Upstream Marketing and Communications Inc.

(“Upstream” or “the Company”)

Interim Results

For the six month period ended 30 June 2009

Interim Statement

29 September 2009, Upstream Marketing and Communications Inc. (AIM: UPS) announces its interim results for the six month period ended 30 June 2009.

FINANCIAL SUMMARY

- Revenue for the period of US$ 2.091 million (2008: US$ 2.904 million)
- Year on year revenue is down 28%, in part due to post Olympics revenue drops in China, and to the fact that the Company ceased receiving fees from the news distribution business disposed of in May 2008 (Jun 2008: $0.189M)
- Challenging trading conditions from worldwide economic downturn dampen client spending
- Cost reduction measures expected to begin having an impact in the second half of 2009

CHAIRMAN'S STATEMENT

Despite difficult trading conditions, Upstream generated revenue of US$ 2.091 million in the six months to 30 June 2009. This performance represents a 28% decrease from the revenue of US$2.904 million achieved in the comparable period in the prior year. The reduction can be attributed primarily to reduced client assignments in the worldwide recessionary climate, following on from the exceptional level of spending in China in 2008 in connection with the Olympics. Additionally, in the first half of last year Upstream was collecting fees from a news release distribution business which it sold in May 2008. Proceeds from the sale generated US$ 0.350 million of other income in 2008 and following the disposal, this income stream ceased.

The net loss before tax for the period is US$ 0.402 million, compared to a profit before tax of US$0.331 million in 2008, of which US$ 0.350 million came from the sale of the news release business.

Total assets are down 49% year on year from US$ 3.451 million to US$ 1.770 million. The Company's bank and cash balances are lower by 25% year on year, at US$ 0.409M compared to US$ 0.548M at the end of June 2008.

Initial cost cutting measures in the first half of the year decreased operating expenses by 13%, from US$ 2.899 million in 2008 to US$2.512 million. Towards the end of the period and in July further cost-saving actions of approximately US$ 42,000 per month have been enacted. These savings will positively impact the results from July onwards.

Upstream continues to serve a portfolio of blue chip clients, and creates innovative marketing and corporate communications campaigns across its network of five offices. Digital communications and work with Asia-based clients show future potential, in addition to the Group’s core public relations business.

In the longer term, economic conditions in Upstream's markets in Asia Pacific are viewed by many to be more robust than elsewhere and China, which comprises a significant part of Upstream's operations, is on track for more than 7% GDP growth in 2009. The total cost of maintaining the Upstream listed company and its subsidiaries is still high relative to revenue and the directors are considering ways to address this.

David Ketchum	Stephen Smith
28 September 2009	28 September 2009

www.aboutupstream.com

Upstream Marketing & Communications Inc.
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009

	Note	**Six month period ended 30 June 2009 Unaudited US$'000**	Six month period ended 30 June 2008 Unaudited US$'000	Year ended 31 December 2008 Audited US$'000
Continuing operations				
Turnover		**2,543**	2,904	9,268
Material cost of sales		**(452)**	-	(3,110)
Gross profit / revenue		**2,091**	2,904	6,158
Other income		**62**	380	472
Total income		**2,153**	3,284	6,630
Operating expenses		**(2,512)**	(2,899)	(5,961)
(Loss) / profit from operations prior to share based payment charge		**(359)**	385	669
Share based payment charge		**(43)**	(54)	(103)
(Loss) / profit for the period from operations before tax		**(402)**	331	566
Taxation expense	4	**(46)**	2	(133)
Profit/(loss) for the period		**(448)**	333	433
Other comprehensive income:				
Exchange difference		**(39)**	7	65
Total comprehensive (expense) / income for the period		**(487)**	340	498
		US cents	US cents	US cents
(Loss) / earnings per ordinary share	5			
- Basic		**(0.33)**	0.20	0.32
- Diluted		**(0.33)**	0.20	0.29

Upstream Marketing & Communications Inc.

Consolidated Statement of Changes in Equity

Six months ended 30 June 2009

	Share capital US$'000	Shares to be issued US$'000	Share premium US$'000	Capital reserve US$'000	Foreign exchange reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2009	636	-	4,438	6,547	73	(10,937)	757
Share options issued in share-based payments	-	-	-	-	-	43	43
Transactions with owners	-	-	-	-	-	43	43
Loss for the period	-	-	-	-	-	(448)	(448)
Other comprehensive expense:							
Exchange differences on translation of foreign operations	-	-	-	-	(39)	-	(39)
Total comprehensive expense for the period	-	-	-	-	(39)	(448)	(487)
Balance at 30 June 2009	636	-	4,438	6,547	34	(11,342)	313

Upstream Marketing & Communications Inc.

Consolidated Statement of Changes in Equity

Six months ended 30 June 2009

	Share capital US$'000	Shares to be issued US$'000	Share premium US$'000	Capital reserve US$'000	Foreign exchange reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2008	632	113	4,385	6,547	8	(11,473)	212
Share options issued in share-based payments	-	-	-	-	-	54	54
Issue of share capital	4	(57)	53	-	-	-	-
Transactions with owners	4	(57)	53	-	-	54	54
Profit for the period	-	-	-	-	-	333	333
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	-	7	-	7
Total comprehensive income for the period	-	-	-	-	7	333	340
Balance at 30 June 2008	636	56	4,438	6,547	15	(11,086)	606

	Share capital US$'000	Shares to be issued US$'000	Share premium US$'000	Capital reserve US$'000	Foreign exchange reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2008	632	113	4,385	6,547	8	(11,473)	212
Share options issued in share-based payments	-	-	-	-	-	103	103
Cancellation of shares to be issued	-	(56)	-	-	-	-	(56)
Issue of share capital	4	(57)	53	-	-	-	-
Transactions with owners	4	(113)	53	-	-	103	47
Profit for the year	-	-	-	-	-	433	433
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	-	65	-	65
Total comprehensive income for the period	-	-	-	-	65	433	498
Balance at 31 December 2008	636	-	4,438	6,547	73	(10,937)	757

Upstream Marketing & Communications Inc.

Consolidated Statement of Financial Position

As at 30 June 2009

	Note	**30 June 2009 Unaudited US$'000**	30 June 2008 Unaudited US$'000	31 December 2008 Audited US$'000
Assets				
Non current assets				
Property, plant and equipment		**139**	162	150
Goodwill		**58**	170	86
		197	332	236
Current				
Trade and other receivables	6	**1,164**	2,571	1,235
Cash and cash equivalents		**409**	548	719
		1,573	3,119	1,954
Total assets		**1,770**	3,451	2,190
Liabilities				
Current				
Trade and other payables	7	**1,081**	1,733	1,104
Deferred income		**315**	1,021	118
Current tax provision		**32**	23	162
Bank loan		**16**	22	23
		1,444	2,799	1,407
Non-current liabilities				
Deferred tax provision	8	**13**	30	22
Bank loan		**-**	16	4
		13	46	26
Total liabilities		**1,457**	2,845	1,433
Equity				
Share capital	9	**636**	636	636
Reserves		**(323)**	(30)	121
Total equity		**313**	606	757
Total equity and liabilities		**1,770**	3,451	2,190

Upstream Marketing & Communications Inc.

Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six month period ended 30 June 2009 Unaudited US$'000	Six month period ended 30 June 2008 Unaudited US$'000	Year ended 31 December 2008 Audited US$'000
Operating activities			
(Loss) / profit before taxation	**(402)**	331	566
Adjustments for:			
Finance income	**(2)**	-	(8)
Finance costs	**1**	12	21
Profit on disposal of intangible assets	**-**	(350)	-
Depreciation of property, plant and equipment	**32**	38	76
Share based payment costs	**43**	54	103
Amortisation of intangibles	**28**	28	56
Profit on sale of business	**-**	-	(350)
Operating cashflow before working capital changes	**(300)**	113	464
Decrease / (increase) in trade and other receivables	**71**	(1,479)	(143)
(Decrease) / increase in trade and other payables	**(23)**	329	(300)
Increase in deferred income	**197**	966	63
Cash (used from)/generated by operations	**(55)**	(71)	84
Tax paid	**(185)**	(8)	(12)
Net cash (outflow)/inflow used in operating activities	**(240)**	(79)	72
Investing activities			
Finance income	**2**	-	8
Proceeds from the sale of businesses	**-**	-	350
Purchases of property, plant and equipment	**(21)**	(20)	(47)
Proceeds from sale of intangible assets	**-**	350	-
Net cash (outflow) / inflow from investing activities	**(19)**	330	311
Financing activities			
Finance costs	**(1)**	(12)	(21)
Bank loan	**-**	45	45
Repayment of bank loan	**(11)**	(7)	(18)
Net cash (outflow) / inflow from financing activities	**(12)**	26	6
Net (decrease) / increase in cash and equivalents	**(271)**	277	389
Cash and cash equivalents brought forward	**719**	264	264
Effect of exchange rate fluctuations	**(39)**	7	66
Cash and cash equivalents carried forward	**409**	548	719

Upstream Marketing & Communications Inc.

Notes to the Interim Report

For the six months ended 30 June 2009

1 GENERAL INFORMATION

The information for the period ended 30 June 2009 does not constitute statutory accounts as defined in the Companies Act 2006. The figures for the year ended 31 December 2008 have been extracted from the 2008 statutory financial statements prepared under International Financial Reporting Standards (IFRS). The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) of the Companies Act 1985. The interim financial statements have been neither audited nor reviewed by the Group's auditors.

2 BASIS OF PREPARATION

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

The principal accounting policies of the Group remain unchanged from those set out in the Group's 2008 annual report, except for the adoption of IAS1 Presentation of Financial Statements (revised 2007) and IFRS 8 Operating Segments.

The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income, for example translation of foreign currencies. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive Income'.

The adoption of IFRS 8 has not changed the segments that are disclosed in the interim financial statements.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the consolidated interim report.

3 SEGMENTAL REPORTING

(a) By business segment (primary segment):

As defined under IFRS 8, the only material business segment the Group has is that of marketing and public relations.

(b) By geographical segment (secondary segment):

Under the definitions contained in IFRS 8, the only material geographic segment that the Group operates in is the Asia-Pacific region.

4 TAX EXPENSE/(CREDIT)

	Six month period ended 30 June 2009 Unaudited US$'000	Six month period ended 30 June 2008 Unaudited US$'000	Year ended 31 December 2008 Audited US$'000
Current period income tax charge	**55**	6	149
Deferred tax credit	**(9)**	(8)	(16)

Actual tax expense/(credit)	**46**	(2)	133

The relationship between the expected tax expense/(credit) at 17.5% and the tax expense actually recognised in the income statement can be reconciled as follows:

	Six month period ended 30 June 2009 Unaudited US$'000	Six month period ended 30 June 2008 Unaudited US$'000	Year ended 31 December 2008 Audited US$'000
(Loss)/profit for the period before taxation	**(402)**	331	566
Expected tax (credit)/expense	**(70)**	58	99
Losses not recognised/(utilised)as deferred tax asset	**116**	(52)	34
Actual tax expense	**46**	6	133

5 (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the net loss for the period of (US$448,000) (period ended 30 June 2008 : profit US$333,000; year ended 31 December 2008 : profit US$433,000) divided by the weighted average number of shares in issue during the period of 137,401,194 (period ended 30 June 2008 : 136,972,994; year ended 31 December 2008 : 137,187,094).

The diluted earnings per share is based on a weighted average number of shares in issue of 137,401,194 for the period ended 30 June 2009 (period ended 30 June 2008: 136,972,994; year ended 31 December 2008: 150,864,178). The impact of the share options and warrant is anti-dilutive for the period ended 30 June 2009.

6 TRADE AND OTHER RECEIVABLES

	30 June 2009 Unaudited US$'000	30 June 2008 Unaudited US$'000	31 December 2008 Audited US$'000
Trade and other receivables, gross	**1,039**	2,303	1,094
Impairment of trade and other receivables	**(79)**	-	(69)
Trade and other receivables, net	**960**	2,303	1,025
Other receivables	**5**	71	72
Deposits and prepayments	**199**	197	138
	1,164	2,571	1,235

7 TRADE AND OTHER PAYABLES

	30 June 2009 Unaudited US$'000	30 June 2008 Unaudited US$'000	31 December 2008 Audited US$'000
Trade and other payables	**396**	466	425
Other payables and accrued charges	**685**	1,166	679
Amounts due to directors	**-**	101	-
	1,081	1,733	1,104

The fair value of trade and other payables is considered by management to be a reasonable approximation of their fair value.

8 DEFERRED TAXATION

Deferred tax liabilities recognised can be summarised as follows:

	30 June 2009 Unaudited US$'000	30 June 2008 Unaudited US$'000	31 December 2008 Audited US$'000
Non current liabilities	**13**	30	22

	30 June 2009 Unaudited US$'000	30 June 2008 Unaudited US$'000	31 December 2008 Audited US$'000
At 1 January	**22**	38	38
Credited to income statement	**(9)**	(8)	(16)
At 30 June	**13**	30	22

9 SHARE CAPITAL

	30 June 2009 Unaudited US$'000	30 June 2008 Unaudited US$'000	31 December 2008 Audited US$'000
Authorised			
4,000,000,000 ordinary shares of 0.25p	**18,470**	18,470	18,470
Allotted, issued and fully paid			
137,401,194 (30 June 2008:137,401,194, 31 December 2008:137,401,194) ordinary shares of 0.25p	**636**	636	636

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 30 June 2009, 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	

During the period, employee share-based expense of US$43,031 (period ended 30 June 2008 : US$54,175, year ended 31 December 2008:US$103,000) has been included in the income statement. No liabilities were recognized due to share-based payment transactions.