the mission marketing group plc

interim report 2013

for the six months ended 30 June 2013

the mission(tm)

The Mission Marketing Group plc is a UK network of entrepreneurial communications Agencies spanning 17 offices, and uniting 800 people.

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

Being situated largely outside central London gives **the mission**^tm^ Agencies a real competitive advantage. We benefit from lower establishment costs and attract top-flight people who seek an exciting work environment enhanced by improved quality of life.

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

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

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

We intend to increase shareholder value by growing profits and optimising our capital structure. We aim to grow profits by exploiting our competitive advantage to gain market share, and expanding the range and depth of our services via new ventures and selective acquisitions where appropriate.

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

together, we are the mission(tm)

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the mission(tm)

Highlights
Interim results for the six months to 30 June 2013

The Mission Marketing Group plc ("TMMG" or "**the mission**[tm]"), the UK marketing communications group, sets out its unaudited interim results for the six months ended 30 June 2013.

Trading
- Underlying trading on track
- balloon dog acquisition trading in line with expectations
- £2.2m net underlying annualised operating income from new business (2012: £4.7m)
- Full year expected to have a strong second-half bias

Income Statement
- Operating income (Revenue) up 13% to £25.4m (2012: £22.5m)
- Headline operating profit of £2.0m (2012: £2.8m)
- Net finance costs reduced by over 40% to £0.4m (2012: £0.6m)
- Headline profit before tax of £1.7m (2012: £2.1m) before the impact of Addiction acquisition and Aviva cost reductions, leading to a reported profit before tax of £0.1m (2012: £2.1m)
- Exceptional costs of £1.5m relating to restructuring and write off of Addiction's intangibles
- Headline Diluted EPS: 1.51 pence (2012: 2.03 pence)

Balance sheet and cash flow
- Cash inflow from operating activities of £5.0m (2012: £4.0m)
- Net bank debt reduced by £3.5m in the six months to £8.8m
- Gearing reduced from 20% at 31 December 2012 to 14%
- Debt leverage ratio reduced to below x1.5

Dividend
- Interim dividend declared of 0.25p with intention to maintain a progressive twice-yearly dividend policy
- Payable on 6 December to shareholders on the register at 8 November

Chairman's Statement

We've got a really nice business here.

Our 'house of brands' strategy seems to be paying off with our individual Agencies all developing well, they have seen great new Client wins, exciting new assignments from existing Clients and new expertise introduced.

The first half profit is more or less where we expected it to be but wasn't helped by losses incurred following the significant scaling back of activity on the Aviva account and the poor performance within the Addiction Agency. Whilst now back on track following significant yet necessary management changes, it has affected our overall performance this year.

Nevertheless, our core businesses and our acquisition of balloon dog are performing within expectation and working closely together to bring added expertise to the whole and making our Group offering outstanding. When I look across our Client base I see a whole host of multi national companies and brands across a broad range of sectors as our Agencies take leading roles in their marketing and creative development. It really is astonishing to see who we work with and what we do with them.

We will continue to pursue our growth strategy and are also looking to invest this Autumn in San Francisco and Singapore, both of which are being driven by Client requests illustrating, yet again, how our Agencies form true partnerships with the businesses we do business with.

Our strategy is not driven by brobdingnagian principles; it is quite simply to excel in whatever we do and my personal optimism for the future stems from the knowledge that our entrepreneurial Agencies are driven to achieve. Perhaps this is due to peniaphobia but more likely it stems from a passion to establish **the mission**tm as the most respected and regarded Agency group in the UK.

I am delighted that we feel able to return to making dividend payments to our shareholders without whose support we would not have achieved our goals since we restructured the business in 2010.

Trading results

Turnover ("billings") for the six months ended 30 June 2013 increased by 13% to £67.6m (2012: £59.9m), of which approximately 6% results from the Group's acquisitions of balloon dog and Addiction in Q3 last year. Operating income ("revenue") increased by 13% to £25.4m (2012: £22.5m), reflecting the contribution from the two acquisitions in the period. Underlying growth in the Group's Branding, Advertising and Digital activities was offset by reductions in Events and Learning and PR activities. Revenue from the Group's Media activities increased by 8%.

Profitability in the first half of the year was significantly affected by two events – the loss of Addiction's largest Client, and the impact of a major cost-saving programme by Aviva. These two events left Bray Leino's London operations significantly overstaffed and loss-making, requiring a fundamental restructure with the loss of 60 staff.

As a consequence, headline operating profits (before exceptional items and the amortisation of previously acquired intangible assets), declined 26% to £2.0m (2012: £2.8m).

In addition, the Group has incurred £1.0m of redundancy and other costs relating to the restructuring which have been reported as exceptional items. Furthermore, we have taken the decision to write off the unamortised balance of Addiction intangible assets. After these exceptional charges totalling £1.5m, reported operating profits were £0.4m (2012: £2.8m).

The continued reduction in net debt, coupled with lower interest rates as the Group's risk profile reduces, have again reduced finance costs, by 41% to £0.4m (2012: £0.6m). After deduction of interest costs, headline profit before tax was £1.7m (2012: £2.1m) and reported profit before tax was £0.1m (2012: £2.1m).

The Group estimates an effective tax rate of 26% (2012: 27%), resulting in profits after tax of £0.1m for the six months (2012: £1.5m), and fully diluted headline EPS of 1.51 pence (2012: 2.03 pence).

Balance sheet, cash flow and dividend

Operating cash flows are traditionally stronger in the first half of the year than the second, but cash management was particularly strong during the period, resulting in cash flows from operating activities of £5.0m (2012: £4.0m) and a reduction in net debt to £8.8m at 30 June (2012: £12.3m). As a result, our gearing ratio (net debt to equity) reduced from 20% at 31 December 2012 to 14% at the end of the period and our leverage ratio (ratio of net bank debt to pre-exceptional EBITDA) reduced below x1.5, triggering lower interest rate margins which will benefit the second half of the year.

At 30 June 2013, the Group had £12.7m of committed facilities, of which £3m was undrawn, and an additional overdraft facility of £2m. As in prior years, due to the phasing of working capital requirements, an increase in net debt is predicted in the second half of the year. However, we anticipate our year-end leverage ratio to be similar to the position at 30 June.

Although first half profits and cash have been adversely impacted by the exceptional events surrounding Addiction and Aviva, the Board remains positive about the future prospects for the Group. In recognition of this, an interim dividend of 0.25p has been declared, payable on 6 December 2013 to shareholders on the register at 8 November 2013. We are very pleased to have returned to the dividend list with a progressive dividend policy, with payments expected to be made on a twice-yearly basis.

Current trading and outlook

With the difficulties of Addiction and Aviva now behind us, profitability is much improved and tracking in line with last year, no mean feat given the volatility in the market. We anticipate a strong second half and expect a similar result to that achieved last year.

David Morgan
Chairman

Condensed Consolidated Statement of Comprehensive Income
for the 6 months ended 30 June 2013

	Note	**6 months to 30 June 2013 Unaudited £'000**	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
TURNOVER	**2**	**67,620**	59,878	116,970
Cost of sales		**(42,250)**	(37,370)	(69,446)
OPERATING INCOME	**2**	**25,370**	22,508	47,524
Operating expenses before exceptional items		**(23,436)**	(19,748)	(41,736)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	**2**	**1,934**	2,760	5,788
Exceptional items	**5**	**(1,486)**	-	-
OPERATING PROFIT		**448**	2,760	5,788
Investment income	**6**	**1**	1	9
Finance costs	**6**	**(380)**	(647)	(1,113)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**69**	2,114	4,684
Taxation	**7**	**(18)**	(571)	(1,306)
PROFIT FOR THE PERIOD		**51**	1,543	3,378
Other comprehensive income		**-**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**51**	1,543	3,378
Basic earnings per share (pence)	**8**	**0.07**	2.17	4.68
Diluted earnings per share (pence)	**8**	**0.06**	2.03	4.33
Headline basic earnings per share (pence)	**8**	**1.63**	2.17	4.91
Headline diluted earnings per share (pence)	**8**	**1.51**	2.03	4.54

Condensed Consolidated Balance Sheet
as at 30 June 2013

	Note	As at 30 June 2013 Unaudited £'000	As at 30 June 2012 Unaudited £'000	As at 31 December 2012 Audited £'000
FIXED ASSETS				
Intangible assets	9	**70,907**	68,544	71,433
Property, plant and equipment		**3,387**	2,941	3,230
		74,294	71,485	74,663
CURRENT ASSETS				
Stock and work in progress		**539**	1,007	921
Trade and other receivables		**26,609**	23,245	24,364
Cash and short term deposits	10	**556**	180	546
		27,704	24,432	25,831
CURRENT LIABILITIES				
Trade and other payables		**(16,833)**	(13,123)	(13,625)
Accruals		**(9,951)**	(9,742)	(7,541)
Corporation tax payable		**(1,301)**	(991)	(1,359)
Bank loans	10	**(2,286)**	(2,286)	(2,286)
Acquisition obligations	11	**(887)**	-	(1,124)
		(31,258)	(26,142)	(25,935)
NET CURRENT LIABILITIES		**(3,554)**	(1,710)	(104)
TOTAL ASSETS LESS CURRENT LIABILITIES		**70,740**	69,775	74,559
NON CURRENT LIABILITIES				
Bank loans	10	**(7,052)**	(10,159)	(10,596)
Obligations under finance leases		**(25)**	(92)	(69)
Acquisition obligations	11	**(823)**	-	(1,210)
NET ASSETS		**62,840**	59,524	62,684
CAPITAL AND RESERVES				
Called up share capital		**7,699**	7,246	7,699
Share premium account		**40,288**	39,542	40,288
Own shares		**(1,054)**	(1,234)	(1,201)
Staff remuneration reserve		**518**	328	441
Retained earnings		**15,389**	13,642	15,457
TOTAL EQUITY		**62,840**	59,524	62,684

Condensed Consolidated Cash Flow Statement
for the 6 months ended 30 June 2013

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Operating profit	**448**	2,760	5,788
Depreciation charges	**685**	468	1,081
Goodwill and intangibles impairment charges	**472**	-	-
(Profit) / loss on disposal of property, plant and equipment	**(2)**	-	1
Non cash charge for share options and shares awarded	**77**	65	178
Increase in receivables	**(2,245)**	(2,400)	(2,313)
Decrease/(increase) in stock and work in progress	**382**	(381)	103
Increase in payables	**5,576**	4,366	403
OPERATING CASH FLOW	**5,393**	4,878	5,241
Net finance costs	**(280)**	(507)	(884)
Tax paid	**(75)**	(400)	(1,156)
Net cash inflow from operating activities	**5,038**	3,971	3,201
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	**41**	8	2
Purchase of property, plant and equipment	**(770)**	(715)	(1,234)
Acquisition of subsidiaries	**-**	-	(728)
Adjustment to cost of acquisition of subsidiaries	**64**	-	-
Cash acquired with subsidiaries	**-**	-	741
Acquisition of intangibles	**(31)**	(115)	(5)
Net cash outflow from investing activities	**(696)**	(822)	(1,224)
FINANCING ACTIVITIES			
Movement in HP creditor and finance leases	**(76)**	52	109
Payment of acquisition obligations	**(549)**	-	-
Repayment of long term loans	**(3,643)**	(3,336)	(2,979)
Proceeds on issue of ordinary share capital	**-**	-	1,124
Purchase of own shares held in EBT	**(64)**	-	-
Net cash outflow from financing activities	**(4,332)**	(3,284)	(1,746)
Increase / (decrease) in cash and cash equivalents	**10**	(135)	231
Cash and cash equivalents at beginning of period	**546**	315	315
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**556**	180	546

Condensed Consolidated Statement of Changes in Equity
for the 6 months ended 30 June 2013

	Share capital £'000	Share premium £'000	Own shares £'000	Staff remuneration reserve £'000	Retained earnings £'000	Total £'000
Changes in equity						
At 1 January 2012	**7,246**	**39,542**	**(1,234)**	**263**	**12,099**	**57,916**
Credit for share option scheme				65		65
Profit for the period					1,543	1,543
At 30 June 2012	**7,246**	**39,542**	**(1,234)**	**328**	**13,642**	**59,524**
New shares issued	453	746	-	-	-	1,199
Credit for share option scheme	-	-	-	113	-	113
Shares awarded to employees from own shares	-	-	33	-	(20)	13
Profit for the period	-	-	-	-	1,835	1,835
At 31 December 2012	**7,699**	**40,288**	**(1,201)**	**441**	**15,457**	**62,684**
Credit for share option scheme	-	-	-	77	-	77
Own shares purchased by EBT	-	-	(64)	-	-	(64)
Shares awarded from own shares	-	-	211	-	(119)	92
Profit for the period	-	-	-	-	51	51
At 30 June 2013	**7,699**	**40,288**	**(1,054)**	**518**	**15,389**	**62,840**

Notes to the unaudited Interim Report
for the 6 months ended 30 June 2013

1. Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with the IAS 34 "Interim Financial Reporting" and the Group's accounting policies.

The Group's accounting policies are in accordance with International Financial Reporting Standards as adopted by the European Union and are set out in the Group's Annual Report and Accounts 2012 on pages 30-33. These are consistent with the accounting policies which the Group expects to adopt in its 2013 Annual Report. The Group has not early adopted any Standard, Interpretation or Amendment that has been issued but is not yet effective.

The information relating to the six months ended 30 June 2013 and 30 June 2012 is unaudited and does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The comparative figures for the year ended 31 December 2012 have been extracted from the Group's Annual Report and Accounts 2012, on which the auditors gave an unqualified opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. The Group Annual Report and Accounts for the year ended 31 December 2012 have been filed with the Registrar of Companies.

Going concern

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

Accounting estimates and judgements

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

- Potential impairment of goodwill and other intangible assets; and
- Revenue recognition policies in respect of contracts which straddle the period end.

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

2. Segmental Information

Business segmentation

For management purposes the Group had seven (2012: six) operating subsidiaries during the period: April-Six Ltd, Big Communications Ltd, Bray Leino Ltd (incorporating Addiction and Yucca), Fox Murphy Ltd (acquired in October 2012 and trading as balloon dog), RLA Group Ltd, Story UK Ltd and ThinkBDW Ltd (incorporating Robson Brown). These have been divided into four segments which form the basis of the Group's primary segmentation, namely: Branding, Advertising and Digital; Events and Learning; Media; and Public Relations.

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
		Turnover	
Business segment			
Branding, Advertising & Digital	**33,178**	27,248	58,291
Events and Learning	**4,617**	5,428	9,652
Media	**28,341**	25,701	46,144
Public Relations	**1,484**	1,501	2,883
	67,620	59,878	116,970
		Operating income	
Business segment			
Branding, Advertising & Digital	**20,147**	17,074	36,905
Events and Learning	**1,720**	1,963	3,565
Media	**2,385**	2,202	4,597
Public Relations	**1,118**	1,269	2,457
	25,370	22,508	47,524
		Headline Operating Profit	
Business segment			
Branding, Advertising & Digital	**2,082**	2,648	5,771
Events and Learning	**51**	107	139
Media	**550**	521	1,109
Public Relations	**(11)**	49	26
	2,672	3,325	7,045
Central costs	**(627)**	(565)	(1,085)
	2,045	2,760	5,960

Geographical segmentation

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

3. Reconciliation of Headline Profit to Reported Profit

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Headline profit before finance costs, income from investments and taxation	**2,045**	2,760	5,960
Net finance costs	**(379)**	(646)	(1,104)
Headline profit before taxation	**1,666**	2,114	4,856
Adjustments			
IFRS amortisation of other intangibles recognised on acquisitions	**(111)**	-	(76)
Acquisition transaction costs expensed under IFRS	**-**	-	(96)
Exceptional items (note 5)	**(1,486)**	-	-
Reported profit before taxation	**69**	2,114	4,684
Headline profit before tax	**1,666**	2,114	4,856
Headline taxation	**(433)**	(571)	(1,313)
Headline profit after taxation	**1,233**	1,543	3,543
Adjustments			
IFRS amortisation of other intangibles recognised on acquisitions	**(111)**	-	(76)
Acquisition transaction costs expensed under IFRS	**-**	-	(96)
Exceptional items (note 5)	**(1,486)**	-	-
Taxation impact	**415**	-	7
Reported profit after taxation	**51**	1,543	3,378

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

4. Contribution of newly acquired entities to the results of the Group

Friars 573 Limited ("balloon dog") was acquired on 11 October 2012 and contributed turnover of £3.0m, operating income of £2.5m and headline operating profit of £0.3m to the results of the Group in the six month period ended 30 June 2013.

The trade and assets of Addiction Worldwide ("Addiction") were acquired on 21 September 2012 from the Administrators. Addiction has been integrated into the Group's activities and consequently it is not possible to determine accurately its contribution to revenue and profit since acquisition. However, the Directors estimate that Addiction contributed turnover of approximately £0.7m, operating income of £0.3m and a loss of £0.4m to the results of the Group in the six months.

5. Exceptional items

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

The restructuring of Bray Leino's activities during the six months ended 30 June 2013, including the departure of the Agency's CEO, resulted in redundancy and other costs totalling £1.0m which have been treated as exceptional items in the period. The associated impairment of goodwill and other intangibles relating to the Addiction acquisition, totalling £0.5m, has also been treated as an exceptional item.

There were no exceptional items reported in 2012.

6. Investment income and Finance costs

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Investment income:			
Interest receivable	**1**	1	9
Finance costs:			
On bank loans and overdrafts	**(281)**	(449)	(808)
Amortisation of bank debt renegotiation fees	**(99)**	(198)	(305)
	(380)	(647)	(1,113)
Total net finance cost	**(379)**	(646)	(1,104)

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

7. Taxation

The taxation charge for the period ended 30 June 2013 has been based on an estimated effective tax rate on profit on ordinary activities prior to IFRS interest charges of 26% (30 June 2012: 27%).

8. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data, determined in accordance with the provisions of IAS33: "Earnings per Share".

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Earnings			
Earnings for the purpose of reported earnings per share being net profit attributable to equity holders of the parent	**51**	1,543	3,378
Earnings for the purposes of headline earnings per share (see note 3)	**1,233**	1,543	3,543
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	**75,567,790**	70,960,653	72,169,181
Dilutive effect of securities:			
Employee share options	**3,562,029**	2,751,000	3,461,578
Bank warrants	**2,497,357**	2,333,434	2,386,907
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**81,627,176**	76,045,087	78,017,666
Reported basis:			
Basic earnings per share (pence)	**0.07**	2.17	4.68
Diluted earnings per share (pence)	**0.06**	2.03	4.33
Headline basis:			
Basic earnings per share (pence)	**1.63**	2.17	4.91
Diluted earnings per share (pence)	**1.51**	2.03	4.54

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

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

9. Intangible assets

	30 June 2013 Unaudited £'000	30 June 2012 Unaudited £'000	31 December 2012 Audited £'000
Goodwill	**69,947**	68,191	70,319
Other intangible assets	**960**	353	1,114
	70,907	68,544	71,433

Goodwill

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Cost			
At 1 January	**74,314**	72,186	72,186
Recognised on acquisition of subsidiaries	**-**	-	2,113
Fair value adjustment	**(64)**	-	15
At 30 June / 31 December	**74,250**	72,186	74,314
Impairment adjustment			
At 1 January	**(3,995)**	(3,995)	(3,995)
Impairment during period	**(308)**	-	-
At 30 June / 31 December	**(4,303)**	(3,995)	(3,995)
Net book value	**69,947**	68,191	70,319

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

	30 June 2013 Unaudited £'000	30 June 2012 Unaudited £'000	31 December 2012 Audited £'000
Addiction Worldwide	**-**	-	372
April–Six Ltd	**9,411**	9,411	9,411
Big Communications Ltd	**8,125**	8,125	8,125
Bray Leino Ltd	**30,846**	30,831	30,846
Fox Murphy Ltd (trading as balloon dog)	**1,514**	-	1,514
Haven Marketing Ltd	**127**	-	127
RLA Group Ltd	**6,572**	6,572	6,572
Story UK Ltd	**6,969**	6,969	6,969
ThinkBDW Ltd	**6,283**	6,283	6,283
Quorum Advertising Ltd	**100**	-	100
	69,947	68,191	70,319

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill, unless there is an indication that one of the cash generating units has become impaired during the year, in which case an impairment test is applied to the relevant asset. During the period, the carrying value of Addiction Worldwide was impaired by £0.3m. The next impairment test will be undertaken at 31 December 2013.

Other Intangible Assets

	6 months to 30 June 2013 Unaudited £'000	6 months to 30 June 2012 Unaudited £'000	Year ended 31 December 2012 Audited £'000
Cost			
At 1 January	**1,209**	271	271
Additions	**121**	115	938
At 30 June / 31 December	**1,330**	386	1,209
Impairment adjustment			
At 1 January	**-**	-	-
Charge for the period	**164**	-	-
At 30 June / 31 December	**164**	-	-
Amortisation			
At 1 January	**95**	19	19
Charge for the period	**111**	14	76
At 30 June / 31 December	**206**	33	95
Net book value	**960**	353	1,114

Other intangible assets consist of intellectual property rights, client relationships and trade names. During the period, the carrying value of client relationships and trade names relating to Addiction Worldwide was impaired by £0.2m.

10. Bank Loans and Net Debt

	30 June 2013 Unaudited £'000	30 June 2012 Unaudited £'000	31 December 2012 Audited £'000
Bank loan outstanding	**9,714**	13,000	13,357
Adjustment to amortised cost	**(376)**	(555)	(475)
Carrying value of loan outstanding	**9,338**	12,445	12,882
Less: Cash and short term deposits	**(556)**	(180)	(546)
Net bank debt	**8,782**	12,265	12,336
The borrowings are repayable as follows:			
Less than one year	**2,286**	2,286	2,286
In one to two years	**2,286**	2,286	2,286
In more than two years but less than three years	**5,142**	2,286	8,785
In more than three years but less than four years	**-**	6,142	-
	9,714	13,000	13,357
Adjustment to amortised cost	**(376)**	(555)	(475)
	9,338	12,445	12,882
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(2,286)**	(2,286)	(2,286)
Amount due for settlement after 12 months	**7,052**	10,159	10,596

11. Acquisition obligations

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

	Initial Consideration £'000	**Contingent Consideration Cash £'000**	**Contingent Consideration Shares £'000**	**Total £'000**
Less than one year	-	839	48	887
Between one and two years	-	339	48	387
In more than two years but less than three years	-	389	47	436
At 30 June 2013	**-**	**1,567**	**143**	**1,710**

At 30 June 2012 there were no acquisition obligations outstanding.

12. Post balance sheet events

There were no material post balance sheet events.

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