

**INTERIM REPORT FOR THE SIX MONTHS ENDED
30 JUNE 2016**



CHAIRMAN'S STATEMENT

Dear fellow shareholders,

The first H1 results come after what has been a phenomenal period for The Marketing Group PLC. Following our public offering and subsequent listing on Nasdaq First North and the first acquisition under our growth plan, the company has grown exponentially. Our shareholder base continues to be a strong guiding force, shaping our direction and growth, with many new initiatives launched at their request. This illustrates that we are a company that is truly run for the benefit of our shareholders.

To recap:

We launched with 4 subsidiary companies:

- **Nice & Polite** – Creative content agency - UK
- **Creative Insurgence** – Brand activation - Singapore
- **Black Marketing** – Specialist LinkedIn social exposure - Singapore
- **One9Ninety** – Social media marketing - Singapore

Since then we have added 9 new companies as part of our strategic 'agglomeration' approach and acquisition plan:

- **Rainmakers** – Advertising - New Zealand
- **Lead Generation Company** – Lead Generation - Australia
- **Wilken** – Loyalty - USA
- **Skye** – E learning - USA
- **Marker Metro** – Branded Game Development - New Zealand
- **Marker Ltd** – Branded App Developer - New Zealand
- **Clickverta** – Web services - UK and Lithuania
- **Imagine Entertainment Group** – Global TV Content - Singapore
- **Astute Ltd** – Lead Generation - UK

These companies were chosen for their dynamic and complimentary range of marketing specialisms and geographical footprint and form the basis of our promise to deliver best in class marketing services with senior leadership to brands. Each company has been part of the driving force behind the success of TMG and we look forward to helping them scale and develop as more companies join the group. The tactical acquisition of two small local companies – VOQS and Digital Virtue, by Nice & Polite - illustrates how TMG companies are scaling their individual businesses under the TMG umbrella. We look forward to seeing their financial contribution in the second half of the year.

At launch we were made up of 4 founding companies and, with this in mind, we have also included a pro forma H1 to show what the company could have looked like if all the current acquisitions had been contributing. This is for illustrative purposes only, but intended to give you a sense of our success to date.

We plan to carry on delivering new companies to the group in the same manner as we have done so far for the rest of 2016. There are also have a number of underexploited cost saving and financial engineering opportunities within the group, which can be used to further enhance profitability and we will be discussing these together with the plans for 2017 at the September board meeting.

We still have the potential to grow geographically and in terms of service offering. As such we will strive to find well-established companies to further deepen our penetration and expand our offering, as well as working with companies in the group to find tactical acquisitions to grow their businesses. Whilst organic growth is not a necessary part of our business model, cooperation between group members is already looking strong and we hope to be able to announce some great inter group wins in the future.

Our new company transactions pipeline remains strong and we are beginning to appear on more and more companies' radar as a route to grow their business.

The first half of this year marks the beginning of our journey and the whole team is working flat out to deliver even more in the second half and into 2017.

Thank you all for being a part of our vision.



Jeremy Harbour

Mangold Fondkommission AB, +46 8-5030 15 50, is the Company's Certified Adviser and liquidity provider. Mangold, who is a member of and have an agreement with Nasdaq Stockholm AB, reviews companies whose shares are trading on Nasdaq First North. Nasdaq Stockholm ABs surveillance function continuously review that both companies and Certified Advisers follow Nasdaq First North's rules. The agreement between the Company and Mangold runs with subject to six months' notice by either party. Mangold does not own any shares in the Company.

ACCOUNTING POLICIES

Statement of compliance with IFRS

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as adopted by the European Union as they apply to the financial statements of the company for the period ended 30th June 2016 and applied in accordance with the Companies Act 2006.

Going concern

The Directors have carefully considered the funding requirements of the company for the foreseeable future. In the opinion of the Directors, The Marketing Group Plc will have adequate resources to continue in operational existence for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

Basis of preparation

The basis of preparation and accounting policies set out in this Report and Accounts have been prepared in accordance with the recognition and measurement criteria of IFRS, which also include International Accounting Standards (IAS's), as issued by the IASB and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on the historical cost basis and on the going concern basis. The Company's financial statements are presented in Euros.

COMMENTS ON FINANCIAL INFORMATION

With regards to H1, we are slightly ahead of forecast for revenue and in line with seasonally adjusted expectations on profit, with the greater part of the profit contribution normally generated in the last 2 quarters.

There are no significant items to report in the results and over the next 6 months we plan to continue to grow by acquisition strategy. It is important to note that due to our early success, we are recalibrating our expectations to a more aggressive stance.

The 3Q 2016 financial report for the period January 2016- September 2016 will be on 17 November 2016.

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT & LOSS STATEMENT - (FIRST HALF TO 30TH JUNE 2016)

EUR	3 Months ended 30th June 2016	6 Months ended 30th June 2016	Pro-Forma Original Group of 4		Pro-Forma
			6 Months ended 30th June 2015	Year ended 31th Dec 2015	Group of 13 6 Months Figures
SALES	1,367,652	2,408,169	2,217,315	4,556,144	18,868,923
Cost of sales	511,651	791,133	791,133	1,430,841	6,451,192
GROSS PROFIT	856,000	1,617,035	1,387,238	3,125,303	12,417,732
OVERHEADS					
Personnel	319,865	633,337	200,260	520,787	6,170,500
Administration	61,615	185,410	450,677	930,094	1,439,797
Premises	26,792	72,607	53,256	115,014	291,682
TOTAL OVERHEAD	408,271	921,354	704,194	1,565,895	7,901,979
EBITDA	447,729	695,682	683,044	1,559,408	4,515,753
Finance costs	1,657	7,442	2,239	2,606	10,252
CASH GENERATION	446,072	688,239	680,805	1,556,802	4,505,501
Depreciation & Amortisation	9,357	19,071	6,125	12,562	147,427
NET PROFIT	436,715	669,169	674,680	1,544,240	4,358,074
Taxation	59,649	62,905	67,468	158,754	391,397
PROFIT AFTER TAX	€377,066	€606,264	€607,212	€1,385,486	€3,966,677

CONSOLIDATED BALANCE SHEET - (FIRST HALF TO 30TH JUNE 2016)

EUR	6 Months ended 30 June 2016	Year ended 31 Dec 2015
Non-current assets		
Goodwill on Consolidation	6,578,178	-
Tangible including developed software	253,938	186,833
Minority shareholdings in unlisted investments	785,323	653,100
	7,617,440	839,933
Current assets		
Debtors	1,744,231	1,117,353
Bank balances	227,462	281,939
	1,971,693	1,399,292
Current liabilities		
Creditors falling due within one year	961,464	876,624
Net Current Assets	1,010,230	522,668
Non-current liabilities		
Creditors falling due after one year	-	50,026
Total Assets less Liabilities	€ 8,627,669	€ 1,312,575
Capital and Reserves		
Called up Share Capital	72,050	2
Share Premium Account	8,315,278	-
Revenue Reserves	240,341	-
Merger Reserve	-	1,312,573
Shareholder Funds	€ 8,627,669	€ 1,312,575

CONSOLIDATED STATEMENT OF CASH FLOWS - (FIRST HALF TO 30TH JUNE 2016)

EUR	Pro-Forma			
	3 Months ended 30 June 2016	6 Months ended 30 June 2016	6 Months ended 30 June 2015	Year ended 31 Dec 2015
Cash flow from operating activities				
Profit before taxation	436,715	669,169	674,680	1,544,240
Adjustment for				
Depreciation	9,358	19,071	6,125	12,562
Forex - Unrealised	-	-	-	10,628
Distributions to shareholders	-	-	-	-511,493
	446,072	688,239	680,805	1,055,937
Changes in Working Capital				
Increase in Debtors	-330,817	-626,878	-	-347,128
Reduction in Debtors	-	-	222,588	-
Reduction in Creditors	-	-	-305,007	-
Increase in Creditors	306,747	84,840	-	22,418
Net cash generated from activities	422,002	146,201	598,386	731,227
Cash flow from investing activity				
Expenditure on assets and development	-40,306	-67,105	-	-87,752
Trade investments	-142,119	-132,223	-472,547	-653,100
Cash flow from financing activity				
Equity changes net of costs and forex variations	48,676	48,676	-	-
Increase of term debt	-	-	-	50,026
Reduction of term debt	-181,393	-50,026	-	-
Net change in cash and cash equivalents	106,860	-54,477	125,839	40,401
Cash and cash equivalents at beginning of period	120,602	281,939	247,540	241,538
Cash and cash equivalents at end of period	€227,462	€227,462	€373,379	€281,939

CHANGES IN SHAREHOLDER EQUITY - (FIRST HALF TO 30TH JUNE 2016)

EUR	6 Months ended 30 June 2016	6 Months ended 30 June 2015	Year ended 31 Dec 2015
Profit attributable to shareholders	240,341	-	-
Changes in Share Capital net of relevant costs	8,387,328	2	2
Dividends paid	-	-	-
Changes resulting from accounting policy	-	-	-
Amendments to prior years	-	-	-
	€8,627,669	€2	€2
Earnings Per Share	€0.017	€0.000	€0.000
Number of Shares in issue at period end	14,410,000	2	2