

INTERIM REPORT FOR
THE SIX MONTHS ENDED 30 JUNE 2017

WE BELIEVE IN THE POWER OF CONNECTIONS.

IT RUNS THROUGH OUR NETWORK OF AGENCIES.

IT TURNS SPECIALISTS INTO COLLABORATORS.

IT TRANSFORMS IDEAS INTO ACTION.

IT BRINGS OUR CLIENTS CLOSER TO THEIR AUDIENCES.

IT DRIVES THE NEXT GENERATION OF TECHNOLOGY.

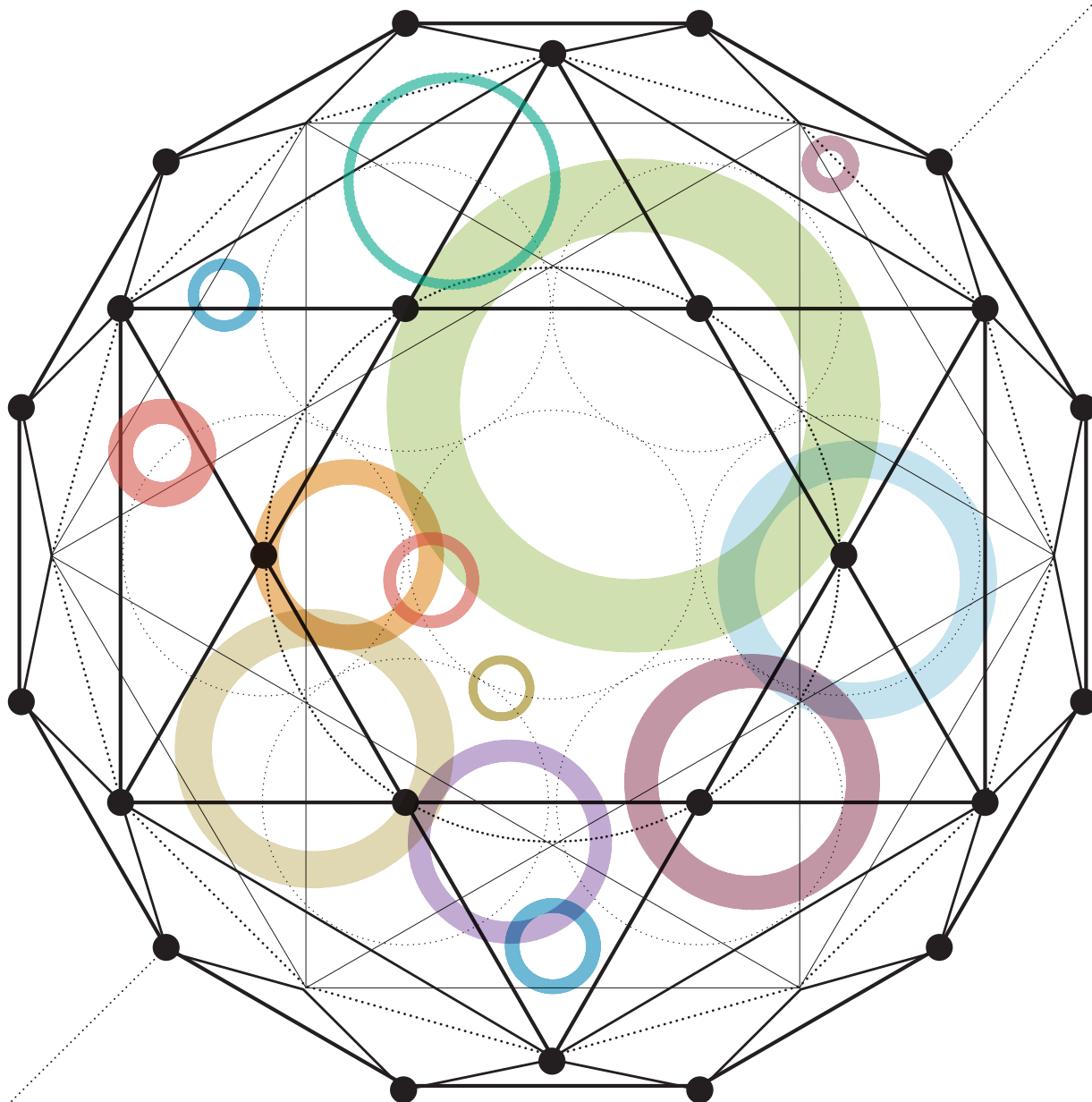
IT INSPIRES OUR ENTREPRENEURS TO REACH NEW GOALS.

IT SEES ONE INNOVATION LEAD TO ANOTHER.

IT MAKES **the mission**[™]

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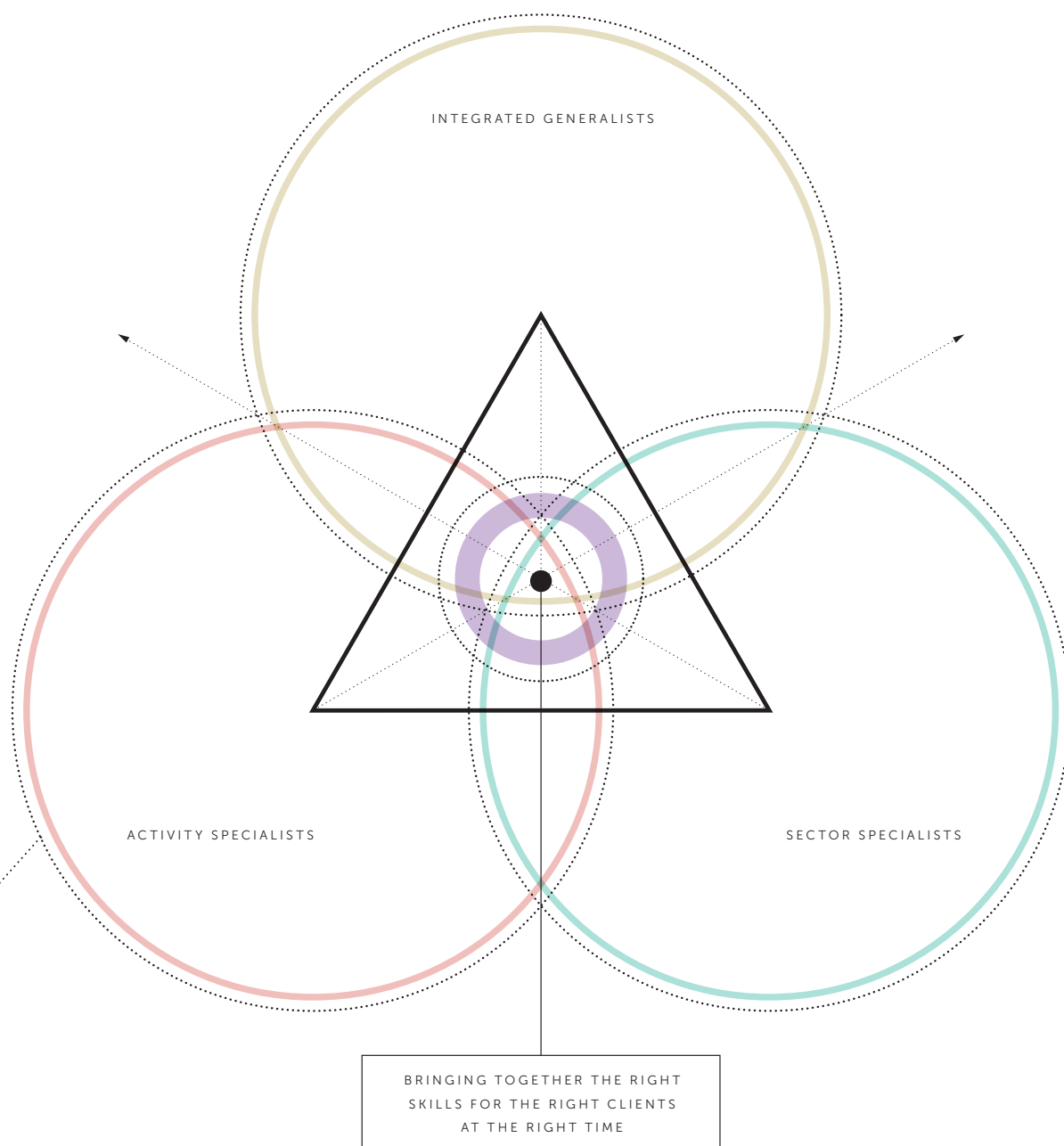


WE ARE THE MISSION

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

By harnessing innovative technologies, supporting the
entrepreneurial talent behind our Agencies and
offering a wealth of specialisms and skills from across
our network, we guide our Clients to new opportunities
and greater success.

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

ONE MISSION

We call this approach Concinnity. Combining our talents in the most effective, creative way possible. Employing the right blend of skills, experience and disciplines from our network to transform a Client's business, or even their entire market.

In addition, our Digital Global Workgroup provides tools and opportunities to share best practice, innovation and technology across our 250+ talented digital experts. Delivering value through knowledge and creating an empowered international team for Clients around the world.

There's never any competition between Agencies, just a shared commitment to success.

We're more powerful together.

A WORLD OF TALENT

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

aprilisix[®]

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

aprilisixproof[®]

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

bigdog[®]

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

bray leino[®]

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

CHAPTER[®]

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

ETHOLOGY

A FORWARD-THINKING USER EXPERIENCE CONSULTANCY, GROWING CUSTOMER ENGAGEMENT AND CONVERSION THROUGH A DEEP UNDERSTANDING OF AUDIENCE AND BRAND INTERACTION.

mongoose[®]

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

RJW&partners[®]

AN INDUSTRY-LEADING PROVIDER OF PRICING AND MARKET ACCESS ADVICE TO PHARMACEUTICAL AND MEDICAL DEVICE COMPANIES. OPERATING FROM A EUROPEAN BASE WORKING ACROSS ALL MAJOR GLOBAL MARKETS AND MANY EMERGING MARKETS.

RLA[™]

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

Robson Brown[®]

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

SOLARIS[®] health

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

speed[®]

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



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

'story'[™]

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

thinkbdw[®]

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

INTERIM RESULTS

SUMMARY

THE MISSION MARKETING GROUP PLC ("TMMG" OR "the mission[®]"), THE MARKETING COMMUNICATIONS AND ADVERTISING GROUP, SETS OUT ITS UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017.

HIGHLIGHTS

- GOOD ORGANIC GROWTH FROM THE GROUP'S CORE BUSINESS
- SOME GREAT NEW BUSINESS WINS IN THE PERIOD, INCLUDING MARS, NEFF, RECKITT BENCKISER, REVLON, THE ROYAL MINT AND UNIVERSAL STUDIOS
- RECENTLY ACQUIRED RJW TRADING WELL
- FUSE NOW OFFICIALLY LAUNCHED
- MONGOOSE SPORTS AND APRIL SIX ASIA START-UP VENTURES MOVED INTO PROFITABILITY

FINANCIAL

- REVENUE UP 4% TO £33.8M (2016: £32.4M)
- LIKE-FOR-LIKE REVENUE UP 6% IN BRANDING, ADVERTISING AND DIGITAL
- HEADLINE PROFIT BEFORE TAX UP 11% TO £2.9M (2016: £2.6M)
- HEADLINE DILUTED EPS UP 11% TO 2.58 PENCE (2016: 2.33 PENCE)
- A STRONG SECOND-HALF BIAS AGAIN PREDICTED
- CASH INFLOWS FROM OPERATING ACTIVITIES OF £5.8M (2016: £4.8M)
- NET BANK DEBT REDUCED BY £2.1M IN THE SIX MONTHS AFTER SETTTLING PRIOR AND NEW ACQUISITION OBLIGATIONS

DIVIDEND

- INTERIM DIVIDEND INCREASED BY 10% TO 0.55P (2016: 0.5P)
- PAYABLE ON 1 DECEMBER 2017 TO SHAREHOLDERS ON THE REGISTER AT 3 NOVEMBER 2017

CHAIRMAN'S STATEMENT

FOCUSED ON THE FUTURE

In our first six months of trading this year we have continued to grow our business and, as well as consolidating our position, we have kept a keen eye on our future as we implement the plans that match our development strategy. Our confidence in our Agencies, the direction we are heading in and our unique, entrepreneurial structure continues to grow momentum and is, we believe, creating a business model that is very much focussed on the future.

Of the many highlights so far this year the most important strategic development was our acquisition of RJW in April. RJW is a highly-regarded consultancy specialising in pricing and market access in the pharmaceutical sector that works closely with some of the world's leading companies from the very early stages of product development. Working alongside our Solaris Healthcare Agency, which operates further downstream, it allows us to deliver end-to-end marketing and research services to healthcare Clients. It is a delight to have the RJW team join the mission[®] and be part of our drive towards creating a new and dynamic force in Healthcare marketing.

The first half of the year also saw some of our start-up investments move into profitability, notably Mongoose Sports and April Six Asia. This, together with continued progress from our core Agencies, has helped us to retain a calm and steady approach against a backdrop of UK uncertainty and nervousness.

With upwards of 250 people across our Group being directly involved in technological developments that enhance our Clients' marketing capabilities, we reported at the end of last year that we had identified a number of innovative IP-owned products and systems that we were bringing together under a dedicated team, branded fuse. This initiative embraces the technological creativity already inherent in our Agencies and takes it to a wider audience. We formally launched fuse in July and are excited by its potential.

We have also taken a long look at our overall Group strategy, culminating in a host of new initiatives to bring greater clarity and external understanding of why our business is not only robust but very special. We enjoy greater Client longevity and our people stay with us longer than is normal in our sector, and we have an enviable growth and debt repayment record. All of which have been evident again in the first half and are being explained more fully in our new website and materials.

New business continues to be our 'cream on top' with wins across the Group from such famous names as Mars, Neff, Reckitt Benckiser, Revlon, The Royal Mint and Universal Studios.

Trading results

Turnover ("billings") for the six months ended 30 June 2017 reduced by 4% to £71.2m (2016: £74.2m) in part due to year-on-year changes in the phasing of Client spending and in part due to the market trend away from traditional broad-based media expenditure in favour of more targeted activities. Billings include pass-through costs (e.g. 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.

Operating income ("revenue") increased 4% overall in the six months, to £33.8m (2016: £32.4m). Within our primary activity of Branding, Advertising and Digital, representing 80% of our Group revenue, growth was 8%, of which like-for-like growth was 6% with a further 2% from RJW. Growth in other activities was more subdued, with both Events and Media likely to have a stronger weighting towards the second half of the year due to the phasing of Client campaigns.

Headline operating profits increased by 9% to £3.1m (2016: £2.8m), showing a modest but pleasing year-on-year improvement in margins. Our business is traditionally busier and more profitable in the second half and, with a number of initiatives aimed at improving profit margins, we anticipate maintaining this progress.

Adjustments to headline profits in 2017 totalled £1.1m (2016: £0.6m), explained further in Note 3. Among these adjustments are restructuring costs, flagged at the time of our 2016 results, totaling £0.6m (2016: £nil). After these adjustments, reported operating profits were £2.0m (2016: £2.2m).

After unchanged financing costs of £0.2m, headline profit before tax increased by 11% to £2.9m (2016: £2.6m); reported profit before tax was £1.8m (2016: £2.0m).

The Group estimates an effective tax rate on headline profits before tax of 22% (2016: 22%), resulting in an 11% increase in headline earnings to £2.2m for the six months (2016: £2.0m), and reported profit after tax of £1.3m (2016: £1.5m). Fully diluted headline EPS increased 11% to 2.58 pence (2016: 2.33 pence).

CHAIRMAN'S STATEMENT

CONTINUED

Balance sheet, cash flow and dividend

Net cash inflows from operating activities were £5.8m in the six months ended June 2017 (2016: £4.8m). These strong operating cash flows funded the settlement of acquisition obligations from prior years totalling £1.7m, initial acquisition consideration payments totalling £1.9m and also a £2.1m reduction in net debt to £9.2m. The Group has no further commitments to settle prior acquisition liabilities in the remainder of the year but the Group's normal phasing of working capital requirements is expected to result in a modest increase in net debt in the second half.

Following the purchase of RJW, the Group's acquisition obligations total £6.4m. All of this is dependent on post-acquisition earn-out profits, some to the end of 2020. £1.7m is expected to fall due within 12 months and a further £1.9m in the subsequent 12 months. The Directors believe that the strength of the Group's cash generation can comfortably accommodate these obligations. Furthermore, to achieve maximum earn-outs, the acquired Agencies would need to perform very strongly, which would generate much of the cash required to meet these obligations.

The Employee Benefit Trust continued to make periodic share purchases when appropriate and at 30 June 2017 held 1,422,265 Ordinary shares.

Reflecting the growth in headline profits, the Directors have declared an interim dividend of 0.55p, representing a 10% increase over last year, payable on 1 December 2017 to shareholders on the register at 3 November 2017. The ex-dividend date is 2 November 2017.

Current trading and outlook

With our business becoming stronger, including good growth from our core business, we have a great platform from which to grow. We will continue to target further margin improvements, seek new opportunities, drive into new markets and upskill our offering. Underpinned by our strong cash generation, we will continue to explore accretive acquisition opportunities, or establish start-ups, that enhance our overall offering that supports our Clients wherever and however they need us to without being myrmidons. We again expect a strong second half to the year and are confident that we will deliver another year of growth.

David Morgan, Chairman



CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2017

		6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	NOTE	£'000	£'000	£'000
TURNOVER	2	71,237	74,162	144,096
COST OF SALES		(37,440)	(41,797)	(78,198)
OPERATING INCOME	2	33,797	32,365	65,898
HEADLINE OPERATING EXPENSES		(30,710)	(29,537)	(58,341)
HEADLINE OPERATING PROFIT	2	3,087	2,828	7,557
EXCEPTIONAL ITEMS	4	(550)	-	-
ACQUISITION ADJUSTMENTS	5	(367)	(386)	(666)
START-UP COSTS		(158)	(212)	(491)
OPERATING PROFIT		2,012	2,230	6,400
SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES		(10)	(9)	(33)
PROFIT BEFORE INTEREST AND TAXATION		2,002	2,221	6,367
NET FINANCE COSTS	6	(227)	(243)	(487)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,775	1,978	5,880
TAXATION	7	(470)	(518)	(1,369)
PROFIT FOR THE PERIOD		1,305	1,460	4,511
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT		1,286	1,440	4,434
NON-CONTROLLING INTERESTS		19	20	77
		1,305	1,460	4,511
BASIC EARNINGS PER SHARE (PENCE)	8	1.55	1.74	5.36
DILUTED EARNINGS PER SHARE (PENCE)	8	1.50	1.68	5.19
HEADLINE BASIC EARNINGS PER SHARE (PENCE)	8	2.66	2.41	6.63
HEADLINE DILUTED EARNINGS PER SHARE (PENCE)	8	2.58	2.33	6.41

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2017

		6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
		£'000	£'000	£'000
PROFIT FOR THE PERIOD		1,305	1,460	4,511
OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY BE RECLASSIFIED SEPARATELY TO PROFIT OR LOSS:				
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS		(49)	(2)	214
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,256	1,458	4,725
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT		1,242	1,435	4,578
NON-CONTROLLING INTERESTS		14	23	147
		1,256	1,458	4,725

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2017

		AS AT 30 JUNE 2017 UNAUDITED	AS AT 30 JUNE 2016 UNAUDITED	AS AT 31 DECEMBER 2016 AUDITED
	NOTE	£'000	£'000	£'000
FIXED ASSETS				
INTANGIBLE ASSETS	9	87,549	81,956	83,075
PROPERTY, PLANT AND EQUIPMENT		3,391	4,384	3,531
INTERESTS IN JOINT VENTURES		-	7	-
INVESTMENTS IN ASSOCIATES		314	341	324
DEFERRED TAX ASSETS		28	45	45
		91,282	86,733	86,975
CURRENT ASSETS				
STOCK AND WORK IN PROGRESS		665	482	485
TRADE AND OTHER RECEIVABLES		36,741	36,268	32,611
CASH AND SHORT TERM DEPOSITS		5,092	3,610	1,002
		42,498	40,360	34,098
CURRENT LIABILITIES				
TRADE AND OTHER PAYABLES		(33,656)	(32,374)	(26,194)
CORPORATION TAX PAYABLE		(648)	(580)	(527)
BANK LOANS	10	(2,500)	(1,750)	(2,250)
ACQUISITION OBLIGATIONS	11	(1,735)	(2,528)	(1,645)
		(38,539)	(37,232)	(30,616)
NET CURRENT ASSETS		3,959	3,128	3,482
TOTAL ASSETS LESS CURRENT LIABILITIES		95,241	89,861	90,457
NON CURRENT LIABILITIES				
BANK LOANS	10	(11,803)	(11,242)	(10,023)
OTHER LONG TERM LOANS		-	(76)	(76)
OBLIGATIONS UNDER FINANCE LEASES		(173)	(257)	(216)
ACQUISITION OBLIGATIONS	11	(4,690)	(2,928)	(3,014)
DEFERRED TAX LIABILITIES		(219)	(264)	(200)
		(16,885)	(14,767)	(13,529)
NET ASSETS		78,356	75,094	76,928
CAPITAL AND RESERVES				
CALLED UP SHARE CAPITAL		8,436	8,412	8,412
SHARE PREMIUM ACCOUNT		42,506	42,431	42,431
OWN SHARES		(590)	(548)	(556)
SHARE OPTION AND GROWTH SHARE RESERVE		334	412	249
FOREIGN CURRENCY TRANSLATION RESERVE		151	46	195
RETAINED EARNINGS		27,048	23,890	25,740
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		77,885	74,643	76,471
NON CONTROLLING INTERESTS		471	451	457
TOTAL EQUITY		78,356	75,094	76,928

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2017

	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
OPERATING PROFIT	2,012	2,230	6,400
DEPRECIATION AND AMORTISATION CHARGES	1,019	1,030	2,120
MOVEMENTS IN THE FAIR VALUE OF CONTINGENT CONSIDERATION	40	(15)	(48)
(PROFIT) / LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	(34)	(12)	4
LOSS ON DISPOSAL OF INTANGIBLE ASSETS	-	-	2
NON CASH CHARGE / (CREDIT) FOR SHARE OPTIONS, GROWTH SHARES AND SHARES AWARDED	85	118	(45)
INCREASE IN RECEIVABLES	(3,786)	(4,746)	(1,037)
INCREASE IN STOCK AND WORK IN PROGRESS	(180)	(21)	(24)
INCREASE IN PAYABLES	7,415	7,334	1,120
OPERATING CASH FLOW	6,571	5,918	8,492
NET FINANCE COSTS	(201)	(201)	(422)
TAX PAID	(523)	(901)	(1,869)
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,847	4,816	6,201
INVESTING ACTIVITIES			
PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	38	77	33
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(461)	(613)	(914)
INVESTMENT IN SOFTWARE DEVELOPMENT	(131)	-	(777)
ACQUISITION OF SUBSIDIARIES AND JOINT VENTURES	(1,910)	(325)	(466)
PAYMENT OF OBLIGATIONS RELATING TO ACQUISITIONS MADE IN PRIOR PERIODS	(1,653)	(2,382)	(3,179)
CASH ACQUIRED WITH SUBSIDIARIES	610	147	65
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3,507)	(3,096)	(5,238)
FINANCING ACTIVITIES			
DIVIDENDS PAID	-	-	(1,158)
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	-	-	(118)
REPAYMENT OF FINANCE LEASES	(41)	(46)	(90)
INCREASE IN / (REPAYMENT OF) LONG TERM BANK LOANS	2,000	250	(500)
(REPAYMENT OF) / PROCEEDS FROM OTHER LONG TERM LOANS	(76)	76	76
PURCHASE OF OWN SHARES HELD IN EBT	(84)	(172)	(169)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	1,799	108	(1,959)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,139	1,828	(996)
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN SUBSIDIARIES	(49)	(2)	214
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,002	1,784	1,784
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,092	3,610	1,002

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2017

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	OWN SHARES £'000	SHARE OPTION AND GROWTH RESERVE £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	RETAINED EARNINGS £'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT £'000	NON- CONTROLLING INTEREST £'000	TOTAL EQUITY £'000
AT 1 JANUARY 2016	8,361	42,268	(455)	298	51	22,414	72,937	428	73,365
PROFIT FOR THE PERIOD	-	-	-	-	-	1,440	1,440	20	1,460
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	-	-	-	-	(5)	-	(5)	3	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(5)	1,440	1,435	23	1,458
NEW SHARES ISSUED	51	163	-	-	-	-	214	-	214
CREDIT FOR SHARE OPTION SCHEME	-	-	-	114	-	-	114	-	114
OWN SHARES PURCHASED BY EBT	-	-	(172)	-	-	-	(172)	-	(172)
SHARES AWARDED FROM OWN SHARES	-	-	79	-	-	36	115	-	115
AT 30 JUNE 2016	8,412	42,431	(548)	412	46	23,890	74,643	451	75,094
PROFIT FOR THE PERIOD	-	-	-	-	-	2,994	2,994	57	3,051
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	-	-	-	-	149	-	149	67	216
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	149	2,994	3,143	124	3,267
DEBIT FOR SHARE OPTION SCHEME	-	-	-	(163)	-	-	(163)	-	(163)
OWN SHARES PURCHASED BY EBT	-	-	(40)	-	-	-	(40)	-	(40)
SHARES AWARDED FROM OWN SHARES	-	-	32	-	-	14	46	-	46
DIVIDEND PAID	-	-	-	-	-	(1,158)	(1,158)	(118)	(1,276)
AT 31 DECEMBER 2016	8,412	42,431	(556)	249	195	25,740	76,471	457	76,928
PROFIT FOR THE PERIOD	-	-	-	-	-	1,286	1,286	19	1,305
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	-	-	-	-	(44)	-	(44)	(5)	(49)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	(44)	1,286	1,242	14	1,256
NEW SHARES ISSUED	24	75	-	-	-	-	99	-	99
CREDIT FOR SHARE OPTION SCHEME	-	-	-	63	-	-	63	-	63
CREDIT FOR GROWTH SHARE SCHEME	-	-	-	22	-	-	22	-	22
OWN SHARES PURCHASED BY EBT	-	-	(84)	-	-	-	(84)	-	(84)
SHARES AWARDED FROM OWN SHARES	-	-	50	-	-	22	72	-	72
AT 30 JUNE 2017	8,436	42,506	(590)	334	151	27,048	77,885	471	78,356

NOTES TO THE UNAUDITED INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2017 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 2016 on pages 48-49. These are consistent with the accounting policies which the Group expects to adopt in its 2017 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 2017 and 30 June 2016 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 2016 have been extracted from the Group's Annual Report and Accounts 2016, 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 2016 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;
- 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

The Group increased to fourteen operating units during the period, 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; Public Relations; and Events and Learning.

	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
TURNOVER			
BUSINESS SEGMENT			
BRANDING, ADVERTISING & DIGITAL	39,972	40,096	79,657
MEDIA	22,375	25,358	45,741
PUBLIC RELATIONS	4,190	4,155	8,776
EVENTS AND LEARNING	4,700	4,553	9,922
	71,237	74,162	144,096
OPERATING INCOME			
BUSINESS SEGMENT			
BRANDING, ADVERTISING & DIGITAL	27,339	25,394	51,740
MEDIA	1,964	2,209	4,061
PUBLIC RELATIONS	3,452	3,285	6,777
EVENTS AND LEARNING	1,042	1,477	3,320
	33,797	32,365	65,898
HEADLINE OPERATING PROFIT			
BUSINESS SEGMENT			
BRANDING, ADVERTISING & DIGITAL	3,069	2,878	7,323
MEDIA	446	663	1,135
PUBLIC RELATIONS	544	243	487
EVENTS AND LEARNING	26	104	325
	4,085	3,888	9,270
CENTRAL COSTS	(998)	(1,060)	(1,713)
	3,087	2,828	7,557

Geographical segmentation

Whilst the Group continues to expand geographically, operating income from business based and executed outside the UK remains less than 10% of the total.

3. RECONCILIATION OF REPORTED PROFIT TO HEADLINE PROFIT

	6 MONTHS TO 30 JUNE 2017 UNAUDITED		6 MONTHS TO 30 JUNE 2016 UNAUDITED		YEAR ENDED 31 DECEMBER 2016 AUDITED	
	PBT £'000	PAT £'000	PBT £'000	PAT £'000	PBT £'000	PAT £'000
HEADLINE PROFIT	2,850	2,224	2,576	2,009	7,037	5,559
EXCEPTIONAL ITEMS (NOTE 4)	(550)	(429)	-	-	-	-
ACQUISITION-RELATED ITEMS (NOTE 5)	(367)	(366)	(386)	(383)	(666)	(655)
START-UP COSTS	(158)	(124)	(212)	(166)	(491)	(393)
REPORTED PROFIT	1,775	1,305	1,978	1,460	5,880	4,511

In order to provide a clearer understanding of underlying profitability, headline profits exclude exceptional items, acquisition-related costs and adjustments, and start-up costs. Start-up costs derive from organically started businesses and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable.

Start-up costs in 2017 relate to Mongoose Sports & Entertainment, Mongoose Promotions and April Six's new PR business in the USA. Start-up costs in 2016 related to the launch of Mongoose Sports & Entertainment and April Six's new ventures in Singapore and the USA.

4. EXCEPTIONAL ITEMS

	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
RESTRUCTURING COSTS	(550)	-	-

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.

Exceptional costs in 2017 comprise amounts payable for loss of office and other costs incurred relating to the restructuring of certain operations in order to streamline activities and underpin the Board's growth expectations for the second half of the year and beyond.

5. ACQUISITION ADJUSTMENTS

	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
MOVEMENT IN FAIR VALUE OF CONTINGENT CONSIDERATION	(40)	15	48
AMORTISATION OF OTHER INTANGIBLE ASSETS RECOGNISED ON ACQUISITIONS	(259)	(340)	(645)
ACQUISITION TRANSACTION COSTS EXPENSED	(68)	(61)	(69)
	(367)	(386)	(666)

The movement in fair value of contingent consideration relates to a net (upward) / downward revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to professional fees associated with the acquisitions.

6. NET FINANCE COSTS

	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
NET INTEREST ON BANK LOANS, OVERDRAFTS AND DEPOSITS	(192)	(203)	(407)
AMORTISATION OF BANK DEBT ARRANGEMENT FEES	(29)	(33)	(64)
INTEREST ON FINANCE LEASES	(6)	(7)	(16)
NET FINANCE COSTS	(227)	(243)	(487)

7. TAXATION

The taxation charge for the period ended 30 June 2017 has been based on an estimated effective tax rate on headline profit on ordinary activities of 22% (30 June 2016: 22%).

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 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
EARNINGS			
REPORTED PROFIT FOR THE YEAR	1,305	1,460	4,511
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT	1,286	1,440	4,434
NON-CONTROLLING INTERESTS	19	20	77
	1,305	1,460	4,511
HEADLINE EARNINGS (NOTE 3)	2,224	2,009	5,559
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT	2,205	1,989	5,482
NON-CONTROLLING INTERESTS	19	20	77
	2,224	2,009	5,559
NUMBER OF SHARES			
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR THE PURPOSE OF BASIC EARNINGS PER SHARE	82,843,306	82,577,286	82,651,400
DILUTIVE EFFECT OF SECURITIES**:			
EMPLOYEE SHARE OPTIONS	2,622,493	2,928,569	2,862,471
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR THE PURPOSE OF DILUTED EARNINGS PER SHARE	85,465,799	85,505,855	85,513,871
REPORTED BASIS:			
BASIC EARNINGS PER SHARE (PENCE)	1.55	1.74	5.36
DILUTED EARNINGS PER SHARE (PENCE)	1.50	1.68	5.19
HEADLINE BASIS:			
BASIC EARNINGS PER SHARE (PENCE)	2.66	2.41	6.63
DILUTED EARNINGS PER SHARE (PENCE)	2.58	2.33	6.41

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

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

** On 22nd February 2017, the Company announced details of a new Growth Share Scheme. If all the shares in the Scheme vest they will be exchanged into 5.7m Ordinary Shares, which will result in dilution. However, since the performance criterion is that the Company's share price must equal or exceed 75p for at least 15 days and this condition had not been satisfied at 30 June 2017, the Growth Shares are not included in the calculation of diluted earnings per share.

9. INTANGIBLE ASSETS

	30 JUNE 2017 UNAUDITED	30 JUNE 2016 UNAUDITED	31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
GOODWILL	84,074	79,527	79,779
OTHER INTANGIBLE ASSETS	3,475	2,429	3,296
	87,549	81,956	83,075

GOODWILL	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
COST			
AT 1 JANUARY	84,052	83,606	83,606
RECOGNISED ON ACQUISITION OF SUBSIDIARIES	4,295	197	457
ADJUSTMENT TO CONSIDERATION	-	(3)	(11)
AT 30 JUNE / 31 DECEMBER	88,347	83,800	84,052
IMPAIRMENT ADJUSTMENT			
AT BEGINNING AND END OF PERIOD	4,273	4,273	4,273
NET BOOK VALUE	84,074	79,527	79,779

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 2017.

OTHER INTANGIBLE ASSETS	6 MONTHS TO 30 JUNE 2017 UNAUDITED	6 MONTHS TO 30 JUNE 2016 UNAUDITED	YEAR ENDED 31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
COST			
AT 1 JANUARY	6,611	4,601	4,601
TRANSFER FROM PROPERTY, PLANT AND EQUIPMENT	-	-	1,467
ADDITIONS	599	-	777
DISPOSALS	-	-	(234)
AT 30 JUNE / 31 DECEMBER	7,210	4,601	6,611
AMORTISATION AND IMPAIRMENT			
AT 1 JANUARY	3,315	1,832	1,832
TRANSFER FROM PROPERTY, PLANT AND EQUIPMENT	-	-	853
AMORTISATION CHARGE FOR THE PERIOD	420	340	862
DISPOSALS	-	-	(232)
AT 30 JUNE / 31 DECEMBER	3,735	2,172	3,315
NET BOOK VALUE	3,475	2,429	3,296

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

10. BANK LOANS AND NET DEBT

	30 JUNE 2017 UNAUDITED	30 JUNE 2016 UNAUDITED	31 DECEMBER 2016 AUDITED
	£'000	£'000	£'000
BANK LOAN OUTSTANDING	14,375	13,125	12,375
ADJUSTMENT TO AMORTISED COST	(72)	(133)	(102)
CARRYING VALUE OF LOAN OUTSTANDING	14,303	12,992	12,273
LESS: CASH AND SHORT TERM DEPOSITS	(5,092)	(3,610)	(1,002)
NET BANK DEBT	9,211	9,382	11,271
THE BORROWINGS ARE REPAYABLE AS FOLLOWS:			
LESS THAN ONE YEAR	2,500	1,750	2,250
IN ONE TO TWO YEARS	11,875	2,500	2,500
IN MORE THAN TWO BUT LESS THAN THREE YEARS	-	8,875	7,625
	14,375	13,125	12,375
ADJUSTMENT TO AMORTISED COST	(72)	(133)	(102)
	14,303	12,992	12,273
LESS: AMOUNT DUE FOR SETTLEMENT WITHIN 12 MONTHS (SHOWN UNDER CURRENT LIABILITIES)	(2,500)	(1,750)	(2,250)
AMOUNT DUE FOR SETTLEMENT AFTER 12 MONTHS	11,803	11,242	10,023

11. ACQUISITIONS

11.1 Acquisition Obligations

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

	CASH	SHARES	TOTAL
	£'000	£'000	£'000
30 JUNE 2017			
LESS THAN ONE YEAR	1,735	-	1,735
BETWEEN ONE AND TWO YEARS	1,815	56	1,871
IN MORE THAN TWO BUT LESS THAN THREE YEARS	560	-	560
IN MORE THAN THREE BUT LESS THAN FOUR YEARS	2,146	113	2,259
	6,256	169	6,425

A reconciliation of acquisition obligations during the period is as follows:

	CASH	SHARES	TOTAL
	£'000	£'000	£'000
AT 31 DECEMBER 2016	4,659	-	4,659
NEW OBLIGATIONS CREATED IN THE PERIOD	5,121	288	5,409
OBLIGATIONS SETTLED IN THE PERIOD	(3,564)	(119)	(3,683)
ADJUSTMENTS TO ESTIMATES OF OBLIGATIONS	40	-	40
AT 30 JUNE 2017	6,256	169	6,425

11.2 Acquisition of RJW & Partners Ltd

On 26 April 2017, the Group acquired the entire issued share capital of RJW & Partners Ltd ("RJW"), a pricing and market access consultancy operating in the healthcare sector. The fair value of the consideration given for the acquisition was £5,409,000, comprising initial cash and share consideration and deferred contingent cash and share consideration. Costs relating to the acquisition amounted to £68,000 and were expensed.

Maximum contingent consideration of £4,250,000 is dependent on RJW achieving a profit target over the period 1 January 2017 to 31 December 2020. The Group has provided for contingent consideration of £3,380,000 to date.

The fair value of the net identifiable assets acquired was £696,000 resulting in goodwill and other intangible assets of £4,713,000. Goodwill arises on consolidation and is not tax-deductible. Management carried out a review to assess whether any other intangible assets were acquired as part of the transaction. Management concluded that both a brand name and customer relationships were acquired and attributed a value to each of these by applying commonly accepted valuation methodologies. The goodwill arising on the acquisition is attributable to the anticipated profitability of the Company.

11. ACQUISITIONS...CONTINUED

	BOOK VALUE	FAIR VALUE ADJUSTMENTS	FAIR VALUE
	£'000	£'000	£'000
NET ASSETS ACQUIRED:			
FIXED ASSETS	2	-	2
TRADE AND OTHER RECEIVABLES	344	-	344
CASH AND CASH EQUIVALENTS	610	-	610
TRADE AND OTHER PAYABLES	(260)	-	(260)
	696	-	696
OTHER INTANGIBLES RECOGNISED AT ACQUISITION	-	468	468
	696	468	1,164
GOODWILL			4,245
TOTAL CONSIDERATION			5,409
SATISFIED BY:			
CASH			1,910
SHARES			119
DEFERRED CONTINGENT CONSIDERATION			3,380
			5,409

RJW & Partners Ltd contributed turnover of £508,000, operating income of £483,000 and headline operating profit of £176,000 to the results of the Group for the six month period ended 30 June 2017.

12. POST BALANCE SHEET EVENTS

There were no material post balance sheet events.

