the mission marketing group plc

annual report and accounts

for the year ended 31 December 2010

the mission^{tm}

The Mission Marketing Group plc is a national network of creative communications Agencies with 14 offices across the UK.

The Group enables each Agency, its people and its Clients to access skills, tools and buying power in a collectively advantageous way whilst retaining their own distinct personality.

We continue to attract and develop talent from across the country; and through our onemission^{tm} initiative, we unite our Agencies and our people, integrate the specialist knowledge and capabilities of the whole group, stimulate collaborative working and achieve more.

Thanks to share ownership and incentive schemes, we are proud that every member of the mission^{tm} can have a stake in the future of the Group.

Together we are the mission^{tm}

April-Six is the UK's leading technology marketing Agency working with the world's biggest technology brands.

Big Communications is a full-service communications Agency with a national reputation for creative excellence.

Bray Leino is a UK top 20 communications group specialising in: advertising, digital and media; direct response; PR; events and training.

Fuse Digital is an award-winning, full-service digital communications Agency.

RLA is a full service Agency specialising in automotive and retail.

Robson Brown is the North of England's premier integrated communications Agency.

Spark is a leading sales activation Agency working with the UK's foremost brands.

Story is an award-winning brand development and direct communications Agency.

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

Each Agency has proven, long-term ability to help its Clients win. All boast incredibly talented people whose creative business thinking and specialist knowledge complement those of their colleagues around the Group. And between them they have an impressive track record of delivering tangible results for our Clients and for our shareholders.

Being situated largely outside central London gives the mission^{tm} Agencies a real competitive advantage.

We are where our Clients are, and like them we aim to benefit from lower establishment costs. We attract top-flight people who seek an exciting work environment enhanced by improved quality of life. We are well positioned to improve our already strong environmental credentials, and invest in technology that helps us work sustainably, efficiently and effectively.

Our people are motivated to deliver world-class solutions. As members of the mission^{tm}, they help create our future and enjoy a personal stake in our continued success.

Contents

2010 Highlights

The Mission Marketing Group plc ("TMMG" or "**the mission**tm"), the UK marketing communications group, sets out its audited financial statements for the full year ended 31 December 2010.

Overview:

- Successful refinancing of bank and acquisition liabilities completed
- Board restructured to become more operator-led
- Agencies working more closely together
- Adverse economic impact on Client budgets largely offset by net new business wins
- Operating margins remain above industry average

Financial summary:

- Operating income ("revenue") unchanged, at £36.1m
- Pre-exceptional operating profit £4.9m (2009: £5.6m)
- Operating margins 14% (2009: 15%)
- Working capital cash inflow of £0.9m vs outflow of £2.6m in prior year
- Acquisition liabilities eliminated (2009: £3.9m)
- Total net debt/equity improved from 49% to 34%

Chairman's Statement

Dear reader

2010 was a transitional year for the mission[tm]. Following the refinancing of the business and the restructuring of the Board to become more operator-led, we set clear goals for the future: to focus on our core business, to help our talented Agencies provide even greater value to our Clients, to improve our profitability through growth and cost reductions, to pay down debt and to encourage an atmosphere that drives success.

I am pleased with the degree to which each of these goals has been achieved through 2010 and I can confirm that they will continue to underpin our focus in the future. As a result we move into 2011 with greater confidence that the mission[tm] can enhance its position within the UK Marketing and Advertising sector. We have an enviable Client list which was added to during 2010 and top talent that was further strengthened throughout our Group.

I am especially pleased with the endeavours of our Board and our Agency management teams who have responded well through a difficult period by identifying new and exciting opportunities for our businesses and our Clients. The synergies between our individual Agencies are now being more fully exploited with them working more closely together to provide solutions and unrivalled expertise and service to our Clients.

Whilst our focus remains to support our core businesses, new ventures and opportunistic purchases - such as our recent acquisition of the Robson Brown brand - should help us further accelerate our growth in 2011 and beyond.

In a nutshell, the new team has made a good start and I view the future with optimism, albeit of the cautious variety.

David Morgan
Chairman

Financial Review

Summary

The new Group structure, with a reduced head office and a more operational Board, together with the renewed focus towards further integration of the Group's Agencies, organic growth, cost efficiencies and cash management, has yielded positive results in 2010 which are expected to continue into 2011.

Trading, Statement of Income and Dividend

As widely predicted, the difficult economic backdrop resulted in another year in which pressures on Clients' marketing budgets remained high. Although all the Group's Agencies felt the effects of this pressure, the impact of post-election spending cuts across the public sector was particularly acute in the Group's Events & Learning and PR activities, both of which experienced year-on-year declines in revenue. New business across the board was hard-fought and often won at lower margins than in previous years. Against this background, not to mention the distraction caused by the need to re-finance the Company, the Group's financial performance was very satisfactory.

Turnover for the financial year ended 31 December 2010 increased by 5% to £90.4m (2009: £86.0m), driven by the strong growth in media placement activity handled by ThinkBDW, our property-specialist Agency. ThinkBDW's business model, of working with property Clients to improve their return on investment in both on-line and traditional newspaper media, continues to hold strong appeal in the market and ThinkBDW has achieved some excellent new business wins during the year. Not least among these were the Clients of a failing competitor, to whom ThinkBDW were able to offer virtually continuous service as it fell into Administration.

Operating income (gross profit) remained unchanged, at £36.1m. The impact of reductions in Client budgets was offset by net new business wins totalling £2.8m during the year. The strong improvement in operating income in the second half of the year reflected both new business wins and also the expected second-half bias in underlying Client activity. The lower gross margin achieved in 2010 (40% vs 42% in 2009) reflects both the higher proportion of media in the business mix and the pressure on margins experienced by the industry as a whole.

Overhead costs remained under close scrutiny across the Group, yielding a 2% year-on-year reduction in non-staff costs as a result. In contrast, the increase of 3% in staff costs reflected increases in front-line staff to handle new business wins during the year, and the re-hiring of staff from the failed Robson Brown Agency in Newcastle. While the pressure on margins resulted in a modest decline in pre-exceptional operating profits, to £4.9m (2009: £5.6m), operating margins, at 14% (2009: 15%) remain above average for the industry.

Exceptional costs totalling £1.2m were incurred on professional fees relating to the re-structuring and re-scheduling of bank facilities and outstanding acquisition obligations, together with amounts payable as a result of staff restructuring across the Group. After exceptional costs, operating profits were £3.8m (2009: £0.9m after goodwill impairment charges of £4.0m).

Net interest payable increased to £2.1m (2009: £1.7m), as a consequence of the bank fees and higher interest costs resulting from the debt re-financing required in April, but interest costs are expected to reduce over the coming year as a result of the settlement of all outstanding vendor loan note obligations during 2010 and the maturing of historic interest rate hedges over the course of 2011.

Pre-exceptional profit before tax was £2.8m (2009: £3.8m). After exceptional costs, profit before tax was £1.6m (2009: loss of £0.9m) and the profit after tax was £0.9m (2009: loss of £2.0m). Headline diluted EPS was 3.5p (2009: 7.8p) and diluted EPS was 1.6p (2009: loss per share 5.5p).

In line with our continuing focus on cash retention the Board does not propose the payment of a year end dividend.

Balance Sheet and Cash Flow

During the period, the balance sheet was restructured such that the Group now has a much more comfortable level of financial leverage. This was accomplished by converting the majority of the outstanding vendor debt into equity, and a private placing of £1.3m cash which was used to redeem outstanding acquisition debt and associated interest. At 31 December 2010, all outstanding acquisition obligations had been settled, the Group had banking facilities committed until 2013, and the gearing ratio of total net debt (bank plus vendor debt) to equity had reduced from 49% to 34%. Net bank debt at 31 December 2010 was £18.5m (2009: £20.1m). Cash balances were £1.4m (2009: £0.3m) and the Group also had available overdraft facilities of £2.0m.

Pre-exceptional EBITDA, a common approximation for underlying cash flow, totalled £5.6m in 2010, resulting in year-end ratio of net bank debt to EBITDA ("leverage ratio") of x3.3. With the Board's continuing focus on the use of operating cash flows to reduce the Group's bank debt, this ratio is expected to fall throughout 2011.

The 2010 year-end gearing ratio could have been even further improved had it not been for the substantial cash costs incurred during the year on bank and professional fees associated with the debt refinancings in both 2009 and 2010, and also staff restructurings. Savings in these costs in 2011 will undoubtedly benefit cash flow and levels of gearing. Furthermore, while the greater emphasis on cash management throughout the Group resulted in a c20% reduction in working capital levels during 2010, further reductions are expected in the year ahead.

At 31 December 2010, the Board undertook its annual assessment of the value of goodwill and concluded that no impairment in the carrying value was required, reflecting the improved prospects for the Group's Agencies. Capital expenditure, at £0.7m, was maintained at similar levels to 2009.

Treasury Policy

The Group's policy is not to use any financial instruments for speculating but to use hedging of interest rates and currencies appropriate to the level of debt and trade respectively. As a result of interest rate hedges taken out in prior years, some 48% of the Group's debt is hedged under cap or cap-and-collar arrangements which limit the maximum interest rate that can be paid, but also puts a floor on the minimum that is paid. These hedges were entered into in a much higher interest rate era and are currently expensive hedges. When the remaining hedges expire during 2011, the Board will re-assess the appropriateness of replacement hedges in the light of pricing at the time.

The Group does not have a material amount of its turnover in foreign currencies and natural hedges are used where possible, matching revenues and costs in the same currency. Where this is not possible, appropriate currency hedging is considered.

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

Taxation

The effective tax rate, after adding back the notional IFRS interest charges and the goodwill impairment charge, which are not taxable, was 41.9% (2009: 35.7%).

Key Performance Indicators

The Group manages its internal operational performance by monitoring various key performance indicators ("KPIs"). The KPIs are tailored to the level at which they are used and their purpose. The Group's current focus is on: operating income generated by Client and business development; operating profit margins; and cash-related measures including bank covenant test headroom and the ratio of net debt to EBITDA.

At the individual Agency level, the KPIs comprise profitability measures including achievement of annual budget and net/gross margin; productivity measures including gross profit, salary costs and net profit per head; working capital/cash measures including debtor, creditor, WIP and working capital days; meeting target cash balances and cash conversion.

Compliance

This review has been prepared in accordance with the Accounting Standards Board's 2006 Reporting Statement.

Peter Fitzwilliam
Finance Director

Board of Directors

David Morgan *Executive Chairman*
David founded Bray Leino, the Group's largest Agency, in 1974 and was its CEO until 2008. He became Non-Executive Chairman of Bray Leino in 2008 and was appointed Chairman of the mission™ on 14 April 2010. Before founding Bray Leino he worked in a number of London advertising Agencies including Dorlands.

Brian Child *Senior Independent Non-Executive Director*
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 Chief Executive Officer of Momentum Europe, First Chairman of the Marketeer Association, Non-Executive Director at ROI Ltd and the Yes Agency. Brian also has his own consultancy business working with SMEs in the marketing services sector and was appointed to the Board on flotation in 2006.

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

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

Dylan Bogg *Executive Director*
Dylan is the Chief Executive of Big Communications and was one of the founding partners of the Agency. He had built a successful business by the age of 24 and this was used as the bedrock for the launch of Big Communications in 1996. Formerly Executive Creative Director of the Big group he still oversees all creative output. Dylan was appointed to the Board on 14 April 2010.

Robert Day *Executive Director*
Robert is the Chief Executive of ThinkBDW, a company he founded as Robert Day Associates in 1987 at the age of 22. Re-branded ThinkBDW in 2004, Robert has led the company to its position as the leading property marketing specialist in the UK. The business was acquired by the mission™ in March 2007 and Robert joined the Board on 14 April 2010.

Peter Fitzwillam *Finance Director*
Peter is a Chartered Accountant and has over 25 years of financial and management advisory experience in both private and quoted companies across a range of industry sectors. He was Finance Director of Business Post Group plc (now UK Mail Group plc) from 1999 to 2006 and helped take it into the FTSE 250. Peter was appointed to the Board on 24 September 2010.

Bruce Hutton *Executive Director*
Bruce is the Chief Executive of Bray Leino. He joined Bray Leino in 1997, after initially working in financial services and then qualitative research. In 2002 Bruce was appointed to the management team, responsible for new business and the inter-group cross fertilization of Clients and services. After leading the business through a reorganization in 2004, Bruce was appointed Managing Director of the Agency and digital business. Then in 2008 he was appointed to the newly created role of Group Chief Executive, which also included responsibility for the PR, Events and Training divisions. He was appointed to the Board on 14 April 2010.

Fiona Shepherd *Executive Director*
Fiona is the Chief Executive of April-Six and has worked in the technology industry for over 20 years, holding both Client and Agency positions and working with some of the world's largest technology brands. Fiona was a founder partner of April-Six in 2000, founded on a passion for technology and a strong belief in customer centricity. Fiona joined the Board on 14 April 2010.

Report of the Directors
for the year ended 31 December 2010

The Directors have pleasure in presenting their report and the financial statements of The Mission Marketing Group plc for the year ended 31 December 2010.

Principal Activities

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

Review of the Business and Future Developments

A review of the business and future developments is provided in the Chairman's Statement and the Financial Review. Information concerning Key Performance Indicators is included within the Financial Review, and further risk management details are provided in the Report of the Directors, below.

Dividends

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

Directors

The following Directors held office during the year;

Timothy Alderson	resigned 15 April 2010
Nicholas Bacon	resigned 24 September 2010
Dylan Bogg	appointed 14 April 2010
Stephen Boyd	
Brian Child	
Robert Day	appointed 14 April 2010
Iain Ferguson	resigned 15 April 2010
Peter Fitzwilliam	appointed 24 September 2010
Bruce Hutton	appointed 14 April 2010
David Morgan	appointed 14 April 2010
Christopher Morris	
Susan Mullen	appointed 14 April 2010, resigned 16 November 2010
Fiona Shepherd	appointed 14 April 2010

Directors' Interests in Shares and Options

The interests of the Directors and their families in the shares of the Company were as follows:

	Number of ordinary shares of 10p each	
	31 December 2010	31 December 2009 or on appointment
Dylan Bogg	883,453	144,049
Stephen Boyd	230,768	-
Brian Child	23,463	23,463
Robert Day	6,305,603	634,876
Peter Fitzwilliam	287,181	153,847
Bruce Hutton	1,215,459	295,851
David Morgan	5,844,150	2,713,325
Christopher Morris	767,409	138,612
Fiona Shepherd	1,216,123	1,139,199

The following unexercised options over shares were held by Directors:

Directors	1 January 2010 (or on appointment)	Granted	Lapsed	Exercised	31 December 2010	Date from which exercisable	Expiry date
Tim Alderson	75,000	-	(75,000)	-	-	Jul 2012	Jul 2019
	-	40,246	-	(40,246)	-	May 2010	May 2020
Dylan Bogg	90,000*	-	-	-	90,000	Jul 2013	Jul 2019
Robert Day	-	60,000	-	-	60,000	Jul 2013	Jul 2020
Iain Ferguson	200,000	-	(200,000)	-	-	Jul 2012	Jul 2019
	-	81,900		(81,900)	-	May 2010	May 2020
Bruce Hutton	170,000*	-	-	-	170,000	Jul 2013	Jul 2019
	-	53,000	-	-	53,000	Jul 2013	Jul 2020
Christopher Morris	55,000*	-	-	-	55,000	Jul 2013	Jul 2019
Sue Mullen	-	25,000	-	-	25,000	Jul 2013	Jul 2020
Fiona Shepherd	-	21,000	-	-	21,000	Jul 2013	Jul 2020

All share options in existence at 31 December 2010 are nil-cost options granted under the Company's Long Term Incentive Plan.

*During the year, the vesting conditions applying to these options were simplified such that they are now solely dependent upon the achievement of profit targets over the three year period ending 31 December 2012.

Substantial Shareholdings

Other than the Director's interests disclosed above, as at 31 March 2011, notification had been received of the following interests in 3% or more of in the issued share capital of the Company:

	Number of shares	%
Stephen Roy James	2,510,786	3.47%
Nicholas Bacon	2,449,648	3.38%

Share Capital

Details of changes to the Company's share capital during the year are set out in note 23 of the financial statements.

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

Directors' Responsibilities

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

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Compliance

The Directors believe that throughout the year and up to the date of approval of the financial statements the Group and the Company have complied with the provisions set out in Section 1 of the Combined Code on Corporate Governance as far as is practicable and appropriate for a public company of its size and nature.

Risk Management

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

The Group's principal operating risks and uncertainties are associated with the health of the UK economy and the retention of key customers. The impact of the difficult economic backdrop on the Group's results during the year is commented on in the Financial Review; there is a risk that a further downturn will have an adverse effect on the Group's performance in the future. The Group makes efforts to mitigate any adverse impact through strenuous new business activity and by reducing overheads wherever possible, always recognising that there is a level below which overheads cannot be reduced without customer service being affected. The risk of customer loss is mitigated due to the Group's broad spread of Clients, with no individual Client representing more than 5% of revenue.

Details of specific financial risk management objectives and policies of the Group are set out in notes 1, 15 and 28 to the financial statements. The exposure of the Group to credit risk, liquidity risk, interest rate risk and cash flow risk is also detailed in these notes, unless insignificant. In addition, further information on risk management policies is set out in the Corporate Governance Report.

The Environment

The business of the Group is delivering marketing and advertising related services to Clients. The direct and indirect impact of these services on the environment is negligible and considered low risk, however we continue to take action to reduce our environmental impact where viable.

Directors' Indemnity Insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Directors, indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Acquisitions and Post Balance Sheet Events

There were no acquisitions in the year and all remaining outstanding liabilities on historic acquisitions were extinguished during the year. There were no material post balance sheet events.

Policy on Payments to Creditors

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

Employee Policies

It is the Group's policy not to discriminate between employees or potential employees on any grounds. The Group is committed to full and fair consideration of all applications. Selection of employees for recruitment, training, development and promotion are based on their skills, abilities, and relevant requirements for the job.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Political and Charitable Donations

During the year the Group made charitable donations of £16,369 (2009: £19,300) to help support worthy causes, including the North Devon Hospice and Help the Hospices, along with other regional and national charities. Various parts of the Group have also lent their professional marketing expertise during the year to help charities raise their profile. The Group did not make any political donations during the year.

Auditor Independence

The auditors, Kingston Smith LLP, provided audit, corporate tax and non-audit services during the year. The Audit Committee is satisfied that non-audit services have not been at a level that would compromise objectivity and independence. In particular, the work has been segmented within Kingston Smith.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 2006, it is proposed that they be re-appointed auditors to the Company for the ensuing year.

Going Concern

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

Annual General Meeting

A notice convening the Annual General Meeting to be held on Monday 13 June 2011 at 12 noon is enclosed with this report.

On behalf of the Board

Peter Fitzwilliam
Finance Director
31 March 2011

Corporate Governance

The Board of The Mission Marketing Group plc is collectively accountable to the Company's shareholders for good corporate governance. The Company complies with the Combined Code on Corporate Governance May 2010 (the "Combined Code") as far as is practicable and appropriate for a public company of its size and nature. The Company also proposes to follow the guidelines on corporate governance of the Quoted Companies Alliance for AIM companies.

Board of Directors

At 31 December 2010, the Board consisted of six Executive Directors and three Non-Executive Directors. Given the Group's transition from a buy-and-build strategy to an operator-led focus, with the emphasis on improvements in profitability through organic growth and cost reductions, the Board considered it appropriate to appoint the CEOs of each of the Group's principal Agencies to the Board and to elect David Morgan, the founder of the Group's largest Agency, as Executive Chairman. David's track record of running Bray Leino from formation in 1974 until he moved to a non-executive role in 2008, is very successful. He is well regarded both within the mission™ and within the industry and the Board concluded that, although combining the roles of Chairman and Chief Executive does not meet Combined Code "best practice", his appointment as Executive Chairman was appropriate for the changed circumstances.

Brian Child and Stephen Boyd are Non-Executive Directors and are considered to be independent of management and free from any business or other relationship with the Company other than owning shares. One Non-Executive Director, Chris Morris, is not considered to be independent of management by virtue of being a Board Director with operational roles in Big Communications Ltd and Fuse Digital Ltd.

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

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

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

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

Audit Committee

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

The Audit Committee is satisfied that the Group's auditors, Kingston Smith LLP, have been objective and independent of the Group. Kingston Smith LLP performs non-audit services for the Group in relation to tax and acquisitions but the Audit Committee is satisfied that their objectivity and independence is not impaired by such work.

Remuneration Committee

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

With the exception of Peter Fitzwilliam, whose services as Interim Finance Director are provided by VPF London Ltd, the Executive Directors' remuneration packages consist of three elements:

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

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

Nomination Committee

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

Summary of Directors' Attendance

	Board meetings		Remuneration Committee		Audit Committee		Nomination Committee	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
Timothy Alderson	5	5	n/a	n/a	n/a	n/a	n/a	n/a
Nicolas Bacon	10	10	n/a	n/a	n/a	n/a	n/a	n/a
Dylan Bogg	7	6	n/a	n/a	n/a	n/a	n/a	n/a
Stephen Boyd	12	12	1	1	2	2	2	2
Brian Child	12	12	1	1	2	2	2	2
Robert Day	7	7	n/a	n/a	n/a	n/a	n/a	n/a
Iain Ferguson	5	5	n/a	n/a	n/a	n/a	n/a	n/a
Peter Fitzwilliam	2	2	n/a	n/a	n/a	n/a	n/a	n/a
Bruce Hutton	7	7	n/a	n/a	n/a	n/a	n/a	n/a
David Morgan	7	7	n/a	n/a	n/a	n/a	1	1
Chris Morris	12	12	n/a	n/a	n/a	n/a	n/a	n/a
Susan Mullen	7	3	n/a	n/a	n/a	n/a	n/a	n/a
Fiona Shepherd	7	7	n/a	n/a	n/a	n/a	n/a	n/a

Shareholder Communications

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

Internal Financial Control

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

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

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

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

On behalf of the board

Peter Fitzwilliam
Finance Director
31 March 2011

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

We have audited the financial statements of The Mission Marketing Group plc for the year ended 31 December 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2010.

Cliff Ireton
Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor
141 Wardour St,
London, W1F 0UT
31 March 2011

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
TURNOVER	2	**90,364**	85,976
Cost of sales		**(54,292)**	(49,837)
OPERATING INCOME		**36,072**	36,139
Operating expenses before exceptional items		**(31,155)**	(30,573)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		**4,917**	5,566
Goodwill impairment	12	**-**	(3,995)
Other exceptional costs	4	**(1,154)**	(705)
OPERATING PROFIT		**3,763**	866
Investment income	5	**6**	11
Finance costs	6	**(2,147)**	(1,799)
IFRS interest charges	6	**(5)**	57
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,7	**1,617**	(865)
Taxation	9	**(680)**	(1,097)
PROFIT / (LOSS) FOR THE YEAR		**937**	(1,962)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**937**	(1,962)
Basic earnings per share (pence)	11	**1.67**	(5.54)
Diluted earnings per share (pence)	11	**1.59**	(5.54)
Headline basic earnings per share (pence)	11	**3.66**	7.96
Headline diluted earnings per share (pence)	11	**3.48**	7.84

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

Consolidated Balance Sheet
as at 31 December 2010

	Note	As at 31 December 2010 £'000	As at 31 December 2009 £'000
FIXED ASSETS			
Intangible assets	12	**68,261**	68,214
Property, plant and equipment	14	**1,972**	2,031
		70,233	70,245
CURRENT ASSETS			
Work in progress		**489**	525
Trade and other receivables	15	**22,297**	16,958
Cash and short term deposits	16	**1,438**	281
		24,224	17,764
CURRENT LIABILITIES			
Trade and other payables	17	**(8,687)**	(10,585)
Accruals		**(10,726)**	(2,729)
Corporation tax payable		**(342)**	(810)
Bank loans	18	**(3,000)**	(2,443)
Acquisition loan notes and shares	20	**-**	(314)
Acquisition contingent payments	20	**-**	(2,621)
		(22,755)	(19,502)
NET CURRENT ASSETS / (LIABILITIES)		**1,469**	(1,738)
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,702**	68,507
NON CURRENT LIABILITIES			
Bank loans	18	**(16,903)**	(17,914)
Obligations under finance leases	19	**(96)**	(153)
Acquisition contingent payments	20	**-**	(1,000)
Deferred tax liabilities	21	**(2)**	(21)
		(17,001)	(19,088)
NET ASSETS		**54,701**	49,419
CAPITAL AND RESERVES			
Called up share capital	23	**7,246**	3,959
Share premium account		**39,542**	38,578
Own shares	24	**(1,259)**	(1,398)
Staff remuneration reserve	25	**134**	60
Retained earnings		**9,038**	8,220
TOTAL EQUITY		**54,701**	49,419

The financial statements were approved and authorised for issue on 31 March 2011 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam
Director

Company registration number: 05733632

Consolidated Cash Flow Statement
for the year ended 31 December 2010

	Note	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
OPERATING CASH FLOWS	27	**5,438**	3,315
Net finance costs		**(2,583)**	(1,757)
Tax paid		**(1,229)**	(1,778)
Net cash inflow / (outflow) from operating activities		**1,626**	(220)
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		**16**	48
Purchase of property, plant and equipment		**(664)**	(720)
Acquisition of subsidiaries		**(52)**	(118)
Acquisition of intangibles		**-**	(20)
Net cash outflow from investing activities		**(700)**	(810)
FINANCING ACTIVITIES			
Repayments of acquisition liabilities		**(945)**	(2,347)
Movement in HP creditor and finance leases		**(69)**	215
Repayment of long term bank loans		**(12)**	(53)
Proceeds on issue of ordinary share capital		**1,279**	1,000
Financing and share issue costs		**(22)**	(30)
Net cash outflow from financing activities		**231**	(1,215)
Increase / (Decrease) in cash and cash equivalents		**1,157**	(2,245)
Cash and cash equivalents at beginning of year		**281**	2,526
Cash and cash equivalents at end of year		**1,438**	281

Consolidated Statement of Changes in Equity
year ended 31 December 2010

	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Staff remuneration reserve £'000	Total £'000
Changes in equity						
At 1 January 2009	**3,308**	**36,643**	**(1,398)**	**9,129**	**800**	**48,482**
New shares issued	651	1,935	-	-	-	2,586
Credit for share option scheme	-	-	-	-	313	313
Waiver of share options	-	-	-	1,053	(1,053)	-
Loss for the period	-	-	-	(1,962)	-	(1,962)
At 31 December 2009	**3,959**	**38,578**	**(1,398)**	**8,220**	**60**	**49,419**
New shares issued	3,287	964	-	-	-	4,251
Credit for share option scheme	-	-	-	-	74	74
Shares awarded to employees from own shares	-	-	139	(119)	-	20
Profit for the period	-	-	-	937	-	937
At 31 December 2010	**7,246**	**39,542**	**(1,259)**	**9,038**	**134**	**54,701**

Notes to the Consolidated Financial Statements

1. Accounting Policies

Basis of preparation

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

The financial statements have been prepared on the historical cost basis.

Going concern

The Board has substantially strengthened the Group's balance sheet in the year. Bank debt has been rescheduled, with committed facilities available to 2013, acquisition liabilities have been eliminated through equity conversion and a placing of new shares, and the focus on cash management across the Agencies has resulted in stronger operating cash flows.

The available banking facilities provide comfortable levels of headroom against the Group's projected cash flows and the Directors accordingly consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating polices of an investee entity so as to obtain benefits from its activities.

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue and revenue recognition

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

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

Income is recognised on the following basis:

- Retainer fees are apportioned over the time period to which they relate.
- Project income is recognised by apportioning the fees billed or billable to the time period for which those fees were earned by relationship to the percentage of completeness of the project to which they relate.
- Media commission is recognised when the advertising has been satisfactorily aired or placed.
- Unbilled costs relating to contracts for services are included at rechargeable value in accrued income.
- Unbilled costs relating to contracts for products are carried forward at the lower of cost and net realisable value with no profit recognition.
- Financial liabilities are released to income when the liability is extinguished.

Share-based payment transactions

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

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

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

Pension costs

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are reflected in the profit or loss accordingly.

Goodwill

Goodwill arising from the purchase of subsidiary undertakings represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, and is capitalised in accordance with the requirements of IFRS 3. The Directors consider that it is not possible to reliably separate and value intangible assets relating to brand names, customer relationships and contractual relationships. Future anticipated payments to vendors in respect of earn-outs are based on the Directors' best estimates of these obligations. Earn-outs are dependent on the future performance of the relevant business and are reviewed annually. The deferred consideration is discounted to its fair value in accordance with IFRS 3 and IAS 39. The difference between the fair value of these liabilities and the actual amounts payable are charged to profit or loss as notional finance costs over the life of the associated liability.

Goodwill is not amortised, but is reviewed annually for impairment. Goodwill impairment is assessed by comparing the carrying value of goodwill to the net present value of future cash flows derived from the underlying assets considering forecast cash flows over an initial projection period of up to three years for each cash-generating unit. After this period, growth rates equivalent to nominal GDP are generally assumed. In accordance with IFRS 3 the carrying value of goodwill will continue to be reviewed for impairment on the basis stipulated and adjusted should this be required. Any impairment is recognised in profit or loss and is not subsequently reversed.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, as follows:

Short leasehold property	Period of the lease
Motor vehicles	25% per annum
Fixtures, fittings and office equipment	10-33% per annum
Computer equipment	25-33% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Work in progress

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

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

Deferred consideration

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

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

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments.

Liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group has only one class of share in existence.

Finance costs

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

Accounting estimates and judgements

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

- Revenue recognition policies in respect of contracts which straddle the year end;
- Contingent deferred payments in respect of acquisitions;
- Recognition and quantification of share based payments; and
- Valuation of intangible assets.

These estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances and are discussed, to the extent necessary, in more detail in their respective notes.

IFRS in issue but not applied in the current financial statements

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

- IAS 24 (Revised), 'Related party disclosures', effective 1 January 2011
- IFRS 9, 'Financial instruments', effective 1 January 2013
- 'Classification of rights issues' (amendment to IAS 32), effective 1 February 2010
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14), effective 1 January 2011
- Improvements to IFRSs (May 2010) which makes minor amendments to various Standards.

A number of IFRS and IFRIC Interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

2. Segmental Information

Business Segmentation

For management purposes the Group had seven operating subsidiaries during the period: April-Six Limited, Big Communications Limited, Bray Leino Limited, Fuse Digital Limited, RLA Group Limited, Story UK Limited and Think BDW Limited. These 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. In the 2009 financial statements we disclosed a Branding and Advertising segment and a Digital segment separately. Digital has become such an integral part of our business that the distinction between these two segments has become increasingly blurred and any split increasingly arbitrary. Accordingly, the two segments have been combined into a single Branding, Advertising and Digital segment in the current year's financial statements, and the prior year comparatives have been adjusted accordingly.

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

Unallocated corporate expenses include corporate administration expenses necessary for a quoted company. It is considered impractical to split the debt interest and notional IFRS charges into segments. In prior years, the Company levied an annual fee on one of its subsidiaries, reducing unallocated corporate expenses and the profits reported by the Branding and Advertising segment. This practice ceased in 2010 and the prior year unallocated costs have been restated onto a consistent basis.

The split of assets and liabilities has been estimated, but is not considered accurate as the businesses are integrated. Unallocated corporate assets and liabilities include unallocated IFRS assets and liabilities, corporate assets and liabilities, Group cash reserves, drawn debt liabilities and payments due to vendors.

	Branding, Advertising & Digital	Media	Events & Learning	Public Relations	Group
Year to 31 December 2009	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	42,683	29,407	10,747	3,139	85,976
Operating income	26,981	2,994	3,995	2,169	36,139
Segmental operating profit	5,135	1,286	262	284	6,967
Unallocated corporate expenses					(1,401)
Operating profit before exceptional items					5,566
Goodwill impairment					(3,995)
Other exceptional costs					(705)
Operating profit					866
Investment income					11
Finance costs					(1,799)
IFRS interest charges					57
Loss on ordinary activities before taxation					(865)
Taxation					(1,097)
Loss for period					(1,962)
Other Information					
Capital expenditure	543	18	111	43	715
Unallocated capital expenditure					5
Total capital expenditure					720
Depreciation and amortisation	521	31	103	40	695
Unallocated depreciation and amortisation					35
Total depreciation and amortisation					730
Balance Sheet					
Assets					
Segment assets	13,424	4,898	936	1,153	20,411
Unallocated corporate assets					67,598
Consolidated total assets					88,009
Liabilities					
Segment liabilities	7,929	2,261	395	492	11,077
Unallocated corporate liabilities					27,513
Consolidated total liabilities					38,590
Consolidated net assets	5,495	2,637	541	661	49,419

Geographical Segmentation

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

3. Reconciliation of Headline Profit to Reported Profit

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
Headline profit before finance costs, income from investments and taxation	**5,304**	6,030
Net finance costs	**(2,141)**	(1,788)
Headline profit before taxation	**3,163**	4,242
Adjustments		
Redundancy and restructuring costs	**(387)**	(464)
Goodwill impairment	**-**	(3,995)
Other exceptional costs	**(1,154)**	(705)
IFRS interest (charges) / credits	**(5)**	57
Reported profit / (loss) before taxation	**1,617**	(865)
Headline profit before tax	**3,163**	4,242
Headline taxation	**(1,111)**	(1,424)
Headline profit after taxation	**2,052**	2,818
Adjustments		
Redundancy and restructuring costs	**(387)**	(464)
Goodwill impairment	**-**	(3,995)
Other exceptional costs	**(1,154)**	(705)
IFRS interest charges	**(5)**	57
Taxation impact	**431**	327
Reported profit / (loss) after taxation	**937**	(1,962)

The IFRS interest charges relate to both the deferred consideration and the bank arrangement fees.

4. Other Exceptional Costs

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
Bank refinancing costs	**470**	705
Restructuring costs	**684**	-
	1,154	705

Bank refinancing costs consist of professional fees relating to the restructuring and rescheduling of the bank facilities and outstanding acquisition obligations.

Restructuring costs consist of amounts payable for loss of office as a result of the restructuring of the Board and the exit of vendor management following refinancing.

5. Investment Income

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Interest on bank deposits	**6**	11

6. Finance Costs and IFRS Interest Charges

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Finance costs:		
Interest on bank loans and overdrafts	**(1,508)**	(1,307)
Interest on loan notes	**(306)**	(210)
Amortisation of bank debt renegotiation fees	**(333)**	(282)
	(2,147)	(1,799)
IFRS interest charges:		
Finance cost of deferred consideration	**(5)**	57

7. Profit on Ordinary Activities before Tax

Profit on ordinary activities before taxation is stated after charging:

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Depreciation of owned tangible fixed assets	**657**	717
Depreciation of tangible fixed assets held under finance leases	**64**	9
Amortisation of intangible assets	**4**	4
Profit on disposal of property, plant and equipment	**(14)**	(10)
Operating lease rentals - land and buildings	**981**	987
Operating lease rentals - plant and equipment	**338**	358
Operating lease rentals - other assets	**89**	-
Staff costs (see note 8)	**24,051**	22,618
Auditors' remuneration	**153**	190
Loss / (Profit) on foreign exchange	**115**	(79)

Auditors' remuneration may be analysed by:

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Audit fees	**110**	143
Taxation	**20**	25
Non-audit fees	**23**	22
	153	190

Non-audit fees include advice on various International Financial Reporting Standards and advice in relation to business issues such as future deal structures and employee incentive schemes.

8. Employee Information

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

	Year to 31 December 2010 Number	Year to 31 December 2009 Number
Branding, Advertising & Digital	**409**	384
Media	**29**	25
Events and Learning	**107**	119
Public Relations	**35**	32
Unallocated	**3**	5
	583	565

The aggregate employee costs of these persons for the relevant periods for which the companies results were consolidated were as follows:

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Wages and salaries	**20,562**	19,915
Social security costs	**2,150**	2,182
Pension costs	**618**	521
Payments for loss of office	**721**	-
	24,051	22,618

Directors' Remuneration

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

	Salary / Fees	Compensation for loss of office	Bonus	Benefits	Pension	Total 31 December 2010	Total 31 December 2009
Tim Alderson (note 1)	34,300	111,222	-	2,401	-	147,923	127,890
Nick Bacon (note 2)	76,187	150,000	-	3,929	2,704	232,820	90,127
Rt Hon. Francis Maude	-	-	-	-	-	-	23,400
Dylan Bogg (note 3)	88,146	-	-	1,037	6,906	96,089	-
Stephen Boyd (note 4)	14,582	-	-	-	-	14,582	20,000
Brian Child (note 5)	23,583	-	-	-	-	23,583	17,333
Robert Day (note 3)	80,000	-	58,000	3,462	-	141,462	-
Iain Ferguson (note 1)	58,915	217,936	-	4,124	-	280,975	234,162
Peter Fitzwilliam (note 6)	35,971	-	-	-	-	35,971	-
Bruce Hutton (note 3)	92,083	-	-	10,150	-	102,233	-
David Morgan (note 7)	85,708	-	-	16,137	17,000	118,845	-
Christopher Morris (note 8)	75,300	-	-	5,428	2,250	82,978	94,122
Sue Mullen (note 9)	59,224	-	-	-	5,922	65,146	-
Fiona Shepherd (note 3)	82,916	-	10,000	930	-	93,846	-
	806,915	**479,158**	**68,000**	**47,598**	**34,782**	**1,436,453**	**607,034**

Notes:

1. Tim Alderson and Iain Ferguson were Directors of TMMG plc until 15 April 2010.
2. Nick Bacon, a Director until 24 September, was paid £7,115 as a TMMG plc Director and in addition was paid as a Director and employee of Bray Leino for his services there.
3. Dylan Bogg, Robert Day, Bruce Hutton and Fiona Shepherd, Directors since 14 April, were paid £nil as TMMG plc Directors, but were paid as Directors and employees of subsidiary companies for services rendered there.
4. The services of Stephen Boyd as a TMMG plc Director were provided through Stephen Boyd Ltd, a company controlled by him.
5. The services of Brian Child as a TMMG plc Director were provided through Brain Child Marketing Ltd, a company controlled by him.
6. The services of Peter Fitzwilliam as a TMMG plc Director from 24 September were provided by VPF London Ltd, a company controlled by him.
7. David Morgan was appointed to the Board on 14 April.
8. Chris Morris was paid £17,584 as a TMMG plc Director. In addition, he was paid as a Director of Big Communications Ltd and for his consulting services provided there, through a consultancy practice owned by him, Morris Marketing Consultancy.
9. Sue Mullen, a Director from 14 April to 16 November, was paid £nil as a TMMG plc Director, but was paid as a Director and employee of Story UK Ltd for her services there.

9. Taxation

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Current tax:		
UK corporation tax at 28% (2009: 28%)	**711**	947
Adjustment for prior periods	**50**	199
	761	1,146
Deferred tax:		
Current year originating temporary differences	**(82)**	(7)
Adjustment for prior periods	**1**	(42)
Tax charge for the year	**680**	1,097

Factors Affecting the Tax Charge for the Current Year:
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are:

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Profit / (Loss) on ordinary activities before tax	1,617	(865)
Profit on ordinary activities before tax at the standard rate of corporation tax of 28% (2009: 28.0%)	453	(242)
Effect of:		
Non-deductible expenses	224	180
Depreciation in excess of Capital allowances	37	32
Adjustments to prior periods	50	157
Tax losses utilised	-	(74)
Movement on provisions	5	(16)
Goodwill impairment	-	1,093
Other short term timing differences	(90)	(6)
IFRS charges	1	(16)
Profits taxed at small company rates	-	(11)
Actual tax charge for the year	680	1,097

10. Dividends

In line with the continuing focus on cash retention, the Board does not propose payment of a dividend (2009: nil).

11. Earnings Per Share

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

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
Earnings		
Earnings for the purpose of reported earnings per share being net profit attributable to equity holders of the parent	**937**	(1,962)
Earnings for the purpose of headline earnings per share (see note 3)	**2,052**	2,818
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**56,024,579**	35,409,542
Dilutive effect of securities:		
Employee share options	**1,355,879**	547,946
Bank warrants	**1,662,172**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**59,042,630**	35, 957,488
Reported basis:		
Basic earnings per share (pence)	**1.67**	(5.54)
Diluted earnings per share (pence)	**1.59**	(5.54)
Headline basis:		
Basic earnings per share (pence)	**3.66**	7.96
Diluted earnings per share (pence)	**3.48**	7.84

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.

The additional consideration shares included in non current liabilities at 31 December 2009 were not included in the diluted earnings per share because the conditions for their issue had not been met in the period. Options issued are included in diluted earnings per share to the extent that the market price is above the exercise price in accordance with IAS 33.

Dilutive options are not incorporated into the reported diluted earnings per share calculation if the effect would be to lower the loss per share.

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

12. Intangible Assets – Goodwill

	£'000
At 1 January 2009	74,495
Adjustment to consideration	(2,360)
Goodwill impairment	(3,995)
At 31 December 2009	68,140
Adjustment to consideration	51
At 31 December 2010	68,191

The adjustments to consideration relate to changes in the estimated deferred consideration in the earn-out period under the terms of the relevant sale and purchase agreement.

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill and other intangible assets. The review performed assesses whether the carrying value of goodwill is supported by the net present value of future cash flows derived from the underlying assets considering forecast cash flows over an initial projection period of three years for each cash-generating unit. After this period, a nil growth rate was assumed for all units. The discount rate used is the Group's estimated pre-tax weighted average cost of capital, which is 5.4%. Similarly the cash flow projections used in the calculations are pre-tax.

Goodwill is comprised of the following substantial components:

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
April-Six Ltd	**9,411**	9,411
Big Communications Ltd/Fuse Digital Ltd	**8,125**	8,125
Bray Leino Ltd *	**30,831**	28,413
BroadSkill Ltd *	-	830
PCM Ltd *	-	705
Rhythmm Communications Group Ltd *	-	480
RLA Group Ltd	**6,572**	6,575
Story UK Ltd	**6,969**	6,969
The Driver Is Ltd *	-	349
Think BDW Ltd	**6,283**	6,283
	68,191	68,140

* The Driver Is Ltd, PCM Ltd, Rhythmm Communications Group Ltd and BroadSkill Ltd operations have been merged into the business of Bray Leino Ltd. All goodwill relating to these entities has therefore been reallocated to Bray Leino Ltd.

Other Intangible Assets

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Intellectual property rights	**70**	74

Other intangible assets consist of intellectual property rights which are amortised over 20 years. Amortisation of £4,000 (2009: £4,000) was charged in operating expenses before exceptional items.

13. Subsidiaries

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

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

In addition there are a number of wholly owned subsidiaries that are dormant or non-trading at the Balance Sheet date. Their results where relevant have been consolidated into the Group.

14. Property, Plant and Equipment

	Short Leasehold Property	Fixtures & Fittings and Office Equipment	Computer Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2009	**1,303**	**2,185**	**2,359**	**274**	**6,121**
Additions	75	255	336	54	720
Disposals	-	(266)	(247)	(38)	(551)
At 31 December 2009	**1,378**	**2,174**	**2,448**	**290**	**6,290**
Additions	85	69	474	36	664
Disposal	(74)	(74)	(501)	(63)	(712)
At 31 December 2010	**1,389**	**2,169**	**2,421**	**263**	**6,242**
Depreciation					
At 1 January 2009	**785**	**1,453**	**1,639**	**169**	**4,046**
Charge for the Year	119	151	404	52	726
Disposals	-	(231)	(251)	(31)	(513)
At 31 December 2009	**905**	**1,373**	**1,791**	**190**	**4,259**
Charge for the Year	97	177	396	51	721
Disposals	(74)	(73)	(501)	(62)	(710)
At 31 December 2010	**928**	**1,477**	**1,686**	**179**	**4,270**
Net book value at 31 December 2010	**461**	**692**	**735**	**84**	**1,972**
Net book value at 31 December 2009	**473**	**801**	**657**	**100**	**2,031**

The net book amount includes £218,574 (2009: £287,030) in respect of assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £63,927 (2009: £9,033).

15. Trade and Other Receivables

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
Gross trade receivables	**15,668**	14,161
Less: Provision for doubtful debts	**(156)**	(74)
	15,512	14,087
Other receivables	**224**	609
Prepayments and accrued income	**6,499**	2,262
Deferred tax asset	**62**	-
	22,297	16,958

An allowance has been made for estimated irrecoverable amounts from the provision of services of £156,000 (2009: £73,645). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Credit Risk

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

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

The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating Agencies.

16. Cash and Short Term Deposits

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

17. Trade and Other Payables

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
Trade creditors	**5,447**	7,426
Finance leases	**68**	80
Other creditors	**342**	1,423
Social security costs	**632**	615
Value added tax	**2,198**	1,041
	8,687	10,585

Trade and other creditors principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

18. Bank Overdrafts, Loans and Net Debt

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
Bank loan outstanding	**20,314**	20,326
Accumulated interest	**114**	-
Adjustment to amortised cost	**(525)**	31
Carrying value of loan outstanding	**19,903**	20,357
Less: Cash and short term deposits	**(1,438)**	(281)
Net bank debt	**18,465**	20,076
The borrowings are repayable as follows:		
Less than one year	**3,000**	2,443
In one to two years	**4,000**	3,000
In more than two years but less than three years	**13,314**	14,883
In more than three years but less than four years	**-**	-
	20,314	20,326
Accumulated interest	**114**	-
Adjustment to amortised cost	**(525)**	31
	19,903	20,357
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(3,000)**	(2,443)
Amount due for settlement after 12 months	**16,903**	17,914

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

During the year an agreement was reached with the Group's bankers to restructure the committed facilities from a revolving credit facility of £20.3m into a revolving credit facility of £17.3m, due for repayment by June 2013 on a quarterly basis starting June 2011, and a term loan facility of £3.0m with a bullet repayment on 31 December 2013. The total repayment maturity profile is shown above.

Interest on the old revolving credit facility was based on 1 month LIBOR plus 3.5%. Interest on the new revolving credit facility is payable quarterly by reference to 3 month LIBOR plus 4.125%, subject to a downward ratchet on achievement of certain ratios of debt to EBITDA on an annual basis. Interest on the new term loan is calculated by reference to 3 month LIBOR plus 7.5% and is payable in full with the bullet repayment on 31 December 2013.

In addition to its committed facilities, the Group has available an overdraft facility of up to £2.0m with interest payable by reference to National Westminster Bank plc Base Rate plus 3.5% (on balances up to £2m) or 5.5% (on balances over £2m).

There is a cross guarantee structure in place with the Group's bankers by means of a fixed and floating charge over all of the assets of the Group companies in favour of the Royal Bank of Scotland plc and HSBC Bank plc.

All borrowings are in sterling.

19. Obligations under Finance Leases

Obligations under finance leases and hire purchase agreements are as follows:

	Year to 31 December 2010	Year to 31 December 2009
	£'000	**£'000**
In one year or less	**68**	80
Between two and five years	**96**	153
	164	233

Assets held under finance leases consist of office equipment. The fair values of the Group's lease obligations approximate their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

20. Acquisition Loan Notes and Acquisition Contingent Payments

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 estimated that the liabilities for payments that may be due are as follows:

	Initial Consideration Loan Notes £'000	Additional Consideration Loan Notes £'000	Additional Consideration Shares to be issued £'000	Total £'000
2009				
Less than one year	314	2,465	156	2,935
Between one and two years	-	1,000	-	1,000
	314	3,465	156	3,935
2010				
Less than one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

During the year, all of the Group's outstanding consideration loan note liabilities were extinguished either by conversion into equity or by repayments from cash generated by a placing of shares.

21. Deferred Taxation

The deferred taxation liability of £2,118 (2009: £20,696) recognised in the financial statements is set out below:

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Accelerated capital allowances	3	22
Other timing differences	(1)	(1)
	2	21

The movement in the year is analysed as follows:

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
As at 1 January	21	70
Credit to profit or loss	(19)	(49)
As at 31 December	2	21

As shown in note 15, there is a deferred tax asset of £62,000 (2009: nil) relating to accounting adjustments for IFRS.

22. Financial Commitments

Operating Lease Commitments

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

	Year to 31 December 2010		Year to 31 December 2009	
	Land and buildings	Other	Land and buildings	Other
Group				
Operating Leases which expire:	£'000	£'000	£'000	£'000
Within one year	7	6	59	19
Between two and five years	622	449	759	355
After more than five years	355	-	254	-
	984	455	1,072	374

23. Share Capital

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Authorised:		
85,000,000 ordinary shares of 10p each (2009: 85,000,000 ordinary shares of 10p each)	**8,500**	8,500
Allotted and called up:		
72,460,444 ordinary shares of 10p each (2009: 39,590,954 ordinary shares of 10p each)	**7,246**	**3,959**

The increase in shares during the year arose from the issue of 9.8m ordinary shares as a placing to raise £1.3m and the issue of 23.0m shares in settlement of acquisition liabilities, both in June 2010.

Options

The Group has the following options in issue:

	At start of year	Granted	Waived	Lapsed	At end of year
SAYE Scheme	582,695	-	(337,643)	-	245,052
TMMG Long Term Incentive Plan	1,250,000	616,000	-	(390,000)	1,476,000
Bank warrants	-	2,333,434	-	-	2,333,434

The SAYE Scheme is available to all employees. The exercise price of share options outstanding under this scheme is 81.0p, being 90 percent of the market price of the underlying shares at the time of issue.

TMMG Long Term Incentive Plan ("LTIP") was created to incentivise certain key employees. During the year, the vesting criteria applicable to the 1.25m options in issue at the start of the year, with a nil exercise price, were simplified such that they are now solely dependent upon the achievement of profit targets over the three year period ending 31 December 2012. A further 616,000 nil cost options were granted during the year with the same vesting criteria. Shares held in an Employee Benefit Trust (see note 24) will be used to satisfy share options exercised under The Mission Marketing Group Long Term Incentive Plan.

Warrants over 3% of the Group's share capital were issued to the Group's loan providers following the refinancing completed during the year. These outstanding warrants have a 10.0p exercise price.

24. Own Shares

	No. of shares	£'000
At 1 January 2009	1,695,094	1,398
Acquired in the year	-	-
At 31 December 2009	**1,695,094**	**1,398**
Acquired in the year	-	-
Awarded to employees during the year	**(167,053)**	**(139)**
At 31 December 2010	**1,528,041**	**1,259**

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

25. Staff remuneration reserve account

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

26. Share-based payments

Options

Fair value on grant date is measured by use of a Black Scholes model. The valuation methodology is applied at each year end and the valuation revised to take account of any changes in estimate of the likely number of shares expected to vest. Details of the relevant option schemes are given in note 23. The key inputs are:

	2010	**2009**
Risk free rate	1.2%	2.4%
Dividend yield	0.0%	0.0%

Volatility is based on the historical volatility of the share price over a 3 year trading period. The weighted average share price was 16.4p.

The Group recognised an expense of £74,002 in 2010 (2009: £313,000).

27. Reconciliation of Operating Profit to Operating Cash Flow

	Year ended 31 December 2010	**Year ended 31 December 2009**
	£'000	**£'000**
Operating profit	**3,763**	866
Depreciation and amortisation charges	**725**	730
Gain on disposal of property, plant and equipment	**(14)**	(10)
Non cash charge for share options and shares awarded	**94**	313
Non cash goodwill impairment	**-**	3,995
(Increase) / Decrease in receivables	**(5,277)**	891
Decrease in work in progress	**36**	60
Increase / (Decrease) in payables	**6,111**	(3,530)
Operating cash flow	**5,438**	3,315

28. Financial Assets and Liabilities

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

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

The main purpose of the Group's use of financial instruments is for day-to-day working capital and as part of the funding for past acquisitions. The Group financial policy and risk management objective is to achieve the best interest rates available whilst maintaining flexibility and minimising risk. The main risks arising from the Group's use of financial instruments is interest rate risk and liquidity risk.

Interest Rate Risk

The operations of the Group generate cash and it funds acquisitions through a combination of retained profits and borrowings. The Group's financial liabilities comprise a mixture of fixed rate guaranteed and unsecured loan notes and floating rate instruments. The bank loan's interest rate is reset from time to time and accordingly is not deemed a fixed rate financial liability.

Interest on the revolving credit facility of £17.3m is payable by reference to 3 month LIBOR plus 4.125%, subject to a downward ratchet on achievement of certain ratios of debt to EBITDA on an annual basis. Interest on the term loan of £3.0m is calculated by reference to 3 month LIBOR plus 7.5%. The interest rates payable are partially hedged by interest rate caps and collars entered into in 2007 and early 2008. At 31 December 2010, two interest rate collars are in place, the first permitting £2,563,072 (2009: £3,606,000) of notional to float between a floor of 4.35% and a ceiling of 5.75% compared to 3 month LIBOR, this collar maturing on 22 February 2011. The second collar permits £8,000,000 (2009: £8,000,000) to float between 4.83% and 5.75% and matures on 2 May 2011. The interest rate cap limits the interest rate payable on nil (2009: £4,786,000) of notional to 6.0% compared to LIBOR. The interest rate cap amortised in three monthly instalments and matured on 30 June 2010. The collar and cap arrangements are considered to be closely related to host debt contract.

Liquidity Risk

The Group's financial instruments include a mixture of short and long-term borrowings. The Group seeks to ensure sufficient liquidity is available to meet working capital needs and the repayment terms of the Group's financial instruments as they mature.

Financial assets	**Year to 31 December 2010 £'000**
Cash at bank maturing in less than one year or on demand	1,438

Financial liabilities	**£'000**	**£'000**	**Year to 31 December 2010 £'000**
	Bank Loan and Overdraft	Finance Leases	Total
Interest analysis:			
Subject to floating rates	20,314	-	20,314
Subject to fixed rates	-	164	164
	20,314	164	20,478
Maturity analysis:			
One year or less, or on demand	3,000	68	3,068
After one year and within two years	4,000	96	4,096
After two years	13,314	-	13,314
	20,314	164	20,478

The Group's bank loans and overdraft facility are floating rate borrowings and both facilities are secured by a fixed and floating charge over the assets of all Group companies.

All loan notes relating to acquisition deferred payments were settled during the year.

The fair value of the Group's financial assets and liabilities is not considered to be materially different from their book values.

29. Pensions

The Group operates ten defined contributions pension schemes. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £617,762 (2009: £520,986). At the end of the financial year outstanding contributions amounted to £31,763 (2009: £7,600).

30. Leave pay accrual

No liability or expense has been recognised relating to untaken leave for any of the periods presented. The Group has a policy of not allowing days to be carried forward from one year to the next, unless in exceptional circumstances. In addition, no payment is made in lieu of untaken leave which is not carried forward. As a result, there is no material liability relating to untaken leave at year end.

31. Post balance sheet events

There are no material post balance sheet events.

32. Related party transactions

Parent company

Brian Child and Stephen Boyd receive their Non-Executive Director's remuneration through Brain Child Marketing Ltd and Stephen Boyd Ltd respectively, entities of which they are interested parties. In addition, Principal Ventures Ltd, an entity of which Stephen Boyd is an interested party, received £41,000 of remuneration for services rendered in connection with the bank refinancing. Peter Fitzwilliam received his Director's remuneration through VPF London Ltd, an entity of which he is an interested party. In addition, VPF London Ltd received £17,000 of remuneration for consultancy services.

Subsidiary undertakings

Bray Leino Ltd is contracted to pay annual rent of £60,000 (2009 - £60,000) to Mrs P H Morgan, the wife of Mr D W Morgan, the Executive Chairman of The Mission Marketing Group plc. Bray Leino Ltd is also contracted to rent premises from Hannele Limited, in which Mr D W Morgan has a 100% beneficial interest, for an annual rent of £74,000. Additionally, during the year a consultancy fee of £30,000 was paid to Hannele Limited in relation to these properties. Further premises are rented from a partnership in which Hannele Limited has a 50% interest, for an annual rent of £60,000. At the year end, no amounts were outstanding.

During the year Bray Leino Ltd outsourced television productions to the value of £187,666 to Sticky Productions, a business in which Mrs E K Hutton, the wife of Mr B W Hutton, an Executive Director of The Mission Marketing Group plc, has a 100% beneficial interest.

ThinkBDW Ltd is contracted to pay annual rent of £35,000 to Mr R Day, an Executive Director, and his brother, Mr A Day. At the year end the rent payable was 3 months in arrears.

Dylan Bogg, an Executive Director, is also a director of Premier Veterinary Group Ltd, a company which is also a Client of Big Communications Ltd. Sales from Big Communications Ltd to Premier Veterinary Group Ltd at arms length amounted to £82,539 (2009: £23,278). Included within trade debtors is £70,349 (2009: £nil) due from Premier Veterinary Group Ltd.

Big Communications Ltd paid rent during the year of £71,000 (2009: £53,250) to Dylan Bogg (Executive Director) and Christopher Morris (Non-Executive Director). In addition, Morris Marketing Consultancy, a consultancy practice owned by Christopher Morris, invoiced Big Communications Ltd and was paid £45,719 (2009: £nil) during the year for services rendered.

During the year Big Communications Ltd engaged Kay Bogg, the wife of Dylan Bogg, to undertake marketing services activities for a total value of £21,280 (£2009: £nil). Big Communications Ltd also engaged Susan Morris, the wife of Christopher Morris, to undertake marketing research activities in relation to Government's Drink Aware campaign for a total value of £20,000 (2009: £nil).

33. Availability of Annual Report

Copies of the Annual Report for the year ended 31 December 2010 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 13 June 2011 and, after approval at the AGM, will be delivered to the Registrar of Companies. Further copies will be available from the Company's registered office at 14-18 Noel Street, London, W1F 8GN and on the Group's website, **www.themission.co.uk**

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

We have audited the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2010 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11 the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the consolidated financial statements of The Mission Marketing Group plc for the year ended 31 December 2010.

Cliff Ireton
Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor
141 Wardour Street
London
W1F 0UT
31 March 2011

Company Balance Sheet
as at 31 December 2010

	Note	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
NON-CURRENT ASSETS			
Intangible assets	35	52	55
Tangible assets	36	16	35
Investments	37	96,242	92,557
		96,310	92,647
CURRENT ASSETS			
Debtors	38	2,704	2,973
Cash at bank		271	267
		2,975	3,240
CREDITORS: Amounts falling due within one year	39	(8,886)	(23,914)
NET CURRENT LIABILITIES		(5,911)	(20,674)
TOTAL ASSETS LESS CURRENT LIABILITIES		90,399	71,973
CREDITORS: Amounts falling due after more than one year	40	(16,903)	(18,914)
NET ASSETS		73,496	53,059
CAPITAL AND RESERVES			
Called up share capital	43	7,246	3,959
Share premium account	43	39,542	38,578
Staff remuneration reserve	44	134	60
Profit and loss account	44	26,574	10,462
SHAREHOLDER'S FUNDS		73,496	53,059

The financial statements were approved and authorised for issue on 31 March 2011 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam
Director

Company registration number: 05733632

Notes to the Company Balance Sheet

34. Principal Accounting Polices

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

Accounting Convention

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

Going Concern

The Board has substantially strengthened the Group's balance sheet in the year. Bank debt has been rescheduled, with committed facilities available to 2013, acquisition liabilities have been eliminated through equity conversion and a placing of new shares, and the focus on cash management across the Agencies has resulted in stronger operating cash flows.

The available banking facilities provide comfortable levels of headroom against the Group's projected cash flows and the Directors accordingly consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Deferred Taxation

Deferred taxation is recognised on all timing differences where the transactions or event that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recoverable. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by balance sheet date.

Property, Plant and Equipment

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, as follows:

Short leasehold property	Period of the lease
Motor vehicles	25% per annum
Fixtures, fittings and office equipment	10-33% per annum
Computer equipment	25-33% per annum

Deferred Consideration

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares at a future date, depends on uncertain future events such as the future performance of the acquired company. The amounts recognised in the financial statements represent a reasonable estimate at the balance sheet date of the amounts expected to be paid and has been classified in the balance sheet in accordance with the substance of the transaction. Where the agreement gives rise to an obligation that may be settled by the delivery of a variable number of shares to meet a defined monetary liability, these amounts are disclosed as debt.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Lease Commitments

Rental costs under operating leases are charged against profits as incurred.

Profit of Parent Company

As permitted under Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these accounts.

35. Intangible Assets

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Intellectual property rights	**52**	55

Intangible assets consist of intellectual property rights which are amortised over 20 years. The amortisation charge for the year was £3,000 (2009: 3,000).

36. Tangible Fixed Assets

	Fixtures & Fittings	Office Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2010	**59**	**33**	**92**
Additions	1	-	1
Disposals	(2)	-	(2)
At 31 December 2010	**58**	**33**	**91**
At 1 January 2010	**37**	**20**	**57**
Charge for the Year	13	6	19
Disposals	(1)	0	(1)
At 31 December 2010	**49**	**26**	**75**
Net book value at 31 December 2010	**9**	**7**	**16**
Net book value at 31 December 2009	**22**	**13**	**35**

37. Investments

	Shares in subsidiary undertakings
	£'000
At 1 January 2010	**92,557**
Additions	3,682
Adjustments to consideration	3
At 31 December 2010	**96,242**
Net book amount at 31 December 2010	**96,242**
Net book amount at 31 December 2009	**92,557**

The adjustments to consideration relate to changes in the deferred consideration of completed acquisitions under the terms of the relevant sale and purchase agreements.

The principal Group companies at 31 December 2010 are set out below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom.

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

The above list excludes details of non-trading dormant subsidiaries.

38. Debtors

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Amounts due from subsidiary undertakings	**2,650**	2,914
Prepayments	**24**	59
Other debtors	**30**	-
	2,704	2,973

39. Creditors: Amounts Falling Due Within One Year

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Bank overdraft	1,067	5,830
Amounts due to subsidiary undertakings	4,439	12,501
Social security and other taxes	8	24
Accruals	335	548
Acquisition obligations (see note 42)	-	2,499
Bank loan (see note 41)	3,000	2,443
Other creditors	37	69
	8,886	23,914

40. Creditors: Amounts Falling Due After More Than One Year

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Acquisition obligations (see note 42)	-	1,000
Bank loan (see note 41)	16,903	17,914
	16,903	18,914

41. Borrowings

	Year to 31 December 2010	Year to 31 December 2009
	£'000	£'000
Bank loan outstanding	20,314	20,326
Accumulated interest	114	-
Adjustment to amortised cost	(525)	31
Carrying value of loan outstanding	19,903	20,357
The borrowings are repayable as follows:		
Less than one year	3,000	2,443
In one to two years	4,000	3,000
In more than two years but less than three years	13,314	14,883
In more than three years but less than four years	-	-
	20,314	20,326
Accumulated interest	114	-
Adjustment to amortised cost	(525)	31
	19,903	20,357
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,000)	(2,443)
Amount due for settlement after 12 months	16,903	17,914

During the year an agreement was reached with the Group's bankers to restructure the committed facilities from a revolving credit facility of £20.3m into a revolving credit facility of £17.3m, due for repayment by June 2013 on a quarterly basis starting June 2011, and a term loan facility of £3.0m with a bullet repayment on 31 December 2013. The total repayment maturity profile is shown above.

Interest on the old revolving credit facility was based on 1 month LIBOR plus 3.5%. Interest on the new revolving credit facility is payable by reference to 3 month LIBOR plus 4.125%, subject to a downward ratchet on achievement of certain ratios of debt to EBITDA on an annual basis. Interest on the new term loan is calculated by reference to 3 month LIBOR plus 7.5% and is payable with the bullet repayment on 31 December 2013.

In addition to its committed facilities, the Group has available an overdraft facility of up to £2.0m with interest payable by reference to National Westminster Bank plc Base Rate plus 3.5% (on balances up to £2m) or 5.5% (on balances over £2m).

As at 31 December 2010, Net Assets of the Group were £54,701,000 (2009: £49,419,000), and net borrowings under this Group arrangement amounted to £18,465,000 (2009: £20,325,884).

All borrowings are in sterling.

42. 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 estimated that the liability for payments that may be due are as follows:

	Initial Consideration Loan Notes	Additional Consideration Loan Notes	Total
	£'000	£'000	£'000
2009			
Less than one year	317	2,182	2,499
Between one and two years	-	1,000	1,000
	317	3,182	3,499
2010			
Less than one year	-	-	-
More than one year	-	-	-
	-	-	-

During the year, all of the Group's outstanding consideration loan note liabilities were extinguished by conversion into equity and cash generated by a placing.

43. Share Capital and Share Premium

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

44. Statement of Movements on Reserves

	Staff remuneration reserve	Profit and loss account
	£'000	£'000
At 1 January 2009	**800**	**10,728**
Credit for share option scheme	313	-
Waiver of share options	(1,053)	1,053
Loss for the period	-	(1,319)
At 31 December 2009	**60**	**10,462**
Credit for share option scheme	74	-
Shares issued from EBT scheme	-	20
Profit / (loss) for the period	-	16,092
At 31 December 2010	**134**	**26,574**

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit for the financial year relating to the Company amounted to £16,092,000 (2009: loss of £1,319,069).

45. Operating Lease Commitments

As at 31 December 2010 the Company had annual commitments under non-cancellable operating leases as follows:

	Year to 31 December 2010	Year to 31 December 2009
	Land and Buildings	
	£'000	£'000
In one year or less	-	10
Between two and five years	-	-
In five years or more	-	-
	-	10

46. Related party transactions

Details of related party transactions are disclosed in note 32 of the consolidated financial statements.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of The Mission Marketing Group plc (the "**Company**") will be held at 12 noon on Monday 13 June 2011 at Seymour Pierce, 20 Old Bailey, London, EC4M 7EN to transact the following business:

Ordinary Resolutions

1. To receive the financial statements and the report of the Directors and the auditors for the year ended 31 December 2010.
2. To elect Peter Fitzwilliam as a Director.
3. To elect Christopher Goodwin as a Director.
4. To re-appoint Kingston Smith LLP as auditors of the Company.
5. To authorise the Directors to fix the remuneration of Kingston Smith LLP.

Special Business

To consider and, if thought fit, to pass the following resolutions, as to which resolution 6 shall be proposed as an ordinary resolution and resolutions 7 and 8 shall be proposed as special resolutions:

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

Special Resolutions

7. THAT (subject to the passing of the resolution numbered 6 above) the Directors be and are hereby empowered pursuant to Section 570, Section 571 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 above as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    i. the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

    ii. the allotment (other than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal value of £724,604 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 6 above, save that the Company shall be entitled to make an offer or agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired and all unexercised authorities previously granted to the Directors to allot equity securities be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot equity securities in pursuance of any offer or agreement entered into prior to the date of this resolution.

8. THAT pursuant to section 701 of the Act and subject to, and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4)of the Act) of ordinary shares of the Company provided that:

   i. the maximum number of ordinary shares hereby authorised to be acquired is 10,869,067 being 15% of the issued share capital; and

   ii. the minimum price which may be paid for an ordinary share is the nominal value of such share; and

   iii. the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such ordinary share is contracted to be purchased; and

   iv. the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company held in 2012 or 18 months from the date of this resolution (whichever is earlier); and

   v. the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and

   vi. all ordinary shares purchased pursuant to the authority conferred by this resolution 8 shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed 10 per cent of the issued share capital of the Company at any time).

By Order of the Board
Peter Fitzwilliam
3 May 2011

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

1. A member entitled to attend and vote at the Annual General Meeting ("AGM") may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote on his or her behalf. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any commitments on your behalf, you will need to appoint someone other the chairman, and give them relevant instructions directly. In order to be valid an appointment of proxy must be completed, signed and returned in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

2. A form of proxy is enclosed for use by shareholders and, if appropriate, must be deposited with the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the AGM. Appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, in order to be able to attend and vote at the AGM or any adjourned meeting, (and also for the purpose of calculating how many votes a person may cast) a person must have his/her name entered on the register of members of the

Company by 12 noon on 11 June 2011 (or 12 noon on the date 2 days before any adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

5. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

6. Biographical details of the Directors are given in the Board of Directors section of the Annual Report.

7. Copies of the Directors' service contracts with the Company are available for inspection at the registered office of the Company during usual business hours (Saturdays, Sundays and public holidays excepted) and will be available at the place of the AGM from 15 minutes prior to and during the AGM.

8. The issued share capital of the Company is 72,460,444 Ordinary shares of 10 pence each. The total number of voting rights in the Company is 72,460,444.

9. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each proxy form together with the number of shares that such proxy is appointed in respect of. All copies of the proxy form should then be sent to Capita Registrars at the address given above.

10. To direct your proxy how to vote on the resolutions, mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).

12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

Advisors

Company Registration Number:	05733632
Registered Office:	14-18 Noel Street London W1F 8GN
Nominated Advisor and Broker:	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
Auditors:	Kingston Smith LLP 141 Wardour Street London W1F 0UT
Solicitors:	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL
Registrars:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Company Secretary:	Peter Fitzwilliam The Mission Marketing Group plc 14-18 Noel Street London W1F 8GN
Bankers:	Royal Bank of Scotland plc Corporate Banking 8th Floor 280 Bishopsgate London EC2M 4RB HSBC Bank plc Thames Gateway Corporate Banking Centre 1st Floor 60 Queen Victoria Street London EC4N 4TR

Form of Proxy

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

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

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

____
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 13 June 2011 and at any adjournment thereof.

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

Ordinary Resolutions	**For**	**Against**	**Vote Withheld**
1. To receive the financial statements and the reports of the Directors and auditors for the year ended 31 December 2010.			
2. To elect Peter Fitzwilliam as a Director.			
3. To elect Christopher Goodwin as a Director.			
4. To re-appoint Kingston Smith LLP as auditors of the Company.			
5. To authorise the Directors to fix the remuneration of Kingston Smith LLP.			
6. To authorise the Directors to allot shares pursuant to Section 551 of the Companies Act 2006.			
Special Resolutions			
7. To disapply statutory pre-emption rights pursuant to Section 570, Section 571 and Section 573 of the Companies Act 2006.			
8. To renew the Company's authority to make market purchases of its own ordinary shares.			

Dated this ______________________________day of________________________________2011

Signature(s)____

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

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

Third fold and tuck in

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Capita Registrars
PX5 34 Beckenham Road
Beckenham, Kent
BR3 4TU

First fold

Second fold

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the mission marketing group plc

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T: 020 7758 3525 F: 020 7494 4996
www.themission.co.uk