own shares	-	-	211	-	(119)	92
Profit for the period	-	-	-	-	51	51
At 30 June 2013	**7,699**	**40,288**	**(1,054)**	**518**	**15,389**	**62,840**
Credit for share option scheme	-	-	-	96	-	96
Own shares purchased by EBT	-	-	(242)	-	-	(242)
Shares awarded from own shares	-	-	834	-	(789)	45
Profit for the period	-	-	-	-	2,302	2,302
Dividend paid	-	-	-	-	(192)	(192)
At 31 December 2013	**7,699**	**40,288**	**(462)**	**614**	**16,710**	**64,849**
Credit for share option scheme	-	-	-	103	-	103
Own shares purchased by EBT	-	-	(52)	-	-	(52)
Shares awarded from own shares	-	-	159	-	(159)	-
Profit for the period	-	-	-	-	1,693	1,693
At 30 June 2014	**7,699**	**40,288**	**(355)**	**717**	**18,244**	**66,593**

Notes to the unaudited Interim Report for the 6 months ended 30 June 2014

1. Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with the IAS 34 "Interim Financial Reporting" and the Group's accounting policies.

The Group's accounting policies are in accordance with International Financial Reporting Standards as adopted by the European Union and are set out in the Group's Annual Report and Accounts 2013 on pages 32-35. These are consistent with the accounting policies which the Group expects to adopt in its 2014 Annual Report. The Group has not early adopted any Standard, Interpretation or Amendment that has been issued but is not yet effective.

The information relating to the six months ended 30 June 2014 and 30 June 2013 is unaudited and does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The comparative figures for the year ended 31 December 2013 have been extracted from the Group's Annual Report and Accounts 2013, on which the auditors gave an unqualified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. The Group Annual Report and Accounts for the year ended 31 December 2013 have been filed with the Registrar of Companies.

Going concern

The Directors have considered the financial projections of the Group, including cash flow forecasts, the availability of committed bank facilities and the headroom against covenant tests for the coming 12 months. They are satisfied that the Group has adequate resources for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

Accounting estimates and judgements

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

- Potential impairment of goodwill and other intangible assets;
- Contingent deferred payments in respect of acquisitions;
- Revenue recognition policies in respect of contracts which straddle the period end; and
- Valuation of intangible assets on acquisitions.

These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances.

2. Segmental Information

Business segmentation

For management purposes the Group had eleven operating units trading through eight subsidiaries during the period: April-Six Ltd, Big Communications Ltd, Bray Leino Ltd (incorporating Addiction and Yucca), Fox Murphy Ltd (trading as balloon dog), RLA Group Ltd, Solaris Healthcare Network Ltd, Story UK Ltd and ThinkBDW Ltd (incorporating Robson Brown), each of which carries out a range of activities. These activities have been divided into four business and operating segments as defined by IFRS 8 which form the basis of the Group's primary reporting segments, namely: Branding, Advertising and Digital; Media; Events and Learning; and Public Relations.

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
	Turnover		
Business segment			
Branding, Advertising & Digital	**33,861**	33,178	64,285
Events and Learning	**4,170**	4,617	8,441
Media	**22,893**	28,341	47,931
Public Relations	**1,902**	1,484	3,433
	62,826	67,620	124,090
	Operating Income		
Business segment			
Branding, Advertising & Digital	**21,425**	20,147	41,515
Events and Learning	**1,462**	1,720	3,054
Media	**1,839**	2,385	4,414
Public Relations	**1,564**	1,118	2,611
	26,290	25,370	51,594
	Headline Operating Profit		
Business segment			
Branding, Advertising & Digital	**2,477**	2,082	5,655
Events and Learning	**25**	51	89
Media	**342**	550	1,147
Public Relations	**100**	(11)	110
	2,944	2,672	7,001
Central costs	**(845)**	(627)	(1,284)
	2,099	2,045	5,717

Geographical segmentation

Although the Group is actively developing its overseas presence, the vast majority of the Group's operations are still based in the UK and substantially all the Group's business is executed in the UK.

3. Reconciliation of Reported Profit to Headline Profit

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Reported profit before taxation	**2,227**	69	3,157
Adjustments	**(417)**	1,597	1,865
Headline profit before taxation	**1,810**	1,666	5,022
Reported profit after taxation	**1,693**	51	2,353
Adjustments	**(317)**	1,182	1,296
Headline profit after tax	**1,376**	1,233	3,649
Adjustments			
Exceptional items (note 5)	**-**	(1,486)	(2,172)
Acquisition-related items	**417**	(111)	307
Adjustments affecting profit before taxation	**417**	(1,597)	(1,865)
Taxation impact	**(100)**	415	569
Adjustments affecting profit after taxation	**317**	(1,182)	(1,296)

In order to provide a clearer understanding of underlying profitability, headline profits exclude exceptional items and acquisition-related costs and adjustments.

4. Contribution of Newly Acquired Entities to the Results of the Group

Solaris Healthcare Network Limited ("Solaris") was acquired on 30 September 2013 and contributed turnover of £0.7m, operating income of £0.6m and a marginal headline operating profit to the results of the Group in the six month period ended 30 June 2014.

5. Exceptional Items

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Restructuring costs	**-**	(1,014)	(1,523)
Impairment of Addiction goodwill and intangibles	**-**	(472)	(442)
Loss on legal dispute with supplier	**-**	-	(207)
	-	(1,486)	(2,172)

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5. Exceptional Items cont.

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

In 2013, exceptional items included gains on remeasurement of contingent consideration relating to a net downward revision in the estimates payable to vendors of businesses acquired in prior years. These are now disclosed as acquisition adjustments in the Condensed Consolidated Statement of Comprehensive Income. The comparatives have been restated accordingly.

In 2013, the restructuring of Bray Leino's activities resulted in redundancy and other costs which were treated as exceptional items. In addition, there was an associated impairment of goodwill and other intangibles relating to the Addiction acquisition, which were also treated as an exceptional item.

The loss on legal dispute with supplier in 2013 related to prizes on a promotion which were deemed by the courts to be fraudulently won by the customers, resulting in the costs of these prizes and legal costs being passed to the Group.

6. Investment Income and Finance Costs

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Investment income:			
Interest receivable	**1**	1	1
Finance costs:			
On bank loans and overdrafts	**(207)**	(281)	(506)
Amortisation of bank debt renegotiation fees	**(83)**	(99)	(190)
	(290)	(380)	(696)
Total net finance cost	**(289)**	(379)	(695)

Debt arrangement fees arising on the renegotiation, in 2010, and modification, in 2012, of credit facilities are being amortised over the life of the credit agreement.

7. Taxation

The taxation charge for the period ended 30 June 2014 has been based on an estimated effective tax rate on profit on ordinary activities of 24% (30 June 2013: 26%).

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8. Earnings per Share

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

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Earnings			
Earnings for the purpose of reported earnings per share being net profit attributable to equity holders of the parent	**1,693**	51	2,353
Earnings for the purposes of headline earnings per share (see note 3)	**1,376**	1,233	3,649
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	**75,746,251**	75,567,790	75,668,570
Dilutive effect of securities:			
Employee share options	**3,885,718**	3,562,029	3,886,360
Bank warrants	**2,513,185**	2,497,357	2,510,283
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**82,145,154**	81,627,176	82,065,213
Reported basis:			
Basic earnings per share (pence)	**2.24**	0.07	3.11
Diluted earnings per share (pence)	**2.06**	0.06	2.87
Headline basis:			
Basic earnings per share (pence)	**1.82**	1.63	4.82
Diluted earnings per share (pence)	**1.68**	1.51	4.45

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

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

9. Intangible Assets

	30 June 2014 Unaudited	30 June 2013 Unaudited	31 December 2013 Audited
	£'000	£'000	£'000
Goodwill	71,005	69,947	71,005
Other intangible assets	1,092	960	1,520
	72,097	70,907	72,525

Goodwill

	30 June 2014 Unaudited	30 June 2013 Unaudited	31 December 2013 Audited
	£'000	£'000	£'000
Cost			
At 1 January	75,278	74,314	74,314
Recognised on acquisition of subsidiaries	-	-	1,058
Adjustment to consideration	-	(64)	(94)
At 30 June / 31 December	75,278	74,250	75,278
Impairment adjustment			
At 1 January	4,273	3,995	3,995
Impairment during period	-	308	278
At 30 June / 31 December	4,273	4,303	4,273
Net book value	71,005	69,947	71,005

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

	30 June 2014 Unaudited	30 June 2013 Unaudited	31 December 2013 Audited
	£'000	£'000	£'000
April-Six Ltd	9,411	9,411	9,411
Big Communications Ltd	8,125	8,125	8,125
Bray Leino Ltd	30,846	30,846	30,846
Fox Murphy Ltd (trading as balloon dog)	1,514	1,514	1,514
Haven Marketing Ltd	127	127	127
RLA Group Ltd	6,572	6,572	6,572
Solaris Healthcare Network Ltd	1,058	-	1,058
Story UK Ltd	6,969	6,969	6,969
ThinkBDW Ltd	6,283	6,283	6,283
Quorum Advertising Ltd	100	100	100
	71,005	69,947	71,005

9. Intangible Assets cont.

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill, unless there is an indication that one of the cash generating units has become impaired during the year, in which case an impairment test is applied to the relevant asset. The next impairment test will be undertaken at 31 December 2014.

Other intangible assets

	6 months to 30 June 2014 Unaudited	6 months to 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Cost			
At 1 January	**2,079**	1,209	1,209
Additions	**-**	121	870
Adjustment to consideration	**(263)**	-	-
At 30 June / 31 December	**1,816**	1,330	2,079
Impairment adjustment			
At 1 January	**165**	-	-
Charge for the period	**-**	164	165
At 30 June / 31 December	**165**	164	165
Amortisation			
At 1 January	**394**	95	95
Charge for the period	**165**	111	299
At 30 June / 31 December	**559**	206	394
Net book value	**1,092**	960	1,520

Other intangible assets consist of intellectual property rights, client relationships and trade names.

10. Bank Loans and Net Debt

	30 June 2014 Unaudited	30 June 2013 Unaudited	31 December 2013 Audited
	£'000	£'000	£'000
Bank loan outstanding	**9,571**	9,714	11,572
Adjustment to amortised cost	**(201)**	(376)	(285)
Carrying value of loan outstanding	**9,370**	9,338	11,287
Less: Cash and short term deposits	**(2,072)**	(556)	(571)
Net bank debt	**7,298**	8,782	10,716
The borrowings are repayable as follows:			
Less than one year	**2,286**	2,286	1,714
In one to two years	**7,285**	2,286	9,858
In more than two years but less than three years	**-**	5,142	-
	9,571	9,714	11,572
Adjustment to amortised cost	**(201)**	(376)	(285)
	9,370	9,338	11,287
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,286)**	(2,286)	(1,714)
Amount due for settlement after 12 months	**7,084**	7,052	9,573

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11. Acquisition Obligations

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

	Cash	Shares	Total
	£'000	£'000	£'000
30 June 2013			
Less than one year	839	48	887
Between one and two years	339	48	387
In more than two years but less than three years	389	47	436
	1,567	**143**	**1,710**
31 December 2013			
Less than one year	375	-	375
Between one and two years	913	48	961
In more than two years but less than three years	869	47	916
In more than three years but less than four years	574	-	574
	2,731	**95**	**2,826**
30 June 2014			
Less than one year	482	-	482
Between one and two years	621	40	661
In more than two years but less than three years	437	-	437
	1,540	**40**	**1,580**

12. Post Balance Sheet Events

There were no material post balance sheet events.

the mission(tm) marketing group plc

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