Annual Report and Accounts 2008

International Marketing & Sales Group Limited

Annual Report and Accounts
for the year to 31 December 2008
(Unaudited)

Financial Highlights

	2008	2007	2006	2005
	US$m	US$m	US$m	US$m
Revenue	**150.0**	155.2	96.5	41.8
Gross Profit	**55.4**	51.2	33.8	17.0
Operating Profit / (Loss)	**(55.4)**	9.7	7.3	4.8
Profit / (Loss) Before Tax	**(57.3)**	9.5	7.8	4.7
Basic earnings per share	**(79.0p)**	7.00p	7.93p	8.03p
Diluted earnings per share	**(77.9p)**	6.88p	7.73p	7.72p

Contents

Overview

International Marketing & Sales Group Limited is one of the leading companies offering a range of sales and marketing services to the emerging markets.

The Group's long term goal is to remain a leading international marketing services agency, operating in emerging markets such as Russia, CIS countries, Eastern Europe.

The Group's clients include multinational and local first tier companies operating in FMCG, telecommunications, retail trade, banking and finance, automotive, consumer electronics and pharmaceutical industries.

At the end of 2008 IMSG had offices predominantly in emerging markets: Principally; Moscow, Saint Petersburg, Yekaterinburg, Kazan, Nizhniy Novgorod, Novosibirsk, Rostov-on-Don, Samara, Krasnodar (Russia), Kiev (Ukraine), Almaty, Astana (Kazakhstan), Erevan (Armenia), Dushanbe (Tadjikistan), Tashkent (Uzbekistan), Istanbul (Turkey), New Delhi, Mumbai, Bangalore, Chennai, Kolkata, Hyderabad (India), Budapest (Hungary), Athens (Greece), Bucharest (Romania) Sofia (Bulgaria), Stockholm, Malmo (Sweden) and London (UK).

Chairman's statement

As 31st of December 2008, the group operated across 14 countries, the majority of which are situated in the emerging markets. 2008 was obviously an extremely difficult time for business worldwide, but in particular business in the emerging markets and in the marketing and advertising sectors have suffered. The group's figures represent a significant write-down of the assets previously purchased and of the total losses of US$85 million, US$63 million represented by goodwill impairment and other write-offs. The business generated US$10 million in cash from operations.

The group's difficulties in 2008 also compounded by the significant fall of the Rouble and other emerging market currencies against the US Dollar. Had the Rouble and other currencies remained close to previous levels the group's turnover in US dollar terms for 2008 would have been in excess of US$200 million. On the trading level significant losses were made in Russia, when at the beginning of 2008 the business suffered severe disruption from the loss of key staff. Substantial losses were also made in Turkey by RPM, which was disposed of during the year and Candid Marketing in India, which was disposed of subsequent to the year-end. 10 other businesses of the group outside of Russia posted profits for the year 2008, namely V&O, Eyzhn, Elektrik, HPS, BIP, Friends, Shared Value, ONE Media and Pragma.

The group was following an aggressive build and buy strategy aimed at becoming a leading emerging markets player in the marketing and advertising sector. It became clear during 2008 that this was no longer a viable strategy, due to the absence of any shareholder or banking support for further growth and decline of activity and prospects within those markets. The group therefore decided it was essential to reduce its costs and decrease the future commitments. During 2008 future payments due in the subsequent five years reached a level of US$39 million and bank borrowing to fund working capital and acquisitions have reached a level of US$15 million. The strategy implemented was to renegotiate with previous acquisitions and where possible return shares for the cancellation of commitment to further payments. The renegotiation with V&O & Shared Value was completed within 2008.

Post-balance sheet events.

On 27 February 2009, the company delisted from AIM. The details of this was circulated to shareholders on 16 February 2009 and the company continues to trade shares on the Swedish Aktie Torget market. On the circular to shareholders on 1 April 2009 we detailed further renegotiations with companies in the group, we disposed of Candid Marketing in India, our holding in Pragma Consulting in the UK, & One 2 Remember in Russia. We renegotiated a reduction of shareholding in Friends in Romania and Eyzhn in Greece in return for the cancellation of future commitments. We have ongoing negotiations with regard to HPS in Hungary and ONE Media in

Sweden. The forward commitments of the group have been significantly reduced and the bank borrowing currently stands at US$12.4 million.

The group's turnover for 2009 will be substantially reduced, the majority of the activity being with the balance of the group's assets in Russia together with the three remaining holdings of Elektrik & MAPP in Turkey and BIP in Romania. During the year the group would expect to embark on further cost saving measures to try and match costs with a much reduced turnover.

The worldwide recession has hit the group particularly hard, marketing and advertising often reacts first to market downturns. We have suffered in quick succession to not only the market situation but the drop-off all emerging market currencies against the US Dollar and our own local disruption at the beginning of 2008.

We are pleased to note that 10 of our operations traded profitably in US Dollar terms within the year, despite market conditions. However, with no recourse to new shareholders funds or bank borrowing we had no alternative but to significantly slim down the group by disposing or reducing shareholding in the companies which we had previously acquired. Currently we hope to trade profitably within 2009, however forecasting in the current environment is virtually impossible. Our focus is now to ensure that we survive through the recession and that we are in good condition for the upturn when it arrives.

I would like to thank our remaining staff from the hard work and effort that they have given the group over the past 12 months in what has been an extremely testing time for all of us.

Greg Thain
Executive Chairman

2008 Financial Highlights

- Revenue down 3% from US$155.2 million to US$150.0million
- Gross profit up 8% from US$51.2 million to US$55.4million
- Generated US$10 million in cash from operations (Cash used in 2007 of US$2 million)
- Cash of US$6.7 million (US$8.3 million as at 31 December 2007)

Operational Highlights

- The Group operates across five principal areas. These are:

  - **Outsourced Sales & Trade Marketing**: the Group has operations in Russia, India, Hungary, Romania and Turkey. Revenue decreased from US$45.1 million (2007) to US$30.7 million (2008), a variance of 32%.

  - **Events and Consumer Marketing**: the Group's revenue from Consumer Marketing decreased from US$82.7 million (2007) to US$54.5 million (2008), a variance of 34%.

  - **Multi Channel Marketing**: the Group's data driven businesses include IMS Interactive (internet projects), Eurocontact (call-centre), IRG (market research) and IMCA (market research). The Group's revenue from this service area increased from US$11.1 million (2007) to US$29.6 million (2008), an increase of 166%.

  - **Retail Marketing and Consultancy**: IMS Retail the Group's business unit targeted at the fast-growing retail trade sectors. The Group's revenue from Retail increased from US$12.2 million (2007) to US$19.7 million (2008), an increase of 62%.

  - **PR and IR**: the Group has continued to grow in this service area in 2008, following acquisitions made in 2007. The Group's revenue for PR and IR has increased from US$5.4 million (2007) to US$18.7 million (2008), an increase of 248%.

Directors

The Board currently consists of an Executive Chairman, three further Executive Directors and two Non-Executive Directors. Brief biographies of the Directors are set out below:

EXECUTIVE DIRECTORS

Greg Thain - Chairman and CEO (aged 55)
Greg is the founder of the Group. He has over 25 years experience in marketing, sales, publishing and market research. From 1985 to 1993 he was Chief Executive of International Communication & Data Plc (ICD), a company whose shares were traded on the Unlisted Securities Market of the London Stock Exchange. Greg came to Russia in 1993 at which time he established one of the first domestic market research agencies, named RMRC. This was acquired in 1998 by GfK Rus, the Russian subsidiary of GfK Group, a large European market research company. In 1996 he founded IMSG, one of the first domestic agencies specialising in below-the-line marketing. From 1998 to 1999, Greg was Managing Director of GfK Rus. He resigned from GfK Rus in 1999 to devote his time substantially to the Company. Between 1990 and 1995 he was Chairman of the Russian branch of Conservatives Abroad.

Terry Livingstone - CFO (aged 44)
Terry joined IMSG from the market research agency Henley Centre Headlight Vision (a WPP group company) where he has been Finance Director since August, 2006. He took up his position in IMSG on 1 October 2007. He is based at IMSG's London offices and reports directly to the Chairman. Terry was previously Group Finance Director of Tarantula International Limited, a below-the-line marketing agency with operations in Russia, China, Japan and the UK. He joined Tarantula in 2003 and moved to the Henley Centre after WPP's acquisition of Tarantula's UK operations in 2006. From 1999-2003, Terry was Commercial Director of IMSG.

Adrian Stewart - Director, Specialist Marketing (aged 35)
Adrian came to Russia in 1998 to join an IMSG affiliated marketing research company called RMRC, as marketing manager. After a few months, he moved to IMSG focusing in new business areas for IMSG. In 2000 Adrian assumed control of the Direct Marketing Division within IMSG. In 2001 he was promoted to Client Service Director to co-ordinate the development of IMSG's Customer Contact Center, as well as controlling several core IMSG Accounts. In 2004, Adrian became Director of IMS Financial and IMS Retail Business Units. Prior to coming to Russia, he worked for the Gazelle publishing company in the UK. Adrian holds a degree in European Philosophy from the University of East Anglia and a MA in American Studies from Keele University, UK.

Thomas Gad - Non-Executive Director (aged 57)
Thomas Gad is founder and director of Stockholm based Brandflight AB, a brand strategy consultancy and a branding advisory company with offices in Stockholm, London, Moscow, Hamburg, Paris and Johannesburg. He has worked on brand development, communication and advertising for some of the best known companies in the world, including Nokia (where he co-created the famous slogan "Connecting People"), SAS Scandinavian Airlines, Procter & Gamble, Compaq, Microsoft, Telia, SEB, and Nordea. Thomas is the author of the bestselling '4-D Branding' published in 2001 and the co-author of 'Managing Brand Me', published in 2002. As well as writing, Thomas gives lectures on branding across the world and he is the founder of Medinge Group, an international think-tank on branding. Thomas was Creative Director at Grey Advertising for 17 years.

Simon Dunlop - Non-Executive Director (aged 40)
Simon is a founding partner and director of EmCo Capital Partners Ltd, a private equity investment group based in Moscow and focused on the Russian consumer market. Simon is also Chairman of Russian Cinema Holdings Ltd., one of Russia's leading regional operators of multiplex cinemas and bowling alleys and co-founder and Chairman of Greenleaf Ingredients OOO in Russia. Previously, until 2006, Simon was Director of Strategic Planning of Bridgetown Snackfoods OOO, one of the leading manufacturers of Snackfoods in the CIS, which he co-founded in 1999. Simon's past appointments also include Head of Sales, distribution and logistics for Philip Morris Russia, where he developed and implemented a sales and distribution strategy for the full portfolio of PM products in Russia.

Report of the Directors

The Directors submit their annual report and unaudited consolidated financial statements of the Group for the year ended 31 December 2008.

Principal activities and review of business

The principal activity of the Group during 2008 was the provision of sales and marketing services in Russia, the CIS, Hungary, Turkey, India, Greece, Romania, Sweden and other emerging markets.

The Group's clients include blue-chip multinational and first-tier local companies operating in FMCG, telecommunications, retail trade, banking and finance, automotive, consumer electronics and pharmaceutical industries. The portfolio of services includes merchandising and sales support, consumer and trade promotions, advertising services & production, consulting and market research, direct marketing and CRM.

A detailed review of the business is included in the Chairman's Statement on page 3 and in the Operational Highlights section on page 5.

Results, dividends and significant transactions

The results for the year are shown in the consolidated income statement on page 16.

During the year IMSG made the following acquisitions:

- At the end of the acceptance period for the Offer on 6 May 2008, IMSG had received acceptances in respect of 95.33% of the issued share capital of ONE Media. A total of 5,656,777 ordinary shares in IMSG have been issued in respect of accepting shareholders in ONE Media. ONE Media's expertise in the field of direct marketing, which is the fastest growing form of marketing & communications, will complement IMSG's existing offering.

- On 2 May 2008, IMSG acquired 100% of Elektrik Iletişim Organizasyon Hizmetleri Limited Şirketi ('Elektrik'), the Turkish events organising agency established in 2006. In addition to event planning/organising, Elektrik's core business is through the line marketing & communication services.

- On 1 July 2008, IMSG completed the acquisition of EY ZHN Event Production and Entertainment Developments SA, an Athens based events production and management company. EY ZHN will enter the One 2 Remember international network and will lead the expansion and development in the Balkans, the Middle East, Africa and Cyprus.

Financial Risk Factors

The principal financial risks faced by the Group are disclosed in Note 30.

Directors and Directors' interests

The names of the current directors of the Company, together with brief biographical details, are set out on pages 5 - 6 above.

The Directors, who unless noted, served throughout the course of 2008, were:

Name	Position
Greg Thain	Chairman
Terry Livingstone	CFO
Michael Green	International Managing Director
Adrian Stewart	Director
Dr Daniel Thorniley	Non-Executive Director
Thomas Gad	Non-Executive Director
Simon Dunlop	Non-Executive Director

Details of the Company's remuneration policy for Directors and their interests in the shares and share options of the Company are set out in the Remuneration Report on page 13. No Director had any interest in any contract with the Company or its subsidiary undertakings.

In accordance with the Company's Articles of Association, all Directors retire and submit themselves for re-appointment at least once every three years and any Directors appointed since the last AGM will retire and offer themselves for re-appointment at the next AGM. Accordingly all Directors will retire at this year's AGM and will offer themselves for re-appointment.

Substantial interests

As at 29 June 2009, the Company has the following holdings of 2% or more of the issued share capital of the Company as per the shareholder register:

Shareholder	Holding at	%
CRANBOURN INVESTMENTS LIMITED	12,126,673	23.4%
STATE STREET NOMINEES LIMITED	7,138,793	13.8%
GREGORY NEIL THAIN	4,000,000	7.7%
EUROCLEAR NOMINEES LIMITED	2,727,173	5.3%
HSBC GLOBAL CUSTODY NOMINEE (UK) 1	1,324,082	2.6%
CREDIT SUISSE CLIENT NOMINEES (UK)	1,145,248	2.2%
HSBC GLOBAL CUSTODY NOMINEE (UK) 2	1,079,000	2.1%

Events since the balance sheet date

Details of important events affecting the Group which have taken place since the end of the financial period are given in note 32 to the financial statements.

Employees

The Group operates an open employment policy and a person's qualifications and suitability for a position are the only selection criteria. If an employee were to become disabled whilst in employment and as a result was unable to perform his or her duties, every effort would be made to offer suitable alternative employment and assistance with re-training.

The Group provides appropriate career development for its employees through a combination of internal and external training.

The well being of the Group's employees is safeguarded through the strict adherence to health and safety standards. All companies within the Group have taken the necessary action to ensure compliance with relevant statutory obligations.

The Group encourages the involvement of its employees in its future success through regular communication and through share ownership.

Regular meetings are held with employee representatives to discuss strategies and the financial position of the Group and their own business unit.

Details of current Director and employee share option schemes are shown in Note 27.

Creditor Payment Policy

It is Group policy to agree and clearly communicate terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon receipt of an accurate invoice.

Auditor

In accordance with the Companies (Jersey) Law 1991, the auditors, Moore Stephens LLP, Chartered Accountants and Registered Auditor were appointed during the year. A resolution for their appointment will be submitted at the forthcoming Annual General Meeting.

Disclosure of Information to Auditor

The directors confirm that so far as they are aware, there exists no relevant audit information of which the company's auditors are unaware and that each director has taken all the steps that he or she ought to have taken, as a director, in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal Risks and Uncertainties

IMSG, like all businesses, faces a number of risks and uncertainties as we conduct our operations. There are a number of risks that could impact the Group's long-term performance and steps are taken to understand and evaluate these in order to achieve our objective of creating long-term, sustainable returns for shareholders.

Assessment of the Group's risks is given a high priority by the board. We recognise that this is essential for not only the shareholders but all stakeholders in the Group. IMSG is a service company and the quality of its service on an effective, efficient and economic basis is of paramount importance. The Board receives a formal quarterly review of risk factors from its operational companies which include; a look at the local socio-economic prospects and environment of the countries in which it operates, exposure to any significant client or executive changes, any relevant legislative changes and changes in accounting or corporate governance.

Donations

During the period the Group and Company made no political or charitable donations.

Annual General Meeting

The Company's 2009 Annual General Meeting will take place in St. Helier, Jersey in September and formal notice of the AGM will be provided to all shareholders in due course.

Greg Thain
Chairman and CEO

Terry Livingstone
CFO

30 June 2009

Statement of Directors' Responsibilities

Jersey company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and the profit or loss of the Group for that period.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Jersey Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Group's financial statements have been prepared on the basis that the Group will continue to be a going concern for the foreseeable future. In forming this opinion, the Directors have reviewed the Group's performance since the accounts date, its budget and outline projections for 2009, including capital expenditure and cash flow forecasts and taken into account the bank facilities available to the Group.

The Directors have taken a great deal of care in reviewing the appropriateness of the preparation of the accounts on a going concern basis. The company continues to trade with a significant bank debt, however as we continue to work with the bank to find a solution that is appropriate for all stakeholders we believe that the accounts as prepared reflect the Directors expectation that the business will find a solution appropriate for all parties concerned. In the event that agreement cannot be reached the group will no longer be a going concern. The financial statements include no adjustments that would be necessary if the group was no longer able to continue as a going concern

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements are prepared in accordance with IFRS and with Jersey statutes comprising the Companies (Jersey) Law 1991 and the European Communities (Companies: Group Accounts) Regulations 1992. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Governance

Combined Code

The Combined Code appended to the Listing Rules of the Financial Services Authority, which sets out the principles of good governance and the code of best practice, applies to companies listed on the official list of the London Stock Exchange ("LSE") by virtue of the listing rules of the exchange. As the shares of the Company are not officially listed on the LSE, the Combined Code does not apply to it.

The Directors are however committed to high standards of corporate governance and, so far as practicable given the Company's size and constitution of the Board, the Company voluntarily complies with the Combined Code.

Board of Directors

As at 30 June 2009 the Board comprised an Executive Chairman, two further Executive Directors and two Non-Executive Directors. Reference to the Directors is given on pages 5 and 6.

The Board considers the Non-Executive Directors to be independent. Up to the date of his resignation the senior independent director was Daniel Thorniley. Following the resignation of Daniel Thorniley, Simon Dunlop has become the senior independent director. Executive directors A Popov and D Bodrenko resigned from the board in April 2008.

Under the Combined Code at least half the Board, excluding the Chairman, should comprise non-executive directors. Smaller companies are exempt from this requirement and, as such, the Company does not currently comply with it.

In accordance with the Company's Articles of Association, all Directors retire and re-submit themselves for re-appointment at least once every three years. All newly appointed Directors offer themselves for re-appointment at the AGM following their appointment.

Upon admission of the Company to AIM, the Company adopted the Model Code on dealings of directors and employees in securities (as set out in annex 1 of rule 9 of the Listing Rules of the FSA).

Remuneration Committee

As at 31 December 2008 the Remuneration Committee comprised Daniel Thorniley, Thomas Gad and Terry Livingstone.

The principal duties of the Remuneration Committee are to monitor, review and make recommendations to the Board on all aspects of the remuneration of the Directors of the Company and on the award of options. The Committee's policy is to establish remuneration packages that enable the Group to attract, retain and motivate Directors with the skill and experience necessary to manage a business of its size and type.

The Remuneration Committee meets at least once a year or more frequently if required.

Audit Committee

As at 31 December 2008 the Audit Committee comprised Simon Dunlop, Greg Thain and Terry Livingstone.

The Committee reviews the financial statements and monitors financial accounting policies and procedures, including statutory and regulatory compliance, together with the interim and preliminary results and Annual Report prior to their submission to the Board. In addition, the Committee reviews management reports on accounting and internal control matters and keeps under review the cost-effectiveness and objectivity of the Auditors. The Audit Committee has primary responsibility for making a recommendation on appointment, re-appointment and removal of auditors. The Chairman of the Audit Committee reports to the Board on the outcome of the Audit Committee meetings held and the Board receives the minutes of all such meetings.

The Audit Committee meets independently at least once a year, or more frequently if required.

The Combined Code requires that the Audit Committee comprises at least three Non-Executive Directors, the majority of whom should be independent. Smaller companies, such as the Company, are exempt from this provision.

Nomination Committee

Appointments to the Board are approved by the Board as a whole and, as such, no Nomination Committee has been appointed. Appointments to the Board are generally selected though the engagement of independent search consultants, together with consideration of the appropriateness of any internal candidates.

Communications with shareholders

The annual report and accounts and the interim statement at the half-year are the Company's primary means of communication with its shareholders. The Board uses the AGM to communicate with private investors and encourage their participation.

Company information and announcements are available on the corporate website at www.imsg.co.uk.

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness in identifying, evaluating and managing the significant risks faced by the Group. It does not provide absolute assurance against material misstatement or loss.

In order to discharge its responsibility, the Board has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. The Board has delegated authority to the Audit Committee to carry out certain tasks on its behalf.

In particular, the Audit Committee has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and procedures by which these risks are managed.

The control framework and key review processes in place over the various business operations of the Group are as follows:

- The Board sets corporate strategy and business objectives. The executive management integrate these objectives into their operational and financial business plans for presentation to the Board.

- Key elements of the Group's system of internal financial controls are as follows:

    - **Financial Reporting**: There is a comprehensive budgeting system with an annual budget and updated forecasts for the year which are prepared regularly. The Board reviews the Group's performance each month.

    - **Operating controls**: Financial and operating controls and procedures, including appropriate authorisation controls and procedures, are in place throughout the Group and are monitored *via* ongoing routines and special exercises.

    - **Functional speciality reporting**: The Group has identified a number of key areas that are subject to regular reporting to the Board, such as progress on acquisitions and other capital projects.

    - **Investment appraisal**: The Group has clearly identified guidelines for capital expenditure. These include an annual budget, detailed appraisal and review procedures, levels of authority and due diligence requirements.

- Executive management are responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls.

- The Board has reviewed the need to set up an internal audit function and has concluded that the size and nature of the Group's operations does warrant such a function, which has now been established.

- The Directors believe it is not appropriate to establish a separate Risk Committee as risk identification and management is the responsibility of the full Board.

Whilst any system of internal and financial control can provide only reasonable and not absolute assurance against misstatement or loss, the Board places a strong emphasis on adherence to the Group's control framework. The Board has reviewed the effectiveness of the system of internal control through the control framework and the key review processes set out in this Report.

Risk Management

In the ordinary course of business, the Group is exposed to and manages a variety of risks in relation to its activities.

The management of risk – operational, market, interest rate, liquidity, credit, currency and reputational – is fundamental to the Group, with the main Board of Directors (through the Audit Committee, together with the respective Boards of Directors of subsidiary companies and the internal audit function) having responsibility for the overall system of internal control and for periodically reviewing its effectiveness.

Each business within the Group is responsible for the identification and assessment of their particular risk exposures, and implementing risk management policies, limits and formal procedures.

The key areas of risk in relation to the use of financial instruments comprise credit risk (losses due to the inability or unwillingness of a customer to meet its obligations), interest risk (fluctuations in the prevailing levels of market rates of interest), liquidity risk (failure to meet financial obligations in a timely and cost effective manner due to mismatches in the maturity profile of assets and liabilities) and currency risk (adverse movements in exchange rates that will result in a decrease in the value of foreign currency assets, or an increase in the value of foreign currency liabilities).

Going Concern

The Group's financial statements have been prepared on the basis that the Group will continue to be a going concern for the foreseeable future. In forming this opinion, the Directors have reviewed the Group's performance since the accounts date, its budget and outline projections for 2009, including capital expenditure and cash flow forecasts and taken into account the bank facilities available to the Group.

The Directors have taken a great deal of care in reviewing the appropriateness of the preparation of the accounts on a going concern basis. The company continues to trade with a significant bank debt, however as we continue to work with the bank to find a solution that is appropriate for all stakeholders we believe that the accounts as prepared reflect the Directors expectation that the business will find a solution appropriate for all parties concerned. In the event that agreement cannot be reached the group will no longer be a going concern. The financial statements include no adjustments that would be necessary if the group was no longer able to continue as a going concern.

Remuneration Report

The Remuneration Committee ("the Committee") currently comprises Thomas Gad, Simon Dunlop and Terry Livingstone. The Committee provides advice and recommendations to the Board regarding the framework for executive remuneration, which it reviews annually and determines, on behalf of the Board, the individual remuneration packages of each Executive Director.

(a) Remuneration Policy

In framing its remuneration policy the Committee has given consideration to the Combined Code issued by the London Stock Exchange. The emphasis is upon attracting, retaining and motivating high calibre individuals as Executive Directors, whose remuneration is linked to the overall performance of the Group and so to the interests of the Shareholders.

The Remuneration Committee has access to independent advice where it considers it appropriate.

The key principles in deriving the remuneration packages of the Executive Directors are:

- To pay a competitive market salary having regard to the Director's experience and the need to attract and retain the highest quality management;
- To link individuals to the long term success of the Company through the opportunity of earning significant incentive payments from share related schemes if sustained growth in earnings per share or share price are achieved;
- It is intended to provide post-retirement benefits through a defined contribution pension scheme or its equivalent; and
- To provide a range of benefits such as life assurance and medical expenses insurance.

These packages are reviewed each year to ensure that they are focused on the Group's business objectives and the creation of shareholder value. Each Director is entitled to take the cash equivalent of non-salary benefits.

In addition, the Committee also approves share option awards to all employees.

(b) Directors' Base Salary

Salaries are reviewed annually by the Committee in June. When appropriate, the Committee commissions surveys for the purpose of monitoring overall remuneration levels against other peer group companies in the relevant business sector.

(c) Pension Contributions

The Group made no contribution to pensions in 2008.

(d) Bonus Scheme

Bonus payments are to be commensurate with market conditions and will be paid subject to the Remuneration Committee's approval and the achievement of performance targets.

(e) Executive Share Option Schemes

The 2002 Share Option Plan was adopted in 2002 for a term of 10 years. Details of this plan and performance criteria are set out in note 27.

(f) Service Agreements

Each Executive Director has an existing employment contract with a rolling notice period not exceeding 12 months.

(g) External Directorships

The Executive Directors are permitted to take external non-executive directorships, to provide them with wider experience for their own and the Group's benefit, subject to the approval of the Remuneration Committee and provided that the time commitment does not impact on the Executive's duties to the Group. The Directors concerned retain the fees from these appointments.

(h) Non-Executive Directors

Non-Executive Directors are appointed for a fixed period of one year subject to the Articles of Association. Upon the expiry period for each Non-Executive Director, the Board will consider re-appointment. Non-Executive Directors do not take part in discussions regarding their own remuneration. The basic fees payable to Non-Executive Directors are set by the Board, as a whole.

(i) Performance Evaluation

The Board is responsible for the performance evaluation of the Board, its committees and each Director. This is not carried out as a formal and rigorous evaluation and, as such, in this respect the Group is not compliant with the Combined Code.

(j) Related Party Transactions

Other than as set out in note 5, no Director was interested during or at the end of the year in any contract which was significant in relation to the Group's business and there are no further disclosures required under IFRS with respect to Directors.

(k) Directors' shares and options

The Directors and Secretary who held office as at 31 December 2008 had no interests other than those shown below in the shares in, or debentures or loan stock of, the Company or any Group companies.

Interests in the Share Capital of the Company

The following ordinary shares of €0.01 each are held by Directors in International Marketing & Sales Group Limited as at 31 December 2008:

Name of Director Director	Interest at the end of the period	Notes	Interest at beginning of the period
G Thain	4 000 000		4 000 000
G Thain	12 111 673	Held by Cranbourn Investments Limited, a company incorporated in the British Virgin Islands, of which Gregory Thain is the beneficial owner.	12 469 290
N Thain (son)	40 000		55 000
A Stewart	163 200		204 000
T Livingstone	122 000		150 000

Directors' Share Options

Directors' share options for the period 1 January 2007 – 31 December 2007 were as follows:

	Ordinary shares of €0.01 each 1 Jan 2007	Granted	Exercised	Redeemed	Ordinary shares of €0.01 each 31Dec 2007	Exercise Price US$	Market Price at date of exercise US$	Expiry date
A Popov	80 000	-	48 000	-	32 000	1.25	3.56	Jun. 12
A Popov	-	35 000	-	-	35 000	3.38	-	Sep. 12
D Bodrenko	200 000	-	130 000	-	70 000	0.55	3.56	Dec. 11
D Bodrenko	120 000	-	-	-	120 000	1.25	-	Sep. 12
D Bodrenko	-	20 000	-	-	20 000	3.38	-	Sep. 12
A Stewart	50 000	-	-	-	50 000	0.55	-	Dec. 11
A Stewart	-	20 000	-	-	20 000	3.38	-	Sep. 12
T Livingstone	-	10 000	-	-	10 000	3.38	-	Sep. 12
	450 000	85 000	178 000	-	357 000			

Directors' share options for the period 1 January 2008 – 31 December 2008 were as follows:

	Ordinary shares of €0.01 each 1 Jan 2007	Granted	Exercised	Redeemed	Ordinary shares of €0.01 each 31Dec 2007	Exercise Price US$	Market Price at date of exercise US$	Expiry date
A Stewart	50 000	-	-	-	50 000	0.55	-	Dec. 11
A Stewart	-	20 000	-	-	20 000	3.38	-	Sep. 12
T Livingstone	-	10 000	-	-	10 000	3.38	-	Sep. 12
	450 000	85 000	178 000	-	357 000			

The share options provided to A Popov and D Bodrenko were cancelled upon their resignation in April 2008.

Consolidated Income Statement

In thousands of US Dollars	Notes	Year to 31 December 2008	Year to 31 December 2007
Continuing operations:			
Revenue	4	149 957	155 235
Cost of sales		(94 576)	(104 030)
Gross profit	**4**	**55 381**	**51 205**
Other operating income	22	911	789
General and administrative expenses	22	(66 044)	(42 139)
Other operating expenses	22	(45 683)	(147)
Operating profit		**(55 435)**	**9 708**
Finance income	23	216	985
Finance costs	24	(2 098)	(1 164)
Profit before income tax		**(57 317)**	**9 529**
Income tax expense	25	(1 709)	(2 553)
Profit for the year from continuing operations		**(59 026)**	**6 976**
Discontinued operations:			
Profit/(loss) for the year from discontinued operations		(26 183)	-
Profit for the year		**(85 209)**	**6 976**
Profit is attributable to:			
Equity holders of the Company		(84 885)	5 611
Minority interests		(324)	1 365
Profit for the year		**(85 209)**	**6 976**
Earnings per share:			
Basic	26	(79.02) pence	7.00 pence
Diluted	26	(77.86) pence	6.88 pence

The accompanying notes form an integral part of these financial statements.

International Marketing & Sales Group Limited

Consolidated Balance Sheet

In thousands of US Dollars	Notes	31 December 2008	31 December 2007
Assets			
Non-current assets			
Property, plant and equipment	6	3 147	4 679
Investment property		8	10
Goodwill	7	14 657	76 515
Other intangible assets	8	1 014	1 978
Investments in associates	10	1 364	-
Deferred income tax asset	25	540	1 255
Investments		-	101
Other non-current assets	9	696	902
Total non-current assets		**21 426**	**85 440**
Current assets			
Inventories	11	760	429
Trade and other receivables	12	35 218	60 703
Current income tax prepayments		1 778	1 735
Finance lease receivables		17	-
Investments	13	75	1 329
Cash and cash equivalents	14	6 710	8 313
Total current assets		**44 558**	**72 509**
Total assets		**65 984**	**157 949**
Equity			
Share capital	15	636	534
Other reserves	16	77 112	65 346
Retained earnings		(72 457)	14 045
Equity attributable to the Company's equity holders		**5 291**	**79 925**
Minority interests	17	**1 410**	**3 298**
Total equity		**6 701**	**83 223**
Liabilities			
Non-current liabilities			
Borrowings	18	11 551	180
Deferred income tax liability	25	250	1 062
Trade and other payables	21	4 584	20 015
Provision for employee benefits	20	102	341
Total non-current liabilities		**16 487**	**21 598**
Current liabilities			
Borrowings	18	9 167	981
Trade and other payables	21	30 701	45 854
Current income tax payable		356	3 115
Other taxes payable	19	2 448	3 042
Provisions		124	136
Total current liabilities		**42 796**	**53 128**
Total liabilities		**59 283**	**74 726**
Total liabilities and equity		**65 984**	**157 949**

Approved for issue and signed on behalf of the Board of Directors on 30 June 2009

Greg Thain / Chairman and CEO

Terry Livingstone / CFO

The accompanying notes form an integral part of these financial statements.

International Marketing & Sales Group Limited

Consolidated Statement of Changes in Equity

In thousands of US Dollars	Attributable to equity holders of the Company				Minority interests	Total Equity
	Share capital	Other reserves	Retained earnings	Total		
Balance at 31 December 2005	**361**	**16 412**	**4 344**	**21 117**	**7**	**21 124**
Profit for the year	-	-	4 965	4 965	1 083	6 048
Shares issued	49	17 709	-	17 758	-	17 758
Share based expenses	-	-	(84)	(84)	-	(84)
Share options exercised	4	313	(134)	183	-	183
Own shares	(6)	(1 003)	(15)	(1 024)	-	(1 024)
Acquisitions in the year	-	-	-	-	1 780	1 780
Dividends	-	-	-	-	(499)	(499)
Balance at 31 December 2006	**408**	**33 431**	**9 076**	**42 915**	**2 371**	**45 286**
Currency Translation	-	166	-	166	308	474
Net Income recognised directly in equity	**-**	**166**	**-**	**166**	**308**	**474**
Profit for the year	-	-	5 611	5 611	1 365	6 976
Total recognised income for 2007	**-**	**166**	**5 611**	**5 777**	**1 673**	**7 450**
Shares issued	125	31 587	-	31 712	-	31 712
Share based payments	-	80	-	80	-	80
Share options exercised	4	190	-	194	-	194
Own shares	(3)	(664)	(10)	(677)	-	(677)
Contribution from minority	-	556	-	556	-	556
Acquisition of minority interest	-	-	-	-	623	623
Dividends	-	-	(632)	(632)	(1 369)	(2 001)
Balance at 31 December 2007	**534**	**65 346**	**14 045**	**79 925**	**3 298**	**83 223**
Disposals or impairment	-	-	698	698	(1 520)	(822)
Currency Translation	-	-	(2 025)	(2 025)	(299)	(2 324)
Net Income recognised directly in equity	**-**	**-**	**(1 327)**	**(1 327)**	**(1 819)**	**(3 146)**
Profit for the year	-	-	(84 885)	(84 885)	(324)	(85 209)
Total recognised income for 2008	**-**	**-**	**(86 212)**	**(86 212)**	**(2 143)**	**(88 355)**
Shares issued	102	11 688	-	11 790	-	11 790
Share based payments	-	-	-	-	-	-
Share options revaluation	-	78	-	78	-	78
Own shares	-	-	-	-	-	-
Contribution from minority	-	-	-	-	-	
Acquisition of minority interest	-	-	-	-	500	500
Dividends	-	-	(290)	(290)	(245)	(535)
Balance at 31 December 2008	**636**	**77 112**	**(72 457)**	**5 291**	**1 410**	**6 701**

The accompanying notes form an integral part of these financial statements.

International Marketing & Sales Group Limited

Consolidated Statement of Cash Flows

In thousands of US Dollars	Notes	Year ended 31 December 2008	Year ended 31 December 2007
Cash flows from operating activities			
Profit for the year		**(58 799)**	**6 976**
Depreciation and impairment of property, plant and equipment	6	1 393	1 680
Amortisation and impairment of other intangible assets	8	304	382
Impairment of trade and other receivables		3 220	(26)
Impairment of goodwill & write-off of investments		55 563	-
Losses / (Gains) on disposals of property, plant and equipment		1 348	234
Losses less gains on early redemption of borrowings		2	-
Revaluation of property, plant and equipment		2 962	(16)
Income tax expense	25	1 709	2 553
Interest income	23	(216)	(985)
Interest expense		1 219	433
Share option revaluation		78	80
Gains on trading investments		-	(411)
Provision for retirement obligations		(18)	77
Discounted cost of deferred consideration	24	879	727
Foreign exchange translation and monetary losses		(1 831)	143
Operating cash flows before working capital changes		**5 814**	**11 847**
Increase in trade and other receivables		25 896	(13 082)
Decrease / (Increase) in inventories		(17)	757
(Decrease) / Increase in trade and other payables		(18 419)	(1 582)
(Decrease) / Increase in taxes payable		(3 028)	(340)
Cash (used in) / generated from operations		**10 246**	**(2 400)**
Income taxes paid		(1 529)	(2 571)
Interest received		210	985
Interest paid		(898)	(433)
Net cash used in operating activities		**8 029**	**(4 419)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1 237)	(1 934)
Proceeds from sale of property, plant and equipment		16	8
Proceeds from sale of investments and investment property		100	215
Acquisition of subsidiaries, net of cash acquired	7	(18 417)	(24 725)
Acquisition of intangible assets	8	(919)	(1 074)
Net cash used in investing activities		**(20 457)**	**(27 510)**
Cash flows from financing activities			
Proceeds from borrowings		38 002	7 501
Repayment of borrowings		(23 729)	(9 123)
Financing the subsidiary with discontinued operations		(213)	-
Issue of ordinary shares	15,16	(12)	31 357
Share options exercised		-	194
Withholding tax on dividends paid		(128)	(117)
Dividends declared to former shareholders for pre-acquisition period		(188)	-
Purchase of treasury shares	15,16	-	(677)
Contribution from minority		-	556
Dividends paid to the Company's shareholders	15	-	(632)
Net dividends received from subsidiaries with discontinued Ops		847	-
Dividends paid to minority interests	15	(220)	(1 508)
Net cash from financing activities		**14 359**	**27 551**
Net decrease in cash and cash equivalents		**1 931**	**(4 378)**
Translation differences		**(373)**	**773**
Net cash inflow / (outflow) from discontinued operations		**(3 161)**	**-**
Cash and cash equivalents at the beginning of the year	14	**8 313**	**11 918**
Cash and cash equivalents at the end of the year	14	**6 710**	**8 313**

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements 31 December 2008

1. The IMS Group and its Operations

The financial statements of International Marketing & Sales Group Ltd (the "Company") and its subsidiaries (together referred to as the "Group" or "IMS Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2008.

The Company was incorporated and is domiciled in Jersey. The Company is a limited publicly traded company set up in accordance with Jersey regulations.

Principal activity. The Group's principal business activity is the provision of sales and marketing services in Russia, the CIS, Eastern Europe, Hungary, Turkey, Greece, Romania, Bulgaria and India.

Registered address. The Company's registered address is 47 Esplanade, St Helier, Jersey

List of subsidiaries. As at 31 December 2008 the Group included the following subsidiaries and joint ventures:

Company name	Type	Country of incorporation	Percentage of ownership
Al Ai LLC	subsidiary	Kazakhstan	100%
Business Ideas Provider Grup SRL	subsidiary	Romania	100%
BSCG LLC	subsidiary	Ukraine	100%
Cubiculum Limited	subsidiary	UK	100%
Cubiculum Limited	subsidiary	Cyprus	100%
Dialog TVK LLC	subsidiary	Russia	100%
Fabrik Media SRL	subsidiary	Romania	70%
Fabrik New Media SRL	subsidiary	Romania	70%
Friends Advertising SRL	subsidiary	Romania	70%
Friends HoldCo SRL	subsidiary	Romania	70%
Fusion Marketing Services ZAO	subsidiary	Russia	100%
HPS Direct Sales Kft	subsidiary	Hungary	60%
HPS Experience Kft	subsidiary	Hungary	60%
HPS Marketing es Szolgaltato Korlatolt Felelossegu Tarsasag	subsidiary	Hungary	60%
IM Project Magic Ltd	subsidiary	Cyprus	100%
Image Tank SRL	subsidiary	Romania	70%
IMCA Research LLC	subsidiary	Russia	70%
IMS Group Ukraine LLC	subsidiary	Ukraine	90%
IMS Holding Limited	subsidiary	Cyprus	100%
Integrated Marketing Solutions LLC	subsidiary	Russia	100%
Interactive Research Group LLC	subsidiary	Russia	100%
International Marketing and Sales Group Plc	subsidiary	Ireland	100%
Internexus Ltd Cyprus	joint venture	Cyprus	60%
ITM LLC	subsidiary	Russia	100%
ITM Self service	subsidiary	Uzbekistan	100%
M.A.P.P (Mapp Pazarlama ve Tanitim Hizmetleri Ltd Sti)	subsidiary	Turkey	49%
Marketing Solutions LLC	subsidiary	Russia	100%
One2Remember JSC	subsidiary	Russia	100%
OOO IMS Marketing	subsidiary	Russia	100%
OOO Specialized Marketing Services	subsidiary	Russia	100%
Pragma Consulting Limited	subsidiary	UK	100%
Promer (Promer Tanitim Hizmetleri Tic Ltd Sti)	subsidiary	Turkey	49%
Promotion Store Kft	subsidiary	Hungary	60%
Retail Express Kft	subsidiary	Hungary	60%
New Style Media LLC (former RSDP Rus LLC)	joint venture	Russia	75%
Tarantula (Cyprus) Limited	subsidiary	Cyprus	100%
Tarantula ZAO	subsidiary	Russia	100%
TTL Marketing LLC	subsidiary	Russia	100%
V+O Advertising Consulting Societe Anonyme with subsidiaries	subsidiary	Greece	100%
Velvet Media SRL	subsidiary	Romania	70%
ZAP Medya Tanitim ve Iletsim Hizmetleri Dis Tiscaret A.S with subsidiaries	subsidiary	Turkey	70%
OOO «Integrated Trade Marketing»	subsidiary	Armenia	100%

2. Basis of Preparation and Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union (EU) as at 31 December 2008 and are applied in accordance with the Companies (Jersey) Law 1991. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Financial Statements are principally prepared on the historical cost basis. Areas where other bases are applied are identified in the accounting policies below.

Group reorganisation. The Group was reorganised under a Scheme of Arrangement under which International Marketing and Sales Group Limited (incorporated in Jersey) acquired 100% of the issued share capital of the former holding company, International Marketing and Sales Group Plc (incorporated in Ireland) under a share for share exchange. There has been no change in ultimate beneficial ownership and consequently the provisions of IFRS3 do not apply. The business combination has been treated on the pooling of interests basis.

Presentation currency. All amounts in these financial statements are presented in thousands of US Dollars ("US$ thousands"), unless otherwise stated.

Accounting for the effects of hyperinflation. The financial statements of the Group's Turkish operations as of 31 December 2008 have been restated in terms of the equivalent purchasing power of the New Turkish Lira as at 31 December 2008.

Consolidated financial statements. Subsidiaries are those companies and other entities in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries with the exception of the Group reorganisation, as referred to above. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases.

Deferred consideration is based on best estimates of the ultimate consideration payable discounted based on the Company's estimate of the cost of borrowing (previously weighted average cost of capital), which in the Directors' view more accurately reflects the cost of the estimated purchase consideration.

The excess of the cost of acquisition over the fair value of the net assets of the acquiree at each exchange transaction represents goodwill.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Minority interest is that part of the net results and of the net assets of a subsidiary, including the fair value adjustments, which is attributable to interests which are not owned, directly or indirectly, by the Company. Minority interest forms a separate component of the Group's equity.

Purchases of minority interests. The difference, if any, between the carrying amount of a minority interest and the amount paid to acquire it is recorded as goodwill.

Property, plant and equipment. Property, plant and equipment are stated at cost, except for property, plant and equipment denominated in Turkish Lira which was restated to the equivalent purchasing power of Turkish Lira at 31 December 2008, less accumulated depreciation and provision for impairment, where required.

At each reporting date the management assess whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the income statement. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals, determined by comparing proceeds with carrying amounts, are recognised in the income statement.

Depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Computer equipment	3 to 5 years
Motor vehicles	3 years
Office fixtures, fittings, equipment	3 to 10 years
Leasehold improvements	over the term of the underlying lease

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Operating leases. Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments, including those on expected termination, are charged to profit or loss on a straight-line basis over the period of the lease.

When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

Finance lease liabilities. Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

Goodwill. Goodwill represents the excess of the cost of an acquisition over the fair value of the acquirer's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate at the date of exchange. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated balance sheet. Goodwill is carried at cost less accumulated impairment losses, if any.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the acquirer's cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or group of units represent the lowest level at which the Group monitors goodwill and are not larger than a segment. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Impairment. At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Other intangible assets. All of the Group's other intangible assets have finite useful lives and primarily include capitalised computer software, trademarks, databases and licences.

Acquired computer software licences, databases and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Rights	20 years
Databases	2 to 5 years
Software licences	3 years
Capitalised internal software development costs	14 to 20 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Investments. Investments are initially recorded at fair value.
Listed shares held by the Group that are traded in an active market are classified as available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recorded in the statement of income.

Interest income on available for sale investments is calculated using the effective interest method and recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

The Group derecognises financial assets when (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with local tax legislation enacted or substantively enacted by the balance sheet date. The income tax charge comprises current tax and deferred tax and is recognised in the consolidated income statement unless it relates to transactions that are recognised, in the same or a different period, directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax losses carried forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is provided on post acquisition retained earnings of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the first in first out basis. The cost of work in progress comprises purchased material, direct labour, other direct costs but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Trade and other receivables. Trade and other receivables are carried at amortised cost using the effective interest method. An allowance account for credit losses for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement.

Cash and cash equivalents. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented as share premium.

Treasury shares. Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Dividends. Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

Employee Benefits Obligations. Employee benefits obligations are computed using the Projected Unit Credit Method to determine the present value of the Group's defined benefit obligations and the related current service cost in accordance with IAS 19 (Employee Benefits).

Borrowings. Borrowings are carried at amortised cost using the effective interest method. Borrowing costs are recognised as an expense on a time proportion basis.

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost using the effective interest method.

Provisions. Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. 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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Foreign currency translation. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The principal currencies of the Group's subsidiaries are set out below. The Company's functional currency and the Group's presentation currency is the US Dollar.

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in the income statement. Translation at year-end rates does not apply to non-monetary items, including equity investments which are translated at the rate prevailing at the date of the transaction. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

Translation from functional to presentation currency. The results and financial position of each Group entity are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
(iii) All resulting exchange differences are recognised as a separate component of equity;
(iv) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the exchange differences deferred in equity are reclassified to profit or loss.

Revenue recognition. Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenues from sales of goods are recognised at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Group agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point.

Sales are shown net of VAT and discounts. Revenues are measured at the fair value of the consideration received or receivable. Interest income is recognised on a time-proportion basis.

Research and development costs. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs relating to the provision of services with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, on average over 3 years.

Employee benefits. Wages, salaries, contributions to the local state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Segment reporting. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Share based payments. The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value, determined at the grant date of the equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred consideration. Deferred consideration is based on management's best estimate of the ultimate consideration payable, discounted using the Group's estimated borrowing rate applicable at the time of accounting for each acquisition.

Estimated impairment of goodwill. The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 7.

Tax legislation. Tax, currency and customs legislation is subject to varying interpretations. Refer to Note 29.

Deferred income tax asset recognition. The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded on the balance sheet. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future. Management makes judgements and applies estimates based on the last three years' taxable profits and expectations of future income that are believed to be reasonable under the circumstances.

3. Adoption of New or Revised Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007. The impact on the adoption of these new and revised standards and interpretations is accounted for in these financial statements.

At 31 December 2008, the following Standards and Interpretations, which affect the Group, were in issue but not yet effective:

New standards and interpretations:

IFRS 8	Operating segments
IFRIC 11	Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction

Revisions to existing standards:

IAS 1	Changes relating to disclosure and presentation of performance
IAS 23	Changes relating to capitalisation of borrowing costs on qualifying assets

The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any impact on the financial statements other than:

1. IAS 1: The revisions to this standard require some presentational changes. The revisions to the standard are effective for accounting periods beginning on or after 1 January 2009.

2. IFRS 8: The standard will require changes to segmental reporting, concentrating on information that is reported internally. The standard is effective for accounting periods beginning on or after 1 January 2009.

4. Segment Information

The Group's primary format for reporting segment information is business segments and the secondary format is geographical segments.

Business Segments. The Group is organised on a basis of five main business segments:

- Outsourced Sales & Trade Marketing – this segment offers a range of outsourced sales solutions enabling our clients to manage the challenges of a fragmented/changing retail environment, focus on core competencies, and increase efficiency. Services provided represent in-store merchandising, shared programs, sales and distribution, retail audits, POS production and distribution.
- Events & Consumer Marketing – this segment focuses on programs that reach the customer face-to-face and achieve a real and impactful brand experience representing creative brand promotions, large-scale direct communications, in-store consulting and sampling, corporate events, marketing and PR events and themed conferences.
- Multi Channel Marketing – this segment provides a larger variety of services such as concept testing and consultancy, market simulation and range/price optimisation, BTL effectiveness evaluation, market segmentation, customer satisfaction, behavioural research, internet research, internet publishing,

permission based e-mail marketing, internet support – design and programming, direct marketing, contact centre and database development.

- Retail Marketing & Consultancy – this segment has specialist divisions dedicated to serving clients in the rapidly-growing Retail sector. Services provided represent in-store merchandising, store opening events, consulting, advertising sales, outsourced specialist sales teams, promotions, creative and production.
- PR & IR – this segment provides services, which include financial public relations, investor relations and business and marketing communications.

Transactions between the business segments are on normal commercial terms and conditions. Internal charges between segments have been reflected in the performance of each business segment.

Segment information for the main reportable business segments of the Group for the years ended 31 December 2008 and 2007 is set out below:

In thousands of US$	Outsourced Sales & Trade Marketing		Events & Consumer Marketing		Multi Channel Marketing		Retail Marketing & Consultancy		PR & IR		Other		Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue														
Total revenue	30 748	45 091	54 519	82 736	29 582	11 100	19 738	12 208	18 700	5 377	164	-	153 451	156 512
Inter-segment revenue	216	352	2 257	41	782	884	-	-	239	-	-	-	3 494	1 277
Revenue from third parties	**30 532**	**44 739**	**52 262**	**82 695**	**28 800**	**10 216**	**19 738**	**12 208**	**18 461**	**5 377**	**164**	**-**	**149 957**	**155 235**
Gross profit	**7 293**	**14 343**	**9 584**	**22 968**	**23 051**	**6 847**	**6 222**	**4 154**	**9 118**	**2 893**	**113**	**-**	**55 381**	**51 205**
Overheads and other results	15 305	11 382	27 190	19 362	28 682	5 863	5 623	3 663	22 427	1 406	13 471	-	112 698	41 676
Profit before tax	**(8 012)**	**2 961**	**(17 606)**	**3 606**	**(5 631)**	**984**	**599**	**491**	**(13 309)**	**1 487**	**(13 358)**	**-**	**(57 317)**	**9 529**
Profit/(loss) from discontinued operations	(3 768)	-	(22 415)	-	-	-	-	-	-	-	-	-	(26 183)	-
Segment assets	10 034	28 497	19 370	62 832	17 973	18 626	6 117	9 395	12 125	38 599	365	-	65 984	157 623949
Segment liabilities	6 471	12 951	20 441	27 374	21 650	7 780	5 631	1 845	5 022	24 776	68	-	59 283	74 726
Capital expenditure	205	240	400	1 179	296	109	283	277	279	165	-	-	1 463	1 970
Expenditure on intangible assets	252	360	255	341	507	138	250	138	186	97	5	-	1 455	1 074
Depreciation and amortisation	282	400	627	1 088	456	169	117	285	219	120	-	-	1 701	2 062

Geographical segments. The Group's five business segments operate in five main geographical areas. Segment information for the five main geographical segments of the Group is set out below.

In thousands of US$	Russia		Turkey		Hungary		Greece		Romania		Rest of the World		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue by country	**64 479**	**90 130**	**15 526**	**32 224**	**15 123**	**14 260**	**12 035**	**4 782**	**12 285**	**4 848**	**30 509**	**8 991**	**149 957**	**155 235**
	43%	58%	10%	21%	10%	9%	8%	3%	8%	3%	20%	6%	100%	100%
Gross profit	14 786	32 984	1 962	5 495	4 763	3 835	5 740	3 225	4 259	2 399	23 871	3 267	55 381	51 205
Overheads and other results	27 644	28 335	5 452	3 592	8 820	3 694	12 134	1 670	6 619	1 236	52 029	3 149	112 698	41 676

Profit/(loss) before tax	**(12 858)**	**4 649**	**(3 490)**	**1 903**	**(4 057)**	**141**	**(6 394)**	**1 555**	**(2 360)**	**1 163**	**(28 158)**	**118**	**(57 317)**	**9 529**
Profit / (loss) from discontinued operations	(3 007)	-	(19 408)	-	-	-	-	-	-	-	(3 768)	-	(26 183)	-
Segment assets	13 703	47 158	3 641	32 549	5 328	10 151	8 313	21 444	3 870	10 230	31 129	36 417	65 984	157 949
Segment liabilities	17 697	12 903	8 968	16 778	2 674	2 613	5 467	13 073	2 242	6 408	22 235	22 951	59 283	74 726
Capital expenditure	476	1 380	273	198	22	80	134	156	147	75	411	81	1 463	1 970
Expenditure on intangible assets	666	838	-	180	4	13	65	-	-	16	720	27	1 455	1 074
Depreciation and amortisation	822	1 313	178	247	104	92	187	112	78	61	332	237	1 701	2 062

External revenue is based on where the customer is located. Head office and common costs were allocated to segments basing on cost drivers such as segment headcount and segment revenue.

5. Balances and Transactions with Related Parties

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Directors' interests

The Directors who held office at 31 December 2008 had the following interests in the ordinary shares of the Group:

Name of director	31 December 2008	31 December 2007	1 January 2007
G Thain	16 111 673	16 111 673	16 469 290
A Stewart	163 200	163 200	204 000
T Livingstone	122 000	122 000	150 000
M Green	-	-	-
D Thornley	-	-	-
Total	**17 169 133**	**17 169 133**	**17 673 070**

Directors' share options

The Group provides share options to key management personnel. A summary of share options granted to the Board Directors is set out below:

	Outstanding options as at 01.01.2007	Granted within 2007	Exercised within 2007	Outstanding options as at 31.12.2007	Average Exercise price, US Dollars	Gains on Exercised share options, US Dollar thousand	Expiry date
A. Stewart	50 000	-	-	50 000	0.55	-	December 2011
	-	20 000	-	20 000	3.38	-	June 2012

	Outstanding options as at 01.01.2008	Granted within 2008	Exercised within 2007	Outstanding options as at 31.12.2008	Average Exercise price, US Dollars	Gains on Exercised share options, US Dollar thousand	Expiry date
T Livingstone	-	10 000	-	10 000	3.38	-	June 2012
Total	**50 000**	**30 000**	**-**	**80 000**			

	Outstanding options as at 01.01.2008	Granted within 2008	Exercised within 2007	Outstanding options as at 31.12.2008	Average Exercise price, US Dollars	Gains on Exercised share options, US Dollar thousand	Expiry date
A. Stewart	50 000	-	-	50 000	0.55	-	December 2011
	20 000	-	-	20 000	3.38	-	June 2012
T Livingstone	10 000	-	-	10 000	3.38	-	June 2012
Total	**80 000**	**-**	**-**	**80 000**			

6. Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Land and buildings			Plant and Machinery			
	Property	Building Renovation	Leasehold Improvement	Computer Equipment	Fixtures and Equipment	Motor Vehicle	Total
Cost or valuation							
As at 1 January 2007	**301**	**6**	**704**	**1 441**	**1 624**	**1 252**	**5 328**
Additions	-	-	751	491	572	156	1 970
Acquisition of subsidiary undertakings	-	239	65	374	471	390	1 539
Disposals	-	-	(261)	(31)	(129)	(312)	(733)
Transfers	-	-	-	(38)	38	(76)	(76)
Exchange adjustment	33	-	2	10	62	42	149
As at 31 December 2007	**334**	**245**	**1 261**	**2 247**	**2 638**	**1 452**	**8 177**
Additions	-	3	170	147	856	287	1 463
Acquisition of subsidiary undertakings	-	16	32	78	923	488	1 537
Impairment loss	-	-	(1 058)	(960)	(778)	-	(2 796)
Disposals	(218)	(129)	(186)	(720)	(940)	(1 097)	(3 290)
Transfers	-	-	-	23	(23)	-	-
Exchange adjustment	(36)	(1)	(32)	123	(117)	1	(62)
As at 31 December 2008	**80**	**134**	**187**	**938**	**2 559**	**1 131**	**5 029**
Depreciation							
As at 1 January 2007	**11**	**-**	**432**	**856**	**715**	**403**	**2 417**
Charge for period	15	29	163	509	504	460	1 680
Impairment losses				1		(31)	(30)
Adjustments on revaluations	-	-	-	(3)	-	-	(3)
Disposals	-	-	(173)	-	(119)	(274)	(566)
Transfers	-	-	-	(37)	37	-	-
As at 31 December 2007	**26**	**29**	**422**	**1 326**	**1 137**	**558**	**3 498**
Charge for period	35	31	93	278	842	326	1 605
Impairment losses	-	-	(353)	(842)	(495)	-	(1 690)
Adjustments on revaluations	-	-	-	-	-	20	20
Disposals	(45)	(27)	(24)	(309)	(543)	(628)	(1 576)
Exchange adjustment	-	-	2	53	(17)	(13)	25
As at 31 December 2008	**16**	**33**	**140**	**506**	**924**	**263**	**1 882**
Net book value							
As at 1 January 2007	290	6	272	585	909	849	2 911
As at 31 December 2007	308	216	839	921	1 501	894	4 679
As at 31 December 2008	64	101	47	432	1 635	868	3 147

At 31 December 2008 no property, plant and equipment was pledged to third parties as collateral for borrowings.

7. Goodwill

- On 2 May 2008, the Group acquired Elektrik, a Turkish based events agency. The Group acquired a 100% stake for an estimated total consideration of US$5.5 million based on the company's future performance at the date of acquisition.
- On 6 May 2008, the Group acquired by way of share swap 95.3% of One Media Holdings SA. A Swedish based multi-channel marketing and communications agency.
- In July 2008, the Group acquired EY ZHN, an Athens based events agency. The Group acquired a 100% stake for an estimated total consideration of US$7.1 million based on the company's future performance at the date of acquisition.

Movements in goodwill arising on the acquisition of subsidiaries are:

	2008	2007
Carrying amount at 1 January	**76 515**	**23 828**
Restatement of previously recognised goodwill	747	702
Acquisition of subsidiaries	15 287	51 985
Disposal of subsidiary	(20 719)	-
Impairment loss	(55 655)	-
Change to associate	(1 320)	-
Translation to presentation currency	(198)	-
Carrying amount at 31 December	**14 657**	**76 515**

Goodwill Impairment Test:

Goodwill is allocated to cash-generating units (CGUs) which represent the lowest level within the Group at which the goodwill is monitored by management:

In thousands of US Dollars	2008	2007
V+O Communications	3 121	14 753
RPM/ Radar & F-Stop	-	11 413
Shared Value	-	10 602
ZAP Medya	-	8 070
Pragma Consulting	21	6 444
HPS Marketing	735	6 359
Cubiculum Limited	1 232	4 412
Candid Marketing	-	3 550
Friends	925	3 480
BIP	3 106	3 030
IMCA Research	-	1 426
Tarantula	-	1 026
MAPP & Promer	1 208	959
One2Remember	421	470
IRG	-	94
IMS Interactive	-	379
One Media	945	-
EY ZHN	304	-
Elektrik	2 591	-
Other	48	48
Total carrying amount of goodwill	**14 657**	**76 515**

In accordance with the Group's accounting policy, the carrying values of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using consistent gross margins and the estimated growth rates of 5% using a 6.25% discount rate. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates. The discount rates used are pre-tax.

The results of the subsidiaries acquired during the year were as follow:

	Post Acquisition Period	
	Revenue	PAT
One Media	19 374	369
Ey Zhn	2 849	25
Elektrik	3 117	(9)

8. Other Intangible Assets

In thousands of US Dollars	Internally developed software	Acquired software licences	Trade-marks	Licensed technology	Databases	Total
Cost at 1 January 2007	458	582	-	134	542	**1 716**
Accumulated depreciation	124	152	-	7	374	**657**
Carrying amount at 1 January 2007	**334**	**430**	**-**	**127**	**168**	**1 059**
Acquisitions through business combinations	-	205	-	16	-	**221**
Additions	232	457	5	380	-	**1 074**
Amortisation charge	72	126	-	42	142	**382**
Translation to presentation currency	-	6	-	-	-	**6**
Cost at 31 December 2007	690	1 250	5	530	542	**3 017**
Accumulated depreciation	196	278	-	49	516	**1 039**
Carrying amount at 31 December 2007	**494**	**972**	**5**	**481**	**26**	**1 978**
Acquisitions through business combinations	-	1	-	-	1	**2**
Additions	679	510	-	261	5	**1 455**
Disposals	-	(67)	-	-	(139)	**(206)**
Amortisation charge	84	139	-	79	35	**337**
Impairment charge to profit or loss	(509)	(864)	-	(536)	(4)	**(1 913)**
Translation to presentation currency	(12)	(3)	-	5	11	**1**
Other	(6)	40	-	-	-	**34**
Cost at 31 December 2008	842	867	5	260	416	**2 390**
Accumulated depreciation	280	417	-	128	551	**1 376**
Carrying amount at 31 December 2008	**562**	**450**	**5**	**132**	**(135)**	**1 014**

9. Other Non-current Assets

	2008	2007
Investments into future business services	-	301
Deposit to service provider	-	148
Deferred costs related to New Business development	185	343
Other	511	110
Total other non-current assets	**696**	**902**

10. Investments into associates

	2008	2007
Expomedia Hellas (45%)	40	-
Shared Value (43%)	1 324	-
Total investments into associates	**1 364**	**-**

Shared Value became an associate as at the 31 December 2008 as a result of a waiver of any future payments . Shared Value was acquired on 24 December 2007 for an estimated value of $11.1m.

11. Inventories

	2008	2007
Raw Materials	144	92
Work in progress	432	307
Goods for resale	-	28
Advances given for stock	184	2
Total inventories	**760**	**429**

12. Trade and Other Receivables

Group

	2008	2007
Trade receivables	24 935	52 839
Accrued revenue	1 313	-
VAT recoverable	611	130
Other receivables	3 967	3 496
Prepayments	5 542	4 390
Less impairment loss provision	(1 150)	(152)
Total trade and other receivables	**35 218**	**60 703**

The foreign currency denominated breakdown is reflected in note 30.

Ageing of trade receivables	2008	2007
Current:	**18 769**	**41 711**
Overdue but not provided:		
1 - 3 months overdue	1 618	7 116
3 - 6 months overdue	1 502	1 559
6 - 12 months overdue	943	1 130
over 12 months overdue	954	1 171
Overdue and provided:	1 149	152
Total trade receivables	**24 935**	**52 839**

Movement on provision for impairment of trade receivables are as follows:

	2008	2007
At 1 January	**(152)**	**(178)**
Provision for receivables impairment	(836)	(66)
Unused amounts reversed	264	92
Other	(426)	-
At 31 December	**(1 150)**	**(152)**

13. Investments

Current investments. The Group owns 60,000 ordinary shares of Altair Financial Services International Plc which represents less than 1% of its total issued share capital. As at 31 December 2008 the shares were fully written down. As at 31 December 2007 the shares were re-valued to the pre-IPO share price of £11 per share. .

14. Cash and Cash Equivalents

Group

In thousands of US Dollars	2008	2007
Cash on hand	187	129
Bank balances payable on demand	5 458	5 094
Monies held in term deposits	1 061	1 795
Public sector bond (less than 3 months)	4	1 295
Total cash and cash equivalents	**6 710**	**8 313**

Term deposits and public sector bond have original maturities of less than three months.

The foreign currency denominated breakdown is reflected in note 30.

15. Share Capital

	Number of outstanding shares (‘000)	Ordinary shares (US$'000)	Own shares (US$'000)	Total (US$'000)
At 31 December 2006	**35 093**	**414**	**(6)**	**408**
New shares issued	**9 457**	**129**	**-**	**129**
Own shares purchased	**(285)**	**-**	**(3)**	**(3)**
At 31 December 2007	**44 265**	**543**	**(9)**	**534**
New shares issued	**6 816**	**107**	**-**	**107**
Own shares purchased	**(480)**	**-**	**(7)**	**(7)**
Own shares sold	**172**	**2**	**-**	**2**
At 31 December 2008	**50 773**	**652**	**(16)**	**636**

The total authorised number of ordinary shares is 50 million shares with a par value of Euro 0.01 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote.

Dividends declared and paid by the company and its subsidiaries during the year were as follows:

In thousands of US Dollars	2008 Ordinary	2007 Ordinary
Dividends payable at 1 January	1 215	486
Dividends declared by subsidiary before acquisition	-	967
Dividends to Company's shareholders declared during the year	433	632
Dividends to minority interests declared during the year	-	1 369
Dividends prepaid in previous years	-	-
Translation gain	(128)	(98)
Acquisition of dividends payable to former shareholders	11	-
Dividends paid during the year	(464)	(2 140)
Dividends payable at 31 December (Note 21)	**1 067**	**1 215**
Dividends per share declared during the year, US Dollar	**-**	**0.0148**

16. Other Reserves

Group

Movements in other reserves were as follows:

Share Premium	2008	2007
As at 1 January	**65 346**	**33 431**
Shares issued during the year	11 688	31 587
Share options exercised	-	190
Share options revaluation	78	-
Own shares purchased	-	(664)
As at 31 December	**77 112**	**64 544**

Foreign Exchange	2008	2007
Movement in year on translation of overseas subsidiaries	-	166
As at 31 December	**-**	**166**

Other Reserves	2008	2007
Contribution from minority shareholder	-	556
Share based payments	-	80
As at 31 December	**-**	**636**
Total as at 31 December	**77 112**	**65 346**

17. Minority Interests

The movement on minority interests was as follows:

	2008	2007
As at 1 January	**3 298**	**2 371**
Disposal of RPM / Radar	(724)	-
Disposal of ZAP Medya	(796)	-
Minority interest on One Media as at acquisition	500	-
Minority interest on One Media results for the year	17	-
Minority interest on RPM results for the year	(718)	316
Dividends paid to minority shareholders of RPM	(275)	(711)
Inflation gain on RPM/ Radar and F-Stop minority interest	80	331
Withholding tax on dividends paid to minority shareholders of RPM	-	(117)
Dividends paid to minority shareholders of HPS Kft	-	(541)
Translation gain on HPS Kft minority interest	-	11
Translation loss on HPS Direct Sales minority interest	-	(35)
Minority interest on HPS Direct Sales results for the year	122	(49)
Minority interest on HPS Promotion Store results for the year	48	7
Minority interest on HPS Experience results for the year	236	95
Minority interest on HPS Kft results for the year	75	136
Minority interest on ZAP at acquisition	-	518
Minority interest on ZAP results for the year	179	262
Inflation gain on ZAP Medya minority interest	(163)	-
Minority interest on Friends Group as at acquisition	-	53
Minority interest on Friends Group results for the year	148	374
Minority interest on MAPP & Promer as at acquisition	-	52
Minority interest on MAPP & Promer results for the year	(39)	57
Dividends paid to minority shareholders of MAPP	(22)	-
Minority interest on Candid Marketing results for the year	(81)	155
Minority interest on IMCA Research results for the year	(420)	13
Minority interest on Internexus results for the year	(40)	-

Minority interest on New Style Media results for the year	(15)	-
As at 31 December	**1 410**	**3 298**

18. Borrowings

Group

	2008	2007
Bank overdrafts	6 979	613
Term loans	13 467	102
Finance lease liabilities	272	446
Total borrowings	**20 718**	**1 161**

The Group's borrowings mature as follows:

		2008	2007
Borrowings due:	- within 1 year	9 167	981
	- between 2 and 5 years	11 551	180
Total borrowings		**20 718**	**1 161**

Group's minimum lease payments under finance leases and their present values are as follows:

In thousands of US Dollars	Due in 1 year	Due between 2 and 5 Years	Total
Minimum lease payments at 31 December 2008	268	41	**309**
Less future finance charges	(31)	(6)	**(37)**
Present value of minimum lease payments at 31 December 2008	**237**	**35**	**272**
Minimum lease payments at 31 December 2007	467	98	565
Present value of minimum lease payments at 31 December 2007	370	76	446

19. Other Taxes Payable

Other taxes payable within one year comprise:

	2008	2007
Value-added tax	1 752	1 976
Property and other taxes	687	379
Salary taxes	-	-
Excise tax	-	223
Other taxes payable	9	464
Other taxes payable - current	**2 448**	**3 042**

20. Employee Benefits Obligations

In accordance with Turkish social legislation, one of the Company's subsidiaries, RPM Radar, is required to make lump-sum termination indemnities to each employee who has completed one year of service within the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Such payments are calculated on the basis of 30 days' pay per year of employment at the rate of pay applicable at the date of retirement or termination.

Employee benefits obligations are computed using the Projected Unit Credit Method to determine the present value of the defined benefit obligations and the related current service cost in accordance with IAS 19 (Employee Benefits).

The movement of the liability recognised in the accompanying balance sheet is as follows:

	Provision for retirement payments	Total
Carrying amount at 1 January 2007	**172**	**-**
Additions charged to income statement	16	47
Additions arising from subsidiary acquisitions	158	140
Other	(5)	(15)
Carrying amount at 31 December 2007	**341**	**172**
Additions charged to income statement	42	-
Additions arising from subsidiary acquisitions	-	-
Disposal	(279)	-
Translation to presentation currency	(2)	-
Carrying amount at 31 December 2008	**102**	**-**

21. Trade and Other Payables

Current trade and other payables are as follows:

Group

	2008	2007
Trade payables	14 394	26 409
Advances received	1 169	1 488
Accrued employee benefit costs	3 406	801
Deferred consideration for acquisitions	5 969	14 170
Dividends payable	1 068	1 215
Accrued liabilities and other creditors	4 695	1 561
Other	-	210
Trade and other payables	**30 701**	**45 854**

Non-current trade and other payables of the Group are as follows:

	2008	2007
Deferred consideration for acquisitions	4 584	20 015
Trade and other payables	**4 584**	**20 015**

Deferred consideration for acquisitions payable in 2008 and 2009 is discounted to present value using a discount factor of 6.25%. For details see Note 7.

The foreign currency denominated breakdown is reflected in note 30.

The following table details the Group's remaining contractual maturity for its trade payables. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	2008	2007
within 1 - 3 months after the balance sheet date	13 104	25 106
within 3 - 6 months after the balance sheet date	1 111	906
within 6 - 12 months after the balance sheet date	169	288
after 12 months after the balance sheet date	10	109
Total	**14 394**	**26 409**

22. Other Operating Income and Expenses

Other operating income comprises:

	2008	2007
Dividend income	103	(1)
Rental income from investment properties	20	-
Sublease rental income	38	45
Gains less losses on disposal of property, plant and equipment	2	(12)
Gains less losses from investments	2	411
Assumption of penalty liabilities	515	-
Other	231	346
Total other operating income	**911**	**789**

Operating expenses comprise:

	Note	2008	2007
Materials and components used		342	123
Cost of goods sold		43	645
Write-down of inventories to net realisable value		19	7
Staff costs		37 332	24 646
Impairment of trade and other receivables		3 161	196
Spare parts consumed		4	286
Repairs and maintenance services		173	631
Depreciation of property, plant and equipment	6	1 399	1 680
Impairment of property, plant and equipment and intangible assets		2 738	-
Amortisation of other intangible assets	8	302	382
Utilities costs		1 558	270
Information, consulting and other professional services		5 677	4 251
Operating lease expense for property, plant and equipment		4 405	4 671
Transportation services – outbound		1 780	1 051
Advertising and marketing services		1 347	398
Security services		122	93
Taxes other than on income		638	209
Telecommunications expenses		2 111	1 328
Warranty provisions		6	-
Provisions for tax risks		132	-
Provisions for legal claims		15	-
Provision for employee benefits obligations		-	16
Write-down of non-current assets (or disposal groups) to fair value less costs to sell		(7)	-
Other provisions for liabilities and charges		-	75
Share option valuation		-	80
Losses less gains on derivative financial instruments		1	-
Foreign exchange losses less gains (other than on borrowings)		559	134
Other		2 187	967
Total general and administrative costs		**66 044**	**42 139**
Other operating expenses		45 683	147
Total operating expenses		**111 727**	**42 286**

22. Other Operating Income and Expenses (Continued)

Auditor's remuneration

The following audit and non-audit fees were accrued for Auditor's services:

Group

	2008	2007
Audit fees	571	329
Non-audit fees related to business combinations	-	57
Total	**571**	**386**

Average number of employees

The average monthly number of employees (including executive directors) was:

	2008	2007
Outsourced Sales	714	672
Consumer Marketing	409	565
Knowledge Based Marketing	543	235
Specialised Marketing	77	94
Public Relations	194	93
Administrative Staff	112	152
Total number of employees	**2 049**	**1 811**

Their aggregate remuneration comprised:

	2008	2007
Wages and salaries	30 564	20 629
Social security costs	6 767	4 017
Total	**37 331**	**24 646**

23. Finance Income

	2008	2007
Interest income from available-for-sale investments	-	9
Interest from term bank deposits	46	965
Other interest income	170	11
Total finance income	**216**	**985**

24. Finance Costs

	2008	2007
Interest expense	1 219	433
Discounted cost of deferred consideration	879	727
Total finance costs recognised in the income statement	**2 098**	**1 160**

25. Income Taxes

Income tax expense comprises the following:

Expense / (Income)	2008	2007
Current tax	1 754	2 813
Deferred tax	(45)	(660)
Withholding tax on dividends from subsidiaries	-	400
Income tax expense for the year	**1 709**	**2 553**

A reconciliation between the expected and the actual taxation charge is provided below.

	2008	2007
Profit before tax	**(57 317)**	**9 529**
Tax at the domestic rates applicable to the countries of incorporation of the company and its principal subsidiaries, ranging from 0% to 33.66% (2006: from 10% to 24.5%) The domestic tax rate applicable to the company is nil following the reorganisation as reported in note 2.	(5 866)	2 712
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Unrelieved losses on ordinary activities	8 081	849
- Capitalised expenses	(41)	(65)
- Differences in depreciation rates	(629)	9
- Accrued income less accrued expenses	50	(1 114)
- Non deductible expenses	144	551
- Taxes debited in statement of income	(21)	(18)
- Income on government securities taxed at different rates	4	-
- Tax of previous years	177	(111)
Unrecognised tax loss carry forward for the year	(145)	-
Income tax expense for the year	**1 754**	**2 813**

Deferred tax charge arose on the following differences:

	2008	2007
Fixed assets timing differences	-	3
Timing difference on accrued revenue	-	599
Timing differences on lease operations	-	73
Timing differences on accrued expenses	-	(1 364)
Other timing differences	(45)	29
Total deferred tax (expense) / income	**(45)**	**(660)**

Differences between IFRS and local statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the local income tax rates.

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

26. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

Earnings per share from operations are calculated as follows:

In thousands of US Dollars	2008	2007
Profit from continuing operations attributable to equity holders of the Company	(58 702)	5 611
Weighted average number of ordinary shares in issue (thousands)	48 809	40 147
Weighted average number of share options (thousands)	733	705
Basic earnings per share for profit from continuing operations	(79.02) pence	7.00 pence
Diluted earnings per share for profit from continuing operations	(77.86) pence	6.88 pence

27. Equity-settled Share Option Plan

The Group plan provides for a grant price equal to the average quoted market price of the Group's shares on the date of grant. The vesting period is generally 2 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest. There are no performance conditions attached to these grants.

	2008		2007	
	Options	Weighted average exercise price, US Dollar	Options	Weighted average exercise price, US Dollar
Outstanding at the beginning of the period	720 000	0.98	720 000	0.98
Granted during the period	310 000	3.38	310 000	3.38
Exercised during the period	(298 000)	0.40	(298 000)	0.40
Outstanding at the end of the period	732 000	732 000	732 000	732 000

28. Significant Non-cash Investing and Financing Activities

Investing and financing transactions that did not require the use of cash and cash equivalents and were excluded from the cash flow statement are related to acquisition of subsidiaries and are disclosed in Notes 7 and 21.

29. Contingencies, Commitments and Operating Risks

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of the ultimate parent company. Two material claims have been brought against subsidiaries of the company by the sellers of businesses acquired in respect of deferred consideration payable in 2008 and shares to be issued. These claims are against the Irish holding company, International Marketing and Sales Group Plc, and the Cypriot holding company IMSG Holdings Ltd. Provision of the full potential cash payment has been provided for in the accounts.

Tax legislation. Local tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. The management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local tax authorities. The tax authorities may take a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

The Group's Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2008 no provision for potential tax liabilities had been recorded other than dividend withholding tax payable by subsidiaries.

Operating lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases of office premises are as follows:

	2008	2007
Not later than 1 year	2 959	2 514
Later than 1 year and not later than 5 years	5 175	3 304
Later than 5 years	321	717
Total operating lease commitments	**8 455**	**6 535**

Acquisition of subsidiaries. The Group has as by way of renegotiation reduced its forward commitments related to the purchase of the remaining minority interests to that of MAPP which is payable :

	2008
30% of share capital of MAPP & Promer payable in 2011	
Cash	85
Shares	-
Total	**85**
Grand Total	**85**

30. Financial Risk Management

Overview. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk. Financial assets, which potentially subject Group entities to credit risk, consist principally of trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Due to the markets that the Group operates in the ability to obtain credit ratings from third parties does not always exist. The Group has no significant concentrations of credit risk. Credit risk is managed by limiting the aggregate amount of exposure to any one counterparty.The carrying amount of accounts receivable, net of provisions for impairment, represents the maximum amount exposed to credit risk. The Group's concentrated level of debt attributable to a few customers does provide some level of exposure however the good standing of these clients is considered adequate by management not to provide any level of concern. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded.

Cash is placed in financial institutions, which are considered at the time of deposit to have minimal risk of default.

Industry risk. The business operates in a service industry. The nature of the services are such that it is exposed to recession and seasonality. The seasonality of the business is an operational business risk that the company faces with reference specifically to consumer and experiential services. As a result management are looking to service areas where seasonality is not as acute and together with innovative new products the management looks to reduce the effect of seasonality over a period of time.

Market risk. The Group takes on exposure to market risks. Market risks arise from prices and open positions in interest rate, currency and equity financial instruments, all of which are exposed to general and specific market movements. The Management sets limits on the value of risk that may be accepted, which is monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(i) Foreign exchange risk

The Group seeks to mitigate the effect of structural currency exposures, where cost effective, by borrowing in the same currencies as the functional currencies of its main operating units for operational working capital requirements or when borrowing for acquisitions as the acquisitions are denominated.

During the course of the year, the Group entered into only functional currency borrowings on an operating level. A facility in reporting currency to support acquisitions was entered into at the end of the financial year for US$5million with a further US$10million being agreed in 2008.

The Group also has transactional currency exposures that arise principally from sales or purchases in currencies other than the unit's functional currency, however such exposure is limited as the operational unit's policy for any such transaction is to match the customer denominated transaction with a supplier transaction denominated in the same currency.

The carrying amounts of the Group's most significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Group

Group 2008

Non-current assets	Euro	USD	TKL	RUR	HUF	GBP	INR	ROL	SEK	Other	Total
Other non-current assets	103	392	3	-	-	-	185	5	8	-	696
Add Non-financial assets											20 730
											21 426
Current assets											
Trade receivables	4 298	1 217	1 748	5 605	3 024	897	1 559	1 448	4 732	416	24 935
VAT recoverable	85	-	-	343	-	31	-	143	-	9	611
Other receivables	1 494	560	160	204	224	12	111	138	1 063	1	3 967
Available for sale investments	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	487	334	342	1 968	987	359	329	1 458	117	329	6 710
	6 355	**2 111**	**2 250**	**8 120**	**4 235**	**1 299**	**1 999**	**3 187**	**5 912**	**755**	**36 223**
Add Non-financial assets											8 335
											44 558
Total financial assets	**6 458**	**2 503**	**2 253**	**8 120**	**4 235**	**1 299**	**2 184**	**3 192**	**5 920**	**755**	**36 919**

Group 2007

Non-current assets	Euro	USD	TKL	RUR	HUF	GBP	INR	ROL	SEK	Other	Total
Other non-current assets	103	-	7	-	-	449	343	-	-	-	902
Add Non-financial assets											84 538
											85 440
Current assets											
Trade receivables	4 852	3 839	9 334	25 638	2 872	1 957	2 477	1 687	-	183	52 839
VAT recoverable	2	-	-	-	28	30	-	70	-	-	130
Other receivables	883	593	266	391	419	129	467	256	-	92	3 496
Available for sale investments	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	805	917	2 614	1 165	311	846	258	1 080	-	317	8 313
	6 542	**5 349**	**12 214**	**27 194**	**3 630**	**2 962**	**3 202**	**3 093**	**-**	**592**	**64 778**
Add Non-financial assets											7 731
											72 509
Total financial assets	**6 645**	**5 349**	**12 221**	**27 194**	**3 630**	**3 411**	**3 545**	**3 093**	**-**	**592**	**65 680**

Group 2008

Non-current liabilities	Euro	USD	TKL	RUR	HUF	GBP	INR	ROL	SEK	Other	Total
Borrowings	41	8 861	-	-	-	1 540	-	122	987	-	11 551
Deferred consideration for acquisitions	-	4 584	-	-	-	-	-	-	-	-	4 584
	41	**13 445**	**-**	**-**	**-**	**1 540**	**-**	**122**	**987**	**-**	**16 135**
Add Non-financial liabilities											352
											16 487
Current liabilities											
Borrowings	3 364	759	4	-	-	458	-	339	4 160	83	9 167
Trade payables	3 105	874	946	3 897	1 485	222	691	1 125	1 723	326	14 394
Deferred consideration for acquisitions	-	5 969	-	-	-	-	-	-	-	-	5 969
Dividends payable	11	-	467	-	563	-	-	27	-	-	1 068
Accrued liabilities and other creditors	27	174	1 081	1 031	42	35	186	173	1 888	58	4 695
Current income tax payable	7	303	27	-	(18)	19	(23)	42	-	-	357
Other taxes payable	537	-	276	438	495	259	-	142	-	301	2 448
	7 051	**8 079**	**2 801**	**5 366**	**2 567**	**993**	**854**	**1 848**	**7 771**	**768**	**38 098**
Add Non-financial liabilities											4 698
											42 796
Total financial liabilities	**7 092**	**21 524**	**2 801**	**5 366**	**2 567**	**2 533**	**854**	**1 970**	**8 758**	**768**	**54 233**

Group 2007

Non-current liabilities	Euro	USD	TKL	RUR	HUF	GBP	INR	ROL	SEK	Other	Total
Borrowings	-	66	-	-	-	-	76	38	-	-	180
Deferred consideration for acquisitions	-	20 015	-	-	-	-	-	-	-	-	20 015
	-	**20 081**	**-**	**-**	**-**	**-**	**76**	**38**	**-**	**-**	**20 195**
Add Non-financial liabilities											1 403

											21 598
Current liabilities											
Borrowings	587	243	13	-	-	-	27	111	-	-	981
Trade payables	2 209	484	6 100	13 027	1 619	827	821	1 261	-	61	26 409
Deferred consideration for acquisitions	-	14 170	-	-	-	-	-	-	-	-	14 170
Dividends payable	-	-	674	-	541	-	-	-	-	-	1 215
Accrued liabilities and other creditors	-	-	341	-	23	673	457	67	-	-	1 561
Current income tax payable	931	697	825	-	-	389	51	222	-	-	3 115
Other taxes payable	412	-	1 402	304	216	317	-	391	-	-	3 042
	4 139	**15 594**	**9 355**	**13 331**	**2 399**	**2 206**	**1 356**	**2 052**	**-**	**61**	**50 493**
Add Non-financial liabilities											2 635
											53 128
Total financial liabilities	**4 139**	**35 675**	**9 355**	**13 331**	**2 399**	**2 206**	**1 432**	**2 090**	**-**	**61**	**70 688**

Company

All of the assets and liabilities of the company are denominated in USD and there is no sensitivity to movements in foreign exchange rates.

(ii) Interest rate risk

The Group's borrowings are denominated in currencies as set out above in the foreign exchange risk.

A 1% movement in interest rates would not have a material impact on the Group's profit or loss or equity.

(iii) Price risk

The Group by the nature of its services has an operational hedge between revenue and cost exposure. The pricing risk exists because of the nature of operating in a very competitive service area, in order to minimize this exposure the Group is constantly innovating its products and services to provide added value benefit for its customers.

Liquidity risk. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financing policy is to raise long term funding by using debt instruments with a range of maturities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses supplier invoice payments are matched and paid on receipt of customer payment. In addition the Group has arranged a US$15million facility at 1.75% Libor as a credit facility.

31. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2008, the Group's strategy, which was to ensure that the gearing ratio does not exceed 45% was not achieved as a result of the significant write off of goodwill and the impact on Total Equity. The gearing ratios at 31 December 2008 to 2006 were as follows:

	Note	2008	2007	2006
Total Borrowing	18	20 718	1 161	1 594
less: cash and cash equivalents	14	187	8 313	11 918
Net debt		20 531	(7 152)	(10 324)
Total Equity		6 701	83 223	45 286
Total capital		27 232	76 071	34 962
Gearing ratio		**75%**	**(9%)**	**(30%)**

Categories of financial instruments

Financial assets	2008	2007
Loans and receivables (including cash and cash equivalents)	36 919	65 680
Total financial assets	36 919	65 680
Non-financial assets	29 065	92 269
Total assets	**65 984**	**157 949**

Financial liabilities		
Financial liabilities at fair value through profit or loss	54 233	70 688
Total financial liabilities	54 233	70 688
Non-financial liabilities	5 050	4 038
Total liabilities	59 283	74 726
Total equity	6 701	83 223
Total equity and liabilities	**65 984**	**157 949**

32. Events After the Balance Sheet Date

- Shared Value Ltd: 57% of shares held in Shared Value have been returned to former shareholders in waiving their rights to any future payments under the original transaction.
- V+O Ltd: 67% of shares held in V+O have been returned to former shareholders in waiving their rights to any future payments under the original transaction. Friends Ltd. 80% of shares held in Friends have been returned to former shareholders in waiving their rights to any payments due and any future payments under the original transaction.
- EY ZHN Ltd. 80% of shares held in EY ZHN have been returned to former shareholders in waiving their rights to any payments due and any future payments under the original transaction..
- The entire shareholding of Pragma Consulting was sold back to the former shareholders in a transaction whereby any payments due under the original transaction has been waived.
- The sale of the trade of One2remember was concluded in March 2009
- Daniel Thorniley and Michael Green both resigned as directors

Shareholder Information and Advisers

Bankers	Fortis Bank S.A./N.V. 5 Aldermanbury Square London EC2V 7HR United Kingdom Raiffeisen Zentralbank Osterreich AG A-1030 Vienna Am Stadtpark 9 Vienna Austria
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG United Kingdom
Auditors	Moore Stephens LLP St. Paul's House Warwick Lane London EC4M 7BP United Kingdom
Registered office	47 Esplanade St. Helier Jersey
Company Number	97239