Upstream Marketing & Communications Inc.

Report and Financial Statements
For the year ended 31 December 2007

Contents

Expressed in United States dollars ("US$")

Corporate information

Directors:	Shahed Mahmood (Non-executive Chairman) David Ketchum (Executive Director) Jaime Law (Finance Director) Jo Barrett (Non-executive Director) Jane McGuire Ketchum (Non-executive Director)
Registered office:	Walkers SPV Limited Walker House Mary Street PO Box 908GT George Town Grand Cayman Cayman Islands
Secretary:	Kitwell Consultants Limited Kitwell House The Warren Radlett Hertfordshire WD7 7DU
Nominated adviser:	Strand Partners Limited 26 Mount Row London W1K 3SQ
Nominated broker:	Hybridan LLP 60 Lombard Street London EC3V 9EA
Registrars:	Capita IRG (Offshore) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey JE4 0FF
Solicitors:	Fladgate Fielder 25 North Row London W1K 6DJ
Auditors:	Grant Thornton UK LLP Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ

Chairman's and chief executive's report

The Board is pleased to report Upstream Marketing and Communications Inc.'s audited results for the year ended 31 December 2007.

Highlights

- Revenue up 71% to US$4.613 million (2006: US$2.693 million);
- Total assets up from US$1.0 million to US$1.7 million, representing a 72% increase.

This is the first full-year results report since the completion of the reverse acquisition of Upstream Asia Limited and the change of the Company's name to Upstream Marketing and Communications Inc. in October 2006. In the time since the reverse takeover, Upstream has made significant headway in building top-line revenue and strengthening its service offering to focus on continued growth moving towards profitability.

Upstream is the holding company for six wholly-owned trading subsidiaries that form an Asia-Pacific-wide marketing and corporate communications services network. Upstream is positioned to help companies use public relations, public affairs, digital and other communications to make the most of their business opportunities in the region. Upstream has offices in Beijing, Hong Kong, Shanghai, Singapore, Sydney, and Taipei as well as branded affiliates in Tokyo and other partners throughout the world.

Revenues for the year were US$4.613 million, representing a 71% increase over the previous year. Upstream posted a US$ 0.643 million loss before taxation for the full year after operating expenses of US$4.922 million and share based payment charge of US$0.329 million. This compares to the loss before taxation announced in its interim results statement fro the six months to 30 June 2007 of US$0.730 million. The Group therefore recorded a strong financial improvement in the second half of the year, primarily as a result of an increase in profitability from the operating division, Upstream Asia, and from a reduction in costs related to maintaining the listed holding company. As at the year-end, the Group was cash positive on a quarterly basis.

The increase in full year revenue can be attributed to strong organic growth arising from a robust business environment in China and in other growing Asian economies, and also from the acquisition and subsequent integration of a Sydney-based public relations firm, renamed Upstream Australia, in April 2007.

In 2007, Upstream secured a number of new ongoing retainer and one-off project assignments with blue-chip multinational clients including Alstom, California Fitness, the Cultural Year of Greece in China, Disney Channel, Embraer, Fiat Group, Fidessa, JP Morgan, Jumeirah, Monsanto, Skype, SoftBank China & India Holdings, Sony-Ericsson, and SWIFT.

Current Trading and Outlook

The Group's pipeline of new business remains encouraging, and the Asia-Pacific economies showing signs of continued growth despite the slowing of the US and European economies. The corporate and financial sector is increasingly a source of revenue as banks, financial institutions, and technology service providers look to Asia-Pacific to expand their businesses. The consumer and travel sector remains strong throughout the Asia Pacific region, particularly in China. Upstream was named one of China's 10 Most Prominent Public Relations Agencies of 2007 by influential Chinese business newspaper *Fortune Times*.

Chairman's and chief executive's report (continued)

Revenue and profit growth strategies initiated by the Group in 2007, and carried forward into 2008, include:

- Building on existing client relationships by expanding the scope of work provided to include other offices and practice areas across the region;

- Winning significant new client assignments from leads generated by Upstream's strong marketing efforts and international networks. Already in 2008 new client assignments have been won from Akamai, American Standard, Capgemini, CommunicAsia, Convergys, Neustar, and VP Bank;

- Developing new and emerging sources of revenue, such as public affairs and digital marketing;

- Creating value from new and existing partnerships. The Group has joined an additional international agency network (GlobalFluency) and had sold certain assets of its Media Services Asia business for a one-time payment of US$350,000; and

- Selective acquisitions that bring new geographic coverage, specialist expertise and revenue.

The directors believe that the Group's focus on delivering marketing and corporate communications services in Asia-Pacific region will continue to grow. The Group expects to deliver further returns from the investments in people and business infrastructure which it has made over the past few years, and is well positioned to capitalize on the business opportunities that the region's fast growing economies offer.

David Ketchum, Chief Executive

27 May 2008

Shahed Mahmood, Chairman

27 May 2008

www.aboutupstream.com

Director's report

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2007.

Principal Activity

The principal activity of the Company is that of a holding company of a group of companies engaged in the business of marketing and public relations.

Business Review

A review of the business in the period and of future developments is given in the Chairman's and Chief Executive's Report on pages 2 - 3. The key performance indicator of the Group in its early stages is revenue generated which has increased by 71% year on year.

Results

The consolidated results of the Group are as shown on page 12. The Directors do not recommend the payment of a dividend.

Post Balance Sheet Events

On 11 April 2008, 856,400 shares were issued to the vendors of Upstream Australia (formerly Macro Consulting Pty Limited) as the first tranche of deferred consideration payable in respect of the acquisition of Upstream Australia by the Company, following the achievement of certain performance criteria by Upstream Australia for its financial year ended 31 December 2007. Following the issue of these shares, the Company's issued share capital will consist of 137,401,194 ordinary shares.

On 7 May 2008, Media Services Asia Limited, a wholly owned subsidiary, agreed to dispose of certain of its assets and grant a license to Marketwire China Holdings (HK) Limited, for consideration of US$350,000 in cash. The contact disposed contributed revenue of US$569,000 for the year ended 31 December 2007.

Directors

The present membership of the Board is set out below.

David Ketchum
Jane McGuire Ketchum
Shahed Mahmood
Jo Barrett
Jaime Law (appointed 26 October 2007)

Graham Butt resigned from the Board on 25 July 2007 and Ajay Kejriwal resigned from the Board on 26 October 2007.

Director's report (continued)

Substantial Shareholdings

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 19 May 2008 were as follows:

	Ordinary shares of 0.25p each number	Percentage of capital %
JS Investment Holdings Limited	31,911,664	23.23
David Ketchum	20,425,935	14.87
Jane McGuire Ketchum	20,079,794	14.61
Walker Crips Weddle Beck	18,643,888	13.57
Wills & Co.	7,475,611	5.44
Jonathan Aiman Hakim	7,135,126	5.19
Paul Adams	4,496,739	3.27
Peter Kingsbury	4,496,739	3.27

Directors' Responsibilities for the Financial Statements

The Company was incorporated as a corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board have resolved that the Company will follow applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs) when preparing its annual financial statements.

The Directors are responsible for the preparation of the Group financial statements which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for the period. In preparing the 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 will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director's report (continued)

Directors' Responsibilities for the Financial Statements (continued)

In so far as the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Financial Risk Management Objectives and Policies

Details of the financial risk management objectives and policies are provided in note 15 to the financial statements.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the AGM.

For and on behalf of the Board

Director
27 May 2008

Corporate governance report

Directors

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving Group's policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of two executive directors, who hold the key operational positions in the Company and three non-executive directors, who bring a breadth of experience and knowledge. The Chairman of the Board is Shahed Mahmood and the Group's business is run by David Ketchum.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has established an Audit Committee which comprises of Shahed Mahmood and Jo Barrett. The duties of the Audit Committee are to review the financial information of the Group, to oversee the Group's financial reporting processes and internal control systems and to manage the relationship with the Group's external auditors.

The Board has considered the need for an internal audit function but has decided that due to the current stage of development of the Group it is not required. However, it will keep the decision under annual review.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group financial statements.

Report on remuneration

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Group operates within a competitive environment. Performance of the Group depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

Policy on executive directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position and to reward the Directors for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration also reflects the Directors' responsibilities and contains incentives to deliver the Group's objectives.

A Remuneration Committee has been established and comprises of Shahed Mahmood (Chairman) and Jane Ketchum. The Remuneration Committee is responsible for the determination and review of, amongst others, the remuneration of the Executive Directors and any share incentive plans of the Group.

The remuneration of the Directors was as follows:

	Graham Butt $'000	Jo Barrett $'000	David Ketchum $'000	Jane Ketchum $'000	Shahed Mahmood $'000	Ajay Kejriwal $'000	Jaime Law $'000	Total $'000
2007								
Salary and fees	14	19	250	24	24	70	18	419

	Graham Butt $'000	Jo Barrett $'000	David Ketchum $'000	Jane Ketchum $'000	Shahed Mahmood $'000	Total $'000
2006						
Salary and fees	22	22	250	5	5	304

Pensions

There are no pension schemes in operation.

Benefits in kind

The Directors do not receive any benefits in kind.

Report on remuneration (continued)

Bonuses

No amounts are payable for bonuses in respect of the years ended 31 December 2007 or 31 December 2006.

Notice periods
David Ketchum is appointed under an executive service agreement dated 1 January 2006 which had a fixed term of 12 months and thereafter there is a six month notice period.

Jaime Law has a letter of appointment with a one month notice period.

Jane Ketchum, Jo Barrett and Shahed Mahmood do not have letters of appointment.

Share option incentives.
The Group has a share incentive plan in place, the terms of which were ratified on 17 January 2007. The following share options were held by Directors during the year

	At beginning of year	*Granted in period*	*Lapsed in the period*	*At end of period*	*Exercise price*
David Ketchum	-	6,750,000	-	6,750,000	20p
Ajay Kejriwal	-	1,335,417	(1,335,417)	-	7p

The options are exercisable between 3 and 10 years from the dates of grant which was 5 July 2007. No performance conditions are attached to these options.

Report of the Independent Auditors to the Members of Upstream Marketing & Communications Inc.

We have audited the Group financial statements of Upstream Marketing & Communications Inc. for the year ended 31 December 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes 1 to 23. These Group financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities 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 (IFRSs) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view and properly prepared in accordance with IFRSs. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's and Chief Executive's Report that is cross referred from the Directors' Report. In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit and if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. This information comprises only the Directors' Report, the Chairman's and Chief Executive's Report, the Corporate Governance Report and the Report on Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group

Notes to the consolidated financial statements (continued)

financial statements. Our responsibilities do not extend to any other information.

Report of the Independent Auditors to the Members of Upstream Marketing & Communications Inc. (continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 December 2007 and of its loss for the year then ended; and
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
BIRMINGHAM

27 May 2008

Consolidated Income Statement

Continuing operations	Note	2007 US$'000	2006 US$'000
Turnover		**5,514**	2,693
Material cost of sales		**(901)**	-
Revenue	4	**4,613**	2,693
Other income	5	**65**	170
Total income		**4,678**	2,863
Other operating expenses		**(4,992)**	(2,952)
Loss from operations prior to share based payment charge and write off of goodwill		**(314)**	(89)
Share based payment charge		**(329)**	-
Write off of goodwill		**-**	(10,783)
Loss from operations and loss before taxation	6	**(643)**	(10,872)
Taxation expense	7	**-**	-
Loss for the year		**(643)**	(10,872)

Total and continuing loss per share attributable to the equity holders of the Company		**US Cents**	US cents
- Basic and diluted	8	**(0.47)**	(11.51)

Consolidated balance sheet

	Notes	2007	2006
		US$'000	US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**180**	88
Intangible assets	10	**198**	-
		378	88
Current assets			
Trade and other receivables	11	**1,092**	612
Cash and cash equivalents		**264**	307
		1,356	919
Total assets		**1,734**	1,007
LIABILITIES			
Current liabilities			
Trade and other payables	12	**1,404**	602
Deferred income		**55**	26
Current tax provision		**25**	3
		1,484	631
Non-current liabilities			
Deferred tax provision	13	**38**	-
Total liabilities		**1,522**	631
EQUITY			
Share capital and shares to be issued		**745**	617
Reserves		**(533)**	(241)
Equity attributable to equity holders of the Company and total equity		**212**	376
Total equity and liabilities		**1,734**	1,007

The consolidated financial statements were approved by the Board on 27 May 2008.

Notes to the consolidated financial statements (continued)

Director **Director**

Consolidated statement of changes in equity

	Share capital and shares to be issued US$'000	Share premium US$'000	Capital reserve US$'000	Foreign exchange reserve US$'000	Retained earnings US$'000	Total equity US$'000
At 1 January 2006	16	136	-	(1)	(68)	83
Exchange difference on consolidation	-	-	-	14	-	14
Loss for the year	-	-	-	-	(10,872)	(10,872)
Total recognised income and expense for the year	-	-	-	14	(10,872)	(10,858)
Issue of new shares prior to reverse acquisition	2	159	-	-	-	161
Issue of new shares on reverse acquisition	106	3,700	-	-	-	3,806
Share issue costs	-	(9)	-	-	-	(9)
Adjustment on reverse acquisition	493	153	6,547	-	-	7,193
At 31 December 2006 and 1 January 2007	617	4,139	6,547	13	(10,940)	376
Exchange difference on consolidation	-	-	-	(5)	-	(5)
Loss for the year	-	-	-	-	(643)	(643)
Total recognised income and expense for the year	-	-	-	(5)	(643)	(648)
Share issue	118	104	-	-	-	222
Share issue costs	-	(67)	-	-	-	(67)
Share based payments	10	209	-	-	110	329
At 31 December 2007	**745** *	**4,385**	**6,547**	**8**	**(11,473)**	**212**

* Includes US$113,000 shares to be issued in connection with the acquisition of Macro Consulting Pty Limited as detailed in note 20.

The capital reserve movement of US$6,547,000 arises on the reverse acquisition of Upstream Asia Limited.

Consolidated cash flow statement

	2007 US$'000	2006 US$'000
Operating activities		
Loss after taxation	**(643)**	(10,872)
Adjustments for:		
Finance income	**(3)**	(3)
Finance costs	**18**	-
Depreciation of property, plant and equipment	**60**	37
Share based payment costs	**329**	-
Amortization of intangibles	**41**	-
Write off of goodwill	**-**	10,783
Operating cashflow before working capital changes	**(198)**	(55)
(Increase)/decrease in trade and other receivables	**(275)**	29
Increase/(decrease) in trade and other payables	**579**	(90)
Increase in deferred income	**29**	26
Cash generated by/(used from) operations	**135**	(90)
Tax paid	**(7)**	(10)
Net cash inflow/(outflow) used in operating activities	**128**	(100)
Investing activities		
Finance income	**3**	3
Purchases of property, plant and equipment	**(124)**	(89)
Reverse acquisition expenses	**-**	(730)
Cash acquired on acquisitions	**67**	95
Business acquisition costs	**(27)**	-
Net cash outflow from investing activities	**(81)**	(721)
Financing activities		
Finance costs	**(18)**	-
Issue of shares	**-**	928
Share issue costs	**(67)**	(9)
Net cash (outflow)/inflow from financing activities	**(85)**	919
Net (decrease)/increase in cash and cash equivalents	**(38)**	98
Cash and cash equivalents as at 1 January	**307**	104
Effect of exchange rate fluctuations	**(5)**	105
Cash and cash equivalents as at 31 December	**264**	307

Notes to the consolidated financial statements

1. GENERAL INFORMATION

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. The Board has therefore adopted International Financial Reporting Standards as adopted by the European Union (IFRSs). The Company's shares are listed on the AIM market of the London Stock Exchange.

The Company acts as the holding company of the Group. Details of the principal activities of the Company's subsidiaries are set out in note 23. The registered office of the Company is as detailed in the Corporate Information.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies of the Group are set out below.

Basis of consolidation
The Group financial statements consolidate those of the Company and all of its subsidiaries drawn up to 31 December 2007.

The acquisition of Upstream Asia Limited by the Company on 16 October 2006 was accounted for as a reverse acquisition in accordance with IFRS 3 'Business Combinations'. Therefore, the income and cashflow statements for the year ended 31 December 2006 comprises Upstream Asia Limited and its subsidiary undertakings from 1 January 2006 to 31 December 2006 and for the Company from 16 October 2006 to 31 December 2006.

Acquisitions of all other subsidiaries are dealt with by the purchase method.

Material intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements unless they provide evidence of impairment in the assets transferred.

Subsidiary
A subsidiary is a company over which the Company has the power, directly or indirectly, to govern its financial and operating decisions so as to derive economic benefits. The results of subsidiaries are included in the consolidated financial statements from the date that control effectively transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Intangible assets

Goodwill
Goodwill arising on acquisitions represents the excess of the fair value of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired entity at the date of acquisition. Such goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the consolidated financial statements (continued)

Intangible assets (continued)

Assets acquired as part of a business combination
In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. A valuation is undertaken in order to assess the fair value of intangible assets acquired in a business combination. The fair value is then amortized over the economic life of the asset. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognized as a single asset separately from goodwill where the individual fair values of the assets in the group are not reliably measurable. Where the individual fair values of the complimentary assets are reliably measurable, the Group recognizes them as a single asset provided the individual assets have similar useful lives.

Customer bases
The fair value of acquired customer bases is capitalized and, subject to impairment reviews, amortized over the useful life of the customer base acquired. The amortization is calculated so as to write off the fair value of the customer base and is charged to other operating expenses. An impairment review of the customer base is undertaken when events or circumstances indicate the carrying amount may not be recoverable.

Impairment of assets
Property, plant and equipment, customer bases and goodwill are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level, particularly goodwill. Individual assets or cash-generating units that include goodwill with an indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use based on an internal discounted cash flow evaluation. Impairment losses recognized for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit except that the carrying value of the asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Notes to the consolidated financial statements (continued)

Property, plant and equipment

(i) Measurement bases

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets. When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement.

(ii) Depreciation

Depreciation is provided to write off the cost of property, plant and equipment less their residual values over their estimated useful lives, using the straight line method, at the following rates :

Computer hardware and software	1-4 years
Furniture and fixtures and office equipment	3-4 years
Leasehold improvements	over the term of the lease

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial assets
The Group's financial assets include cash and cash equivalents and trade and other receivables.

All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transaction costs.

Interest and other cash flows resulting from holding financial assets are recognised in the income statement using the effective interest rate method regardless of how the related carrying amount of financial assets is measured.

Trade and other receivables are measured subsequent to initial recognition at amortized cost using the effective interest rate method, less provision for impairment. They are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognized only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity
Share capital is determined using the nominal value of shares that have been issued by the legal parent.

Shares to be issued represent future shares to be issued under arrangements in place at the balance sheet date.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Foreign currency translation differences recognized directly in equity are included in the foreign exchange reserve.

Retained earnings include all current and prior period results as disclosed in the income statement together with the cumulative amount of share based expenses transferred to equity.

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities
The Group's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Dividend distributions to shareholders are included in 'other short term financial liabilities' when the dividends are approved by the shareholders' meeting.

Share based payments
All share based payment arrangements, granted after 7 November 2002 and not vested on 6 January 2005, are recognized in the financial statements. The Group operates equity settled share based remuneration plans for the remuneration of its employees.

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognized as an expense in the income statement with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognized in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Other provisions, contingent liabilities and contingent assets
Other provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Turnover and revenue recognition
Turnover is the total amount receivable by the Group for goods supplied and services provided excluding VAT, sales volume rebates and trade discounts. Turnover is recognized by reference to the fair value of consideration received or receivable by the Group for services provided.

Consultancy fee income is recognized over the period the services are provided.

Revenue from retainer fees and services is recognized when the service is performed in accordance with the terms of the contractual arrangement.

Revenue
Revenue as stated on the face of the income statement is turnover less third party direct costs, thereby giving the revenues attributable to the Group for the value of work undertaken.

Operating leases
Leases where substantially all the risks and rewards of ownership of the assets remain with the lessor are treated as operating leases. Annual rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as result of services rendered by employees at the balance sheet date.

The Group participates in defined contribution retirement plans and pays contributions to publicly or privately administered pension plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Foreign currencies

The financial statements are presented in United States Dollars, which is the presentation currency of the Group.

The functional currencies of the subsidiaries are considered to be Hong Kong Dollars, Singapore Dollars and Australian Dollars and the functional currency of the parent company is Sterling. In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement. Non-monetary items that are measured at historical costs in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

In the consolidated financial statements, all individual financial statements of subsidiaries originally presented in a currency different from the Group's presentation currency, have been converted into United States Dollars. Assets and liabilities have been translated into United States Dollars at the closing rates at the balance sheet date. Income and expenses have been converted into United States Dollars at the exchange rates ruling at the transaction dates or at the average rates over the reporting period. Any differences arising from this have been dealt with in the foreign exchange reserve in equity.

Exchange differences arising from translation to the presentation currency, together with other exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign exchange reserve.

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in a particular business (business segment) or conducting business in a particular economic environment (geographical segment) which is subject to risks and returns that are different from those of other economic environments.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty the Directors have made in preparing these financial statements are as follows:

- the fair value of the intangible assets acquired on the business combination as detailed in note 20; and
- the assumptions used to calculate the fair value of share options as detailed in note 14.

The Directors consider that the critical judgments in applying the accounting policies, as detailed above, in preparing these financial statements are:

- the use of the functional currencies used by the operating subsidiaries which accords with the local currency in which they trade; and
- the recognition of income on consultancy services and retainer fees and services over the period the services are provided. The income is recognized based on managements assessment of the stage of completion of the services provided.

Adoption of new or amended IFRS

During the year, the Group has applied, for the first time, the following new standards, amendment and interpretations, which are effective for the Group's accounting periods beginning on 1 January 2007:

IAS1 (Amendment)	Presentation of financial statements - capital disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derviatives
IFRIC 10	Interim Financial Reporting and Impairment

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The adoption of the above new and amended IFRSs did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. As a result of the adoption of IAS 1 (Amendment) Presentation of Financial Statements: Capital Disclosures and IFRS 7 Financial Instruments: Disclosures, additional disclosures are provided as follows:

IAS 1 (Amendment) - Presentation of Financial Statements - Capital Disclosures

In accordance with IAS 1 (Amendment), the Group now reports on its capital management objectives, policies and procedures for managing capital. The new disclosures that have been made due to this change are detailed in note 15.

IFRS 7 - Financial Instruments: Disclosures

In accordance with IFRS 7, the financial statements included expanded disclosure about the significance of the Company's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by IAS 32, Financial Instruments: Disclosure and Presentation. These disclosures are provided throughout these financial statements, in particular in note 15 and 16.

Both IAS 1 (Amendment) and IFRS 7 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

Standards published but not yet effective

At the date of authorisation of these financial statements, certain new Standards, amendments and Interpretations to existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are expected to be relevant to the Group's financial statements are as follows:

IAS 1 (Revised)	Presentation of Financial Statements	Effective for annual periods beginning on or after 1 January 2009
IFRS 2	Share-based Payment - Amendment relating to vesting conditions and cancellations	Effective for annual periods beginning on or after 1 January 2009

IAS 1 (Revised) - Presentation of Financial Statements

This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statements of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's financial statements.

IFRS 2 - Share-based Payment - Amendment relating to vesting conditions and cancellations

This amendment means that all non-vesting conditions are taken into account in the estimate of the fair value of the equity instrument.

Notes to the consolidated financial statements (continued)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The following new Standards and Interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IAS 23 (Revised)	Borrowing costs	Effective for annual periods beginning on or after 1 January 2009
IAS 27	Consolidation and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3	Effective for annual periods beginning on or after 1 July 2009
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3	Effective for annual periods beginning on or after 1 July 2009
IAS 32	Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation	Effective for annual periods beginning on or after 1 January 2009
IAS 28	Investment in associates - Consequential amendments arising from amendments to IFRS 3	Effective for annual periods beginning on or after 1 July 2009
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method	Effective for annual periods beginning on or after 1 July 2009
IFRS 8	Operating Segments	Effective for annual periods beginning on or after 1 January 2009
IFRIC 11	Group and Treasury Share Transactions	Effective for annual periods beginning on or after 1 March 2007
IFRIC 12	Service Concession Arrangements	Effective for annual periods beginning on or after 1 January 2008
IFRIC 13	Customer Loyalty Programmes	Effective for annual periods beginning on or after 1 July 2008
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	Effective for annual periods beginning on or after 1 January 2008

3. SEGMENTAL INFORMATION

(a) Primary reporting format - business segment:

As defined under International Accounting Standard 14 (IAS14), the only material business segment the Group has is that of marketing and public relations.

(b) Secondary reporting format - geographical segment:

Under the definitions contained in IAS 14, the only material geographic segment that the Group operates in is the Asia-Pacific region.

Notes to the consolidated financial statements (continued)

4. REVENUE

	2007	2006
	US$'000	US$'000
Revenue from retainer and project work	**4,613**	2,693

5. OTHER INCOME

	2007	2006
	US$'000	US$'000
Finance income	**3**	3
Rental income	**9**	10
Sundry income	**53**	157
	65	170

6. LOSS BEFORE TAXATION

	2007	2006
	US$'000	US$'000
Loss before taxation is arrived at after charging :		
Impairment of goodwill	**-**	10,783
Amortization of intangible assets	**41**	-
Auditors' remuneration:		
- fees payable to the Company's auditors for the audit of the Company's financial statements	**55**	51
- fees payable to the Company's auditors for other services - regulatory assistance	**6**	2
Depreciation of owned assets	**60**	37
Operating leases charges in respect of rented premises	**366**	208
Foreign exchange losses	**4**	7

Included within the capital reserve is an amount of US$100,000 charged by the auditors for Reporting Accountants services undertaken in connection with the reserve acquisition in 2006.

Notes to the consolidated financial statements (continued)

7. TAXATION EXPENSE

	2007 **US$'000**	2006 US$'000
Current year income tax charge	**12**	-
Deferred tax credit (note 13)	**(12)**	-
	-	-

The income tax charge for the year has been calculated at the rates prevailing in the relevant jurisdictions.

A reconciliation of the tax expense to the loss before taxation using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows :

	2007		2006	
	US$'000	**%**	US$'000	%
Loss before taxation	**(643)**		(10,872)	
Tax at the domestic income tax rates	**(113)**	**(17.5)**	(1,903)	(17.5)
Expenses not deductible for tax (primarily goodwill written off)	**-**	**-**	1,889	17.4
Tax effect of unrecognised tax losses	**101**	**15.7**	14	0.1
Current year income tax charge	**12**	**1.8**	-	-

The Group has unrelieved tax losses of approximately $270,000 (2006 :$170,000), the utilisation of which is uncertain and consequently no deferred tax asset has been recognised.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the parent Company of US$643,000 (2006: loss of US$10,872,000) and the weighted average number of ordinary shares in issue during the year of 135,376,825 (2006: 94,479,385).

(b) Diluted loss per share

The impact of the share options is anti-dilutive.

Notes to the consolidated financial statements (continued)

9. PROPERTY, PLANT AND EQUIPMENT

	Computer hardware and software US$'000	Furniture and fixtures US$'000	Leasehold improve-ments US$'000	Office equip-ment US$'000	Total US$'000
Gross carrying amount					
At 1 January 2006	**155**	**15**	**26**	**19**	**215**
Additions	51	10	25	3	89
Exchange adjustment	3	1	2	-	6
At 31 December 2006	209	26	53	22	310
At 1 January 2007	209	26	53	22	310
Acquisition of business	-	-	-	28	28
Additions	23	30	51	20	124
Disposals	-	-	-	(1)	(1)
Exchange adjustment	2	-	1	-	3
At 31 December 2007	**234**	**56**	**105**	**69**	**464**
Accumulated depreciation and impairment					
At 1 January 2006	137	8	21	14	180
Charge for the year	19	5	10	3	37
Exchange adjustment	3	-	2	-	5
At 31 December 2006	159	13	33	17	222
At 1 January 2007	159	13	33	17	222
Charge for the year	18	7	28	7	60
Exchange adjustment	1	-	1	-	2
At 31 December 2007	**178**	**20**	**62**	**24**	**284**
Carrying amount					
At 1 January 2006	18	7	5	5	35
At 31 December 2006	50	13	20	5	88
At 1 January 2007	50	13	20	5	88
At 31 December 2007	**56**	**36**	**43**	**45**	**180**

Notes to the consolidated financial statements (continued)

10. INTANGIBLE ASSETS

	Customer base US$'000	Goodwill US$'000	Total US$'000
Gross carrying amount			
At 1 January 2006	-	-	-
Goodwill arising on reverse acquisition	-	10,778	10,778
Exchange adjustment	-	5	5
At 1 January 2007	-	10,783	10,783
Intangible assets acquired	166	-	166
Goodwill arising on acquisition	-	73	73
Exchange adjustment	-	(20)	(20)
At 31 December 2007	166	10,836	11,002
Accumulated amortisation and impairment			
At 1 January 2006	-	-	-
Write off	-	10,783	10,783
At 1 January 2007	-	10,783	10,783
Write off	41	-	41
Exchange adjustment	-	(20)	(20)
At 31 December 2007	41	10,763	10,804
At 1 January 2007	-	-	-
At 31 December 2007	**125**	**73**	**198**

The customer base acquired and the goodwill arising in the year arose on the acquisition of a subsidiary, Upstream Australia Pty Limited, formerly Macro Consulting Pty Limited, as detailed in note 20.

The customer base is being amortized over three years, which represents the period these customers are expected to be retained. The fair value of the customer bases has been determined by using a multiple period earnings approach assuming a three year customer life span and using a discount rate of 10%.

Notes to the consolidated financial statements (continued)

11. TRADE AND OTHER RECEIVABLES

	2007	2006
	US$'000	US$'000
Trade receivables (gross)	**978**	510
Less: provision for impairment of receivables	**(39)**	(22)
Trade receivables – net	**939**	488
Other receivables	**11**	29
Deposits and prepayments	**142**	95
Total	**1,092**	612

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts.

US$488,000 (2006US$477,000) of the above trade receivables is past due.

At the balance sheet date past due trade receivables are aged as follows:

	2007	2006
Date past due	**US$'000**	US$'000
0 - 30 Days	**325**	341
31 - 60 Days	**93**	70
Over 60 Days	**70**	66
	488	477

An analysis of the provision for impairment of receivables is as follows:

	2007	2006
	US$'000	US$'000
At 1 January	**22**	-
Impairment losses	**37**	22
Reversal due to debt recovery	**(20)**	-
At 31 December	**39**	22

Notes to the consolidated financial statements (continued)

12. TRADE AND OTHER PAYABLES

	2007 US$'000	2006 US$'000
Trade payables	**572**	272
Other payables and accrued charges	**533**	285
Amounts due to directors and others (see note 19)	**299**	45
Total	**1,404**	602

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

Other payable and accrued charges include an amount due to a shareholder of US$68,980 (2006: US$ US$88,000) further details of which are provided in note 19.

13. DEFERRED TAXATION ASSETS AND LIABILITIES

Deferred tax liabilities recognized can be summarized as follows:

	2007 US$'000	2006 US$'000
Non-current liabilities	**38**	-

	2007 US$'000	2006 US$'000
Arising on acquisition (note 20)	**50**	-
Credited to income statement	**(12)**	-
At 31 December	**38**	-

Deferred tax assets have not been recognized in respect of the following:

	2007 US$'000	2006 US$'000
Unused tax losses	**47**	30

No recognition of potential deferred tax assets of the Group has been made as the recoverability of the potential assets is uncertain.

Notes to the consolidated financial statements (continued)

14. SHARE CAPITAL

	Number of ordinary shares	Value US$'000
Authorised (par value of 0.25p)		
At 31 December 2006 and 31 December 2007	4,000,000,000	18,470
Issued and fully paid (par value of 0.25p each)		
At 31 December 2006	133,541,669	617
Shares issued in year	3,003,125	15
At 31 December 2007	136,544,794	632

On 29 March 2007, 1,000,000 shares were issued as initial consideration for the acquisition of Macro Consulting Pty Ltd as detailed in note 20. The difference between the nominal value and issue price of US$104,000 was transferred to the share premium account.

On 8 June 2007, 2,003,125 shares were issued to an employee in accordance with the terms of her service agreement. The difference between the nominal value and issue price of US$209,000 was transferred to the share premium account.

Share options

The Group has adopted an employee Share Option Scheme in order to incentivise key management and staff. The fair value of options granted was determined using Black-Scholes valuation models. Significant inputs into the calculations were as follows:

- 41% - 47% volatility based on expected share price (ascertained by reference to historic share prices of both the Company and comparable listed companies)
- share price of between 7p and 2p per share at date of grant of options
- exercise price of between 20p and 2p per share
- a risk free interest rate of 2.78%
- 0% dividend yield
- estimated options lives of three years.

At 31 December 2007, the Group had the following options outstanding:

Date of grant	Dates first exercisable	Exercise price	Market price at date of issue	Number	Fair value
5 July 2007	3 years from date of grant	20p	7p	6,750,000	0.311p
5 July 2007	3 years from date of grant	7p	7p	6,677,084	2.159p
19 December 2007	3 years from date of grant	2p	2p	250,000	0.617p
				13,677,084	

14. SHARE CAPITAL (CONTINUED)

Employee share-based expense of US$110,000 has been included in the income statement following the adoption of IFRS 2 Share Based Payments. No liabilities were recognized due to share-based payment transactions.

The movements on share options and their weighted average exercise price are as follows:

	2007		2006	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**-**	**-**	-	-
Granted	**15,012,501**	**12.76**	-	-
Lapsed	**(1,335,417)**	**(7.00)**	-	-
Outstanding at 31 December	**13,677,084**	**13.32**	-	-

Of the 13,677,84 share options in existence at 31 December 2007, none are exercisable. The weighted average remaining contractual life of share options outstanding at 31 December 2007 is 2.5 years.
No options have been exercised or lapsed or fresh options granted after 31 December 2007. An estimate of the likelihood of vesting is revised at each accounting period end.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimizing the exposure to financial markets.

(a) Market risk
Market risk encompasses three types of risk being foreign currency risk, fair value interest rate risk and price risk. The Group's policies for managing foreign currency risk are considered along with those for managing cash flow and credit risk below. The Group is not exposed to significant fair value interest nor price risk.

(b) Foreign currency risk
The Group's exposure to foreign currencies is limited to its investments in foreign subsidiaries and to its trading in overseas operations. The investments in foreign subsidiaries are financed internally. The overseas operations trade in their local currency and because their sales to other countries are not significant they do not seek to hedge their foreign currency exposure. The Directors will keep this policy under review particularly if sales to other countries increase significantly.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

The Group's financial instruments are cash and cash equivalents and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables; the amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made when there is objective evidence that the Group will not be able to collect all monies due according to the original terms of the receivables concerned.

The Group's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	2007	2006
	US$'000	US$'000
Trade and other receivables	**950**	517
Cash and cash equivalents	**264**	307
	1,214	824

The Group trades with only recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

(d) Cash flow risk

Cash flow is managed by means of ensuring sufficient cash and cash equivalents are held to support the trading activities of the Group. This has been managed by receiving unsecured and interest free loans from directors and significant shareholders. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk.

The Group currently has no financial liabilities with floating interest rates.

(e) Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

16. FINANCIAL ASSETS AND LIABILITIES

The IAS 39 categories of financial assets and financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	2007	2006
	US$'000	US$'000
Current assets		
Trade and other receivables		
- loans and receivables	**950**	517
Cash and cash equivalents	**264**	307
	1,214	824
Current liabilities		
Trade and other payables		
- Financial liabilities measured at amortized cost	**871**	317

17. EMPLOYEE REMUNERATION

Expense recognised for employee benefits is analysed below:

	2007	2006
	US$'000	US$'000
Wages and salaries	**2,951**	1,888
Share based payment	**329**	-
Pensions - defined contribution scheme	**116**	59
	3,396	1,947

Details of Directors' employee benefits expense are included in the Report on Remuneration on pages 8 to 9.

Remuneration for key management of the Group, including amounts paid to Directors of the Group, is as follows:

	2007	2006
	US$'000	US$'000
Wages and salaries	**1,048**	741
Share based payment	**329**	-
Pensions - defined contribution scheme	**12**	6
	1,389	747

18. COMMITMENTS

(a) Operating leases

At 31 December 2007, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of land and building are payable as follows:

	2007	2006
	Land and Buildings	Land and Buildings
	US$'000	US$'000
Within one year	**330**	142
In the second to fifth years	**450**	38
	780	180

The Group leases a number of properties under operating leases in Hong Kong and overseas. None of the leases includes contingent rentals.

(b) Capital commitments

At 31 December 2007 and 2006 the Group had no capital commitments.

19. RELATED PARTY TRANSACTIONS

David Ketchum, a Director of the Company, has made a loan available to the Group of US$172,381 (2006: US$45,000). The balance due is unsecured, interest free and has no fixed repayment terms.

As at the year ended 31 December 2007 the Group secured a loan from a shareholder, Corvus Capital Inc. of US$68,980 (2006: US$88,000) which is unsecured, interest free and has no fixed repayment terms.

Another shareholder, techpacific.com (BVI) Investments Limited and its affiliated companies, Techpacific Capital Limited and Crosby Capital Partners (Hong Kong) Limited, has used the services of the Group for which it paid fees, out of pocket expenses and mark ups of US$34,603 (2006: US$36,000).

20 ACQUISITION OF A SUBSIDIARY

On 29 March 2007 the Group acquired the entire share capital of Macro Consulting Pty Limited, a full service public relations company, for a consideration comprising an initial tranche of 1 million ordinary shares of 0.25p together with up to a further 3 million shares dependent upon the post acquisition results of the acquired business.

Details of the acquisition of the subsidiary are as follows:

	Book value of net assets acquired US$'000	**Fair value adjustments US$'000**	**Fair value of net assets acquired**
Property, plant and equipment	28	-	**28**
Cash and cash equivalents	67	-	**67**
Trade and other receivables	205	-	**205**
Trade and other payables	(223)	-	**(223)**
Current tax provision	(17)	-	**(17)**
Intangible assets acquired	-	166	**166**
Deferred tax arising on intangible assets	-	(50)	**(50)**
	60	116	**176**
Goodwill arising - see note 10			**73**
			249
Satisfied by:			
Shares issued - valued at share price at date of acquisition			**109**
Shares to be issued - valued at 31 December 2007 share price			**113**
Cash - costs of acquisition			**27**
			249

The Directors consider, other than the customer base, no other intangible assets have been acquired. The goodwill relates to the assembled workforce acquired and the synergies arising from this business combination.

In the financial year ended 31 December 2007 Macro Consulting achieved a pre-tax loss of A$23,577, of which, a loss of A$38,763 and turnover of A$1,009,796 for the post acquisition-period was contributed to the Group. The net assets of Macro Consulting Pty Limited at the year end are A$36,255. If the acquisition had occurred on 1 January 2007 the Group revenue for the year would have been US$5,789,000 and the Group loss for the year would have been US$483,000.

The fair value of the consideration payable, net assets acquired and goodwill arising are, at this stage, provisional due to the contingent element of the purchase consideration.

21. POST BALANCE SHEET EVENTS

On 11 April 2008, 856,400 shares were issued to the vendors of Upstream Australia (formerly Macro Consulting Pty Limited) as the first tranche of deferred consideration payable in respect of the acquisition of Upstream Australia by the Company, following the achievement of certain performance criteria by Upstream Australia for its financial year ended 31 December 2007. Following the issue of these shares, the Company's issued share capital will consist of 137,401,194 ordinary shares.

On 7 May 2008, Media Services Asia Limited, a wholly owned subsidiary, agreed to dispose of certain of its assets and grant a license to Marketwire China Holdings (HK) Limited, for consideration of US$350,000 in cash.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 27 May 2008.

23. PRINCIPAL SUBSIDIARY UNDERTAKINGS/ REPRESENTATIVE OFFICES

Name	**Principal activity**	**Place of operation/ incorporation**
Upstream Asia Limited	Intermediate holding company	British Virgin Islands
Upstream Limited	Marketing and public relations	Hong Kong
Upstream Asia (Singapore) pte Limited	Marketing and public relations	Singapore
Upstream Australia Pty Limited	Marketing and public relations	Australia
Media Services Asia Limited	Digital services and online distribution	British Virgin Islands
Upstream Asia Limited Taiwan Branch	Marketing and public relations	Taiwan
GCG Asia Limited	Dormant	British Virgin Islands
Gorilla Asia Limited	Dormant	British Virgin Islands
Upstream Asia Shanghai Representative Office	Marketing and public relations	Peoples' Republic of China
BVI Upstream Limited Beijing Representative Office	Marketing and public relations	Peoples' Republic of China
Upstream Asia (China) Consulting Limited	Marketing and public relations	Peoples' Republic of China
Upstream Asia (China) Consulting Limited Shanghai branch	Marketing and public relations	Peoples' Republic of China

All the above are wholly owned.