BrainJuicer Group PLC Annual Report and Accounts 2007

brainjuicer®

MAKING THE

BEST**BETTER**

BrainJuicer Group PLC is a leading international online market research agency.

BrainJuicer® was established in 1999 to provide quantitative online research using innovative, bespoke software to produce insightful market research for large multinational companies.

BrainJuicer® has over 115 clients, including 15 of the world's top 100 companies, and is regarded as one of the leading innovators in the research industry.

BrainJuicer® is focused on assisting clients throughout their development process by providing rich diagnostics to enable clients to better understand consumers. Then to identify the strongest product, pack and advertising ideas and how best to develop them.

> **"Using BrainJuicers we generated and tested dozens of ideas to find a winner. What would normally take us months we finished in two weeks. More juice please!"**

JAROSLAV CIR
GLOBAL CONSUMER AND MARKET INSIGHT MANAGER
UNILEVER

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Highlights

- Revenue increased by 42% to £6,566,000 – 2006: £4,608,000
- Operating profit grew by 77% to £844,000 – 2006: £477,000 before listing costs
- Profit after tax increased by 127% to £660,000 – 2006: £291,000 before listing costs
- Diluted and adjusted earnings per share increased by 79% to 5.0p – 2006: 2.8p
- Cash increased by £642,000 to £1,875,000 No borrowings
- All offices performed well: growing 63% in Holland, 38% in the UK and 14% in the US
- Working with 15 of the top 100 global companies – 2006: 10 of the top 100
- Board strengthened by the appointment of Ken Ford as Chairman in September 2007
- Reputation for innovative research grew, winning the industry's "Best Methodology Award" for the second time in three years (only agency to win twice in 20 years)

18%
Employee numbers up

42%
Revenues up

127%
Post tax profits up

	2003	2004	2005	2006		**2007**
				Excluding listing expenses	Including listing expenses	
	UK GAAP	UK GAAP	UK GAAP	IFRS	IFRS	**IFRS**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Revenue	1,032	2,614	2,936	4,608	4,608	**6,566**
Operating profit/(loss)	(304)	187	2	477	123	**844**
Profit/(loss) after tax	(301)	191	(38)	291	(63)	**660**

Chairman's Statement

79%

Diluted adjusted earnings per share up

The financial year to 31 December 2007 saw significant progress for the Group in its ambition to consolidate its position as an innovative and credible alternative to the large incumbent market research agencies.

Global spend on research was approximately $25bn in 2007. The research market has been growing consistently over the last decade and has seen explosive growth in on-line methodologies, in which BrainJuicer is a leading exponent. A large percentage of the total market spend is from around 250 multinational consumer goods and service companies. They are very large, highly professional and at times extremely demanding, buyers of market research. With the possibility of a forthcoming recession, it is also worth stating that their research spend tends to be relatively stable through the economic cycle. These companies represent the Group's core target market.

The Board believes the Group has a compelling service proposition, yet it is not complacent. We are therefore very pleased with the larger foothold the Group has forged within many of its clients. This has led to another year of strong, year-on-year organic growth in turnover, and with higher profits and margins, another year of validating the Group's very attractive business model.

BrainJuicer is an energetic and ambitious organisation and is also growing in maturity and geographic reach, with offices in the UK, Holland and the US. It has long term ambitions and is carefully putting in place the structures and centralised infrastructure necessary to become a leading global market research agency.

I joined the business in September 2007 and find the Group's innovative approach and the attractive high growth market backdrop, a compelling proposition for our clients and investors alike. The Group is well positioned with its experienced team, growing shareholder base, and top clients, to capitalise on the very significant potential at its disposal.

Ken Ford.

KEN FORD
CHAIRMAN
7 MARCH 2008

"Working with BrainJuicer has been a wonderfully refreshing experience. They have shown they can deliver on the most logistically complex of projects, using their depth of research experience and innovative on-line techniques to bring research to life and deliver against demanding research objectives."

MELANIE WOEST
BRAND AND CONSUMER INSIGHTS MANAGER
HEINEKEN (UK) LIMITED

Chief Executive's Statement

Second ESOMAR Best Methodology Award in three years

2007, our first full year as a public company, has gone very much to plan. The business has grown substantially; we have strengthened the team, expanded geographically, continued to innovate and won industry recognition.

The Group has had another year of strong financial performance. Turnover increased by 42% to £6,566,000 (2006: £4,608,000). Operating profit rose 77% to £844,000 (2006: £477,000 before listing expenses), and profit after taxation rose 127% to £660,000 (2006: £291,000 before listing expenses).

The Group's primary objective, put simply, is to develop into a top 10 global provider of market research, building on the foundations successfully laid over the last eight years. Whilst we recognise that our aspirations are ambitious and long term, we believe the key requisites for success are in place.

We have developed powerful new research techniques which address the innovation challenges of multinational consumer facing companies (the largest buyers of research in the world). We focus on the difficult, strategic and high value early stage of our clients' innovation funnel.

We have built a team of highly experienced researchers, operating from offices in the UK, Holland and the US, using our sophisticated technology platform. All of our research is conducted on-line, and can be undertaken across the world. To date we have undertaken research in 54 countries, and 34 languages. Our technology enables the Group to deliver innovative insightful research within shorter time spans and at lower cost than traditional off-line techniques. It also provides us with a profitable and scalable business model.

Over the last financial year, we have continued to make significant progress on all fronts.

CLIENTS

We are delighted with the manner in which our existing client relationships have continued to deepen, and with the new business we are winning against the large incumbent agencies. We have delivered research to 15 of the top 100 global companies over the 2007 financial year and have been working with six of them for at least the last three financial years. We have a global mandate with one of these companies, where we have been commissioned on an on-going and global basis to test all their consumer insights. This mandate was won in 2006 and is proving as significant as anticipated.

BRAINJUICER LABS

BrainJuicer Labs, our R&D unit, consisting of a number of internal and external research professionals, has continued to develop innovative new research techniques. We were particularly pleased to win ESOMAR's "Best Methodology Award" for FaceTrace™, a technique designed to measure emotional engagement. ESOMAR is one of the leading market research bodies in the world. Having previously won ESOMAR's "Best Methodology Award" in 2005 for our Predictive Markets concept screening work, we believe we are the only agency to have won this award twice in the last 20 years. These awards demonstrate the growing credibility of our research methods in the industry, and the success of our innovation program. FaceTrace™ is now being used within a number of our products.

BOARD OF DIRECTORS

At the time of the Group's floatation on AIM in December 2006, the Board recognised the need to separate the roles of Chairman and Chief Executive in order to further strengthen its governance and comply with best practice. We were therefore very pleased to welcome Ken Ford to the Board as Non-executive Chairman. Ken was formerly Chief Executive and then Deputy Chairman of Teather & Greenwood, the investment bank, and brings a wealth of experience in corporate finance and a strong understanding of shareholder value, strategic planning and corporate transactions. Our Board of Directors now comprises three experienced non-executive Directors, and two Executive Directors: myself and the Chief Financial Officer. The business is run by our management team consisting of three country managers as well as our Chief Financial Officer and myself.

TEAM

The team is continuing to grow steadily, building experienced account management teams in each of our geographic locations and capable technical and corporate functions in the UK. I am very grateful to them all, for their hard work, dedication and loyalty.

JOHN KEARON
CHIEF EXECUTIVE OFFICER
7 MARCH 2008

"I was really impressed with the insight and accuracy of their Predictive Markets, delivered unbelievably fast against some very urgent timings."

SION AGAMI
SENIOR SCIENTIST (FABRIC & HOME CARE)
PROCTOR & GAMBLE

Business and Financial Review

20%

Revenue per headcount up

13%

Margin per hour up

THE BUSINESS

BrainJuicer is a full service market research agency, competing with the large traditional providers who currently dominate the market. Its distinctive, yet proven research approach is enabled by proprietary software technology which enables the Group to quickly and efficiently deliver predictive quantitative data together with insightful and directive qualitative diagnostics.

The Group serves its clients through account management teams comprising experienced market research professionals located in the UK, Holland and the US, who are supported by a tightly controlled centralised corporate and technical infrastructure.

OBJECTIVES

The Group's three key operational objectives are:

- to deepen its client relationships by continuing to exceed expectations in each and every project it undertakes;
- to continue to invent new creative, added value on-line research techniques; and
- to continue to improve the sophistication of its technology and the quality and efficiency of its internal processes.

We believe this will lead to significant revenue growth particularly from our existing client base, an increase in average project size, and increased capacity from our operations, which together will result in highly profitable growth on an ongoing basis.

We are also looking to expand our geographic footprint, in a client-led low risk manner.

PERFORMANCE

Revenue grew in the year to 31 December 2007 in each of our business units: UK (38%), Holland (63%) and US (14%), giving 42% growth overall. Gross margin remained steady at 74% (74% in 2006).

We served 115 clients, most of which are household names, and 15 are amongst the largest 100 companies in the world. Repeat business continues to be high. Our top twenty clients delivered 76% or our revenue. 87% of our top 20 accounts grew, 8% were new, and 5% declined (compared to 2006).

Average headcount increased from 38 in 2006 to 45 in 2007, with almost all of our headcount growth in account management. Our key productivity and efficiency metric, gross margin per hour grew by 13%, to £194 per hour (2006: £171 per hour). Revenue per headcount has also grown from £122,000 to £146,000.

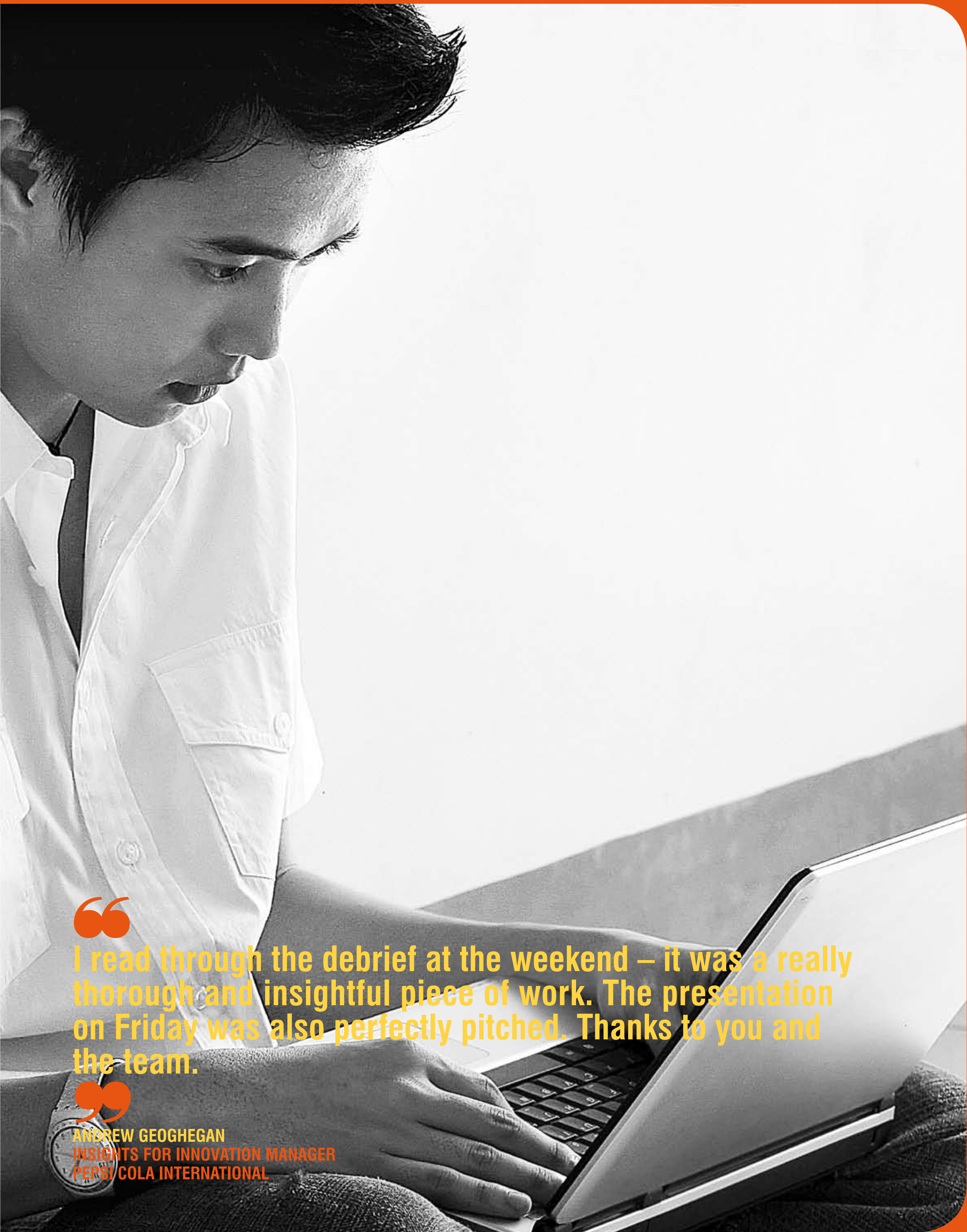
Administrative costs (excluding listing expenses) grew by 36% to £3,995,000 significantly below the growth in revenue.

Operating profit grew by 77% to £844,000 (2006: £477,000 before listing costs), and profit after tax by 127% to £660,000 (2006: £291,000, before listing costs). Adjusted diluted earnings per share increased from 2.8p to 5.0p.

Our effective tax rate in FY2007 was 26% compared to 35% for FY2006 (before disallowable listing expenses). This is below the standard rate of 30% in the UK principally due to the recognition of US tax losses (previously unrecognised) and an effective tax rate of 25.5% applied to profits generated by our Dutch subsidiary.

The Group generated cash from operations of £1,173,000 (£167,000 outflow in 2006), invested £413,000 in software technology, and repaid £108,000 of financial liabilities (accrued preference dividends on Unilever Venture's preference shares, prior to their conversion to ordinary shares). Cash balances increased by £642,000 to £1,875,000 at the year-end, with no borrowings.

The Group has £669,000 in non-current assets, comprising £119,000 in computer hardware, fixtures and fittings, £328,000 in software technology and £222,000 in deferred tax assets, £202,000 of which relates to tax deductions available when option holders exercise their options.



"I read through the debrief at the weekend – it was a really thorough and insightful piece of work. The presentation on Friday was also perfectly pitched. Thanks to you and the team."

ANDREW GEOGHEGAN
INSIGHTS FOR INNOVATION MANAGER
PEPSI COLA INTERNATIONAL

Business and Financial Review continued

PERFORMANCE CONTINUED

Trade and other receivables have grown from £1,612,000 to £2,630,000, but debtor days have remained steady at 86 days (2006: 82 days).

Trade and other payables increased from £944,000 in 2006 to £2,092,000. This increase was primarily due to an increase in deferred income from £80,000 to £551,000, and employee bonuses from £234,000 to £412,000.

This is the second year for which the Group has prepared its accounts under International Financial Reporting Standards. It is perhaps worth highlighting the Group's policy with regard to revenue recognition. Revenue is recognised only after the final written debrief has been delivered to the client, except on the rare occasion that a large project straddles a financial period end, and that project can be sub-divided into separate discrete deliverables; in such circumstances revenue is recognised on delivery of each separate deliverable.

RISKS

The business's principal risks are:

LOSS OF A SIGNIFICANT CLIENT

This is perhaps the single biggest risk that concerns the Board. We therefore go to considerable lengths to monitor our service quality. Client feedback is sought on a project-by-project basis from a member of staff not connected with the project itself. Over the last financial year, this independent feedback has consistently revealed high levels of client satisfaction.

LOSS OF KEY PERSONNEL

Whilst the loss of a senior member of the team would have a negative impact on the business, the Board does not view the business as being overly dependent on any one individual. The fast-paced, high growth environment, in which we operate, is demanding on our people, and we are therefore at risk of staff turnover. However, the work environment is stimulating, and we attempt to ensure that our remuneration levels encourage loyalty. We offer a combination of competitive basic salaries, attractive performance-related bonuses, a comprehensive package of benefits (commensurate with those found in larger corporates), and a broad-based employee stock option plan.

MATERIAL ADVERSE EVENT LEADING TO A SIGNIFICANT LOSS OF PROPERTY, SOFTWARE, OR DATA, OR AN ADVERSE LEGAL CLAIM

Whilst it is not possible to ensure that all eventualities are covered, we have endeavoured to protect the business in a sensible manner through a combination of:

- comprehensive professional indemnity insurance;
- frequent and multiple back-ups and archiving of data on all servers; and
- sufficient focus on legal protections, for example, through our terms and conditions.

RECESSION

Like every business, we are watching carefully for the signs of a possible recession and its potential impact on the spending patterns of our clients. Whilst it is not possible to be completely insulated from the effects of any recession, our multinational consumer goods and services client base have previously weathered recessions and maintained spending better than most. The Group still has a very small share of its addressable market, so the potential for growth in market share significantly outweighs possible declines in the overall market. There is even an argument that client cost cutting pressure would benefit the on-line sector of market research and particularly those companies in this sector able to offer a credible alternative to the large agencies.

Whilst there is no room for complacency, the Board views the business as having an enviable combination of high growth and relatively low risk.

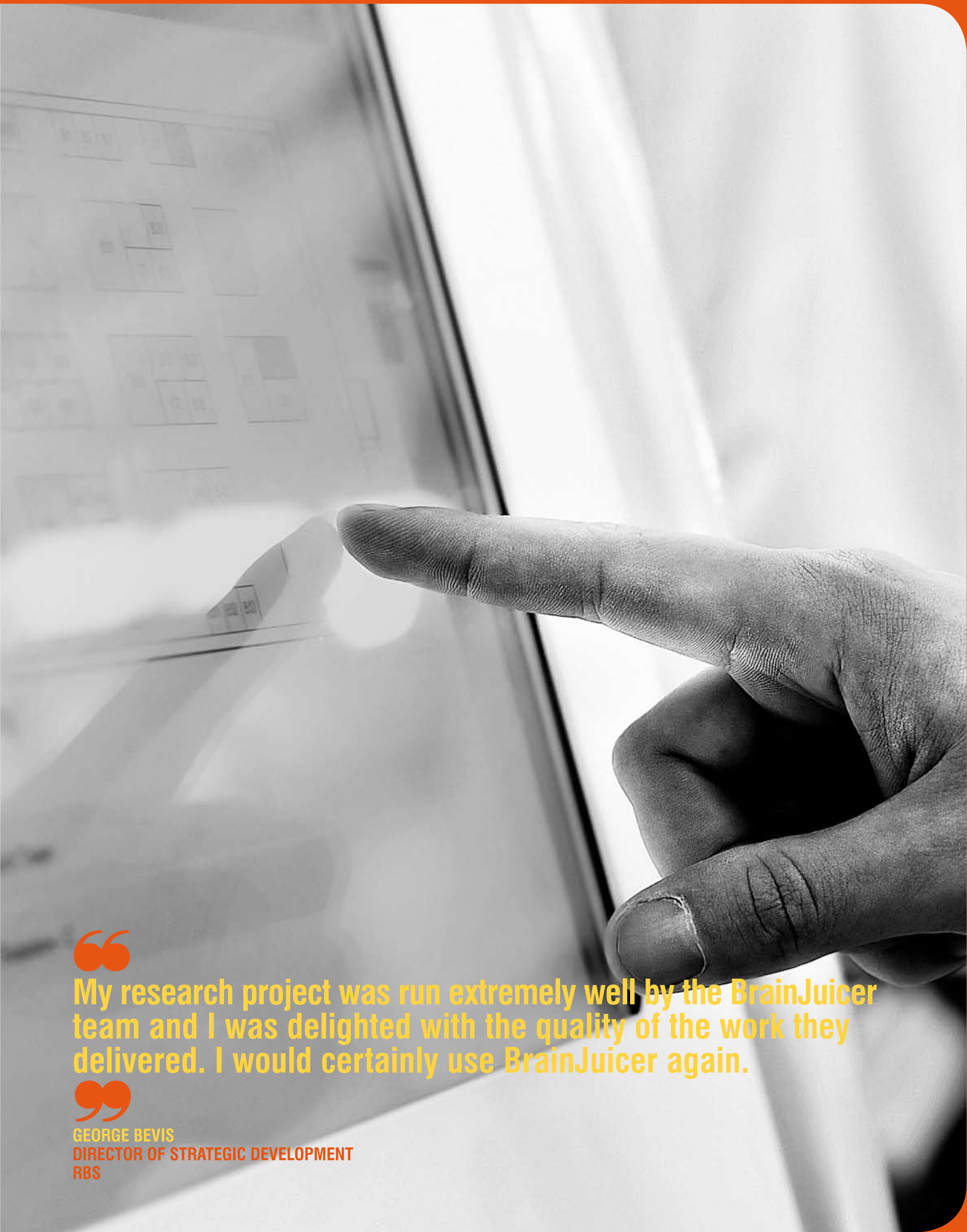
PROSPECTS

In conclusion, our business model is proving robust. Our client relationships, technology platform, innovative research products and experienced team, are providing the highly profitable growth we had anticipated. Perhaps more importantly, we believe the Group's positioning would be difficult to replicate, and that our growth, therefore, is sustainable over the foreseeable future.

JAMES GEDDES
CHIEF FINANCIAL OFFICER
7 MARCH 2008

£1.2m
Cash from operations

80%
Repeat business



“My research project was run extremely well by the BrainJuicer team and I was delighted with the quality of the work they delivered. I would certainly use BrainJuicer again.”

GEORGE BEVIS
DIRECTOR OF STRATEGIC DEVELOPMENT
RBS

Directors, Senior Management and Advisers

KEN FORD
CHAIRMAN
Ken, 58, was previously Chief Executive of Teather & Greenwood, the investment bank, becoming Deputy Chairman and Chairman of Corporate Finance in 2004, and brings 36 years' City experience to the Company, including a strong understanding of shareholder value, strategic planning and corporate transactions. Ken was Chairman of the UK Society of Investment Analysts between 1985–1987, Chairman of the Quoted Company's Alliance ("QCA") in 2003–2004 and is a former member of the EU Advisory Committee to the Corporation of London. Ken's previous directorships include Aberdeen Asset Management, Morgan Grenfell and Wedd Durlacher.

JOHN KEARON
CHIEF EXECUTIVE OFFICER
John, 42, is responsible for overall strategic direction and commercial development of the Group. John's role in establishing and developing the BrainJuicer business made him Ernst & Young's "Emerging Entrepreneur of the Year" in 2006. Prior to founding BrainJuicer, John founded innovation agency, Brand Genetics Limited, which invented new products and services for FT500 companies. Before this John had been Planning Director of one of the UK's leading advertising agencies. John started his career over 20 years ago as a graduate of Unilever's management programme, rising to be a senior marketer at Elida Gibbs before moving into advertising.

SIMON GODFREY
NON-EXECUTIVE DIRECTOR
Simon, 58, has over 30 years' experience in the quantitative research industry. Simon was a Director of Research Bureau Limited (now Research International UK Limited) until 1985 when he founded Simon Godfrey Associates ("SGA"). SGA was one of the largest UK research suppliers when acquired by WPP Plc in 1998. Simon has been a Non-executive Director of BrainJuicer since the Unilever UK Holdings' investment in January 2003.

JAMES GEDDES
CHIEF FINANCE OFFICER
James, 45, is responsible for the finance and administrative functions within the Group. James is a Chartered Accountant, holds a Diploma in Corporate Treasury Management and is a graduate of Harvard Business School's executive programme. He has over 20 years of financial management experience and was previously Assistant Treasurer of Fosters Brewing Group Limited, Executive Director, International Corporate Finance at MediaOne Group and CFO of IoBox Oy (backed by Morgan Stanley Capital and sold to Telefonica). James has been BrainJuicer's CFO since the Unilever UK Holdings' investment in January 2003.

MARK MUTH
NON-EXECUTIVE DIRECTOR
Mark, 54, is one of the three Directors of Unilever Ventures and negotiated Unilever UK Holdings' investment in BrainJuicer in January 2003. He has over 20 years of experience in banking and venture capital. Unilever Ventures leads and manages investments in start-up and early stage companies, drawing on the Unilever group of companies' expertise in food, home and personal care consumer products to bring value to its portfolio companies.

JIM RIMMER
UNITED KINGDOM MANAGING DIRECTOR
Jim joined BrainJuicer during 2006 as UK Managing Director and is a member of the international management team. He was previously General Manager of SGA Research International Limited and Head of Virtual Expert Community on Concept Testing and Volume Estimates. Jim is a highly experienced researcher with over 20 years' experience in Consumer Insights, specialising in the packaged goods sector.

EVERT BOS
NETHERLANDS MANAGING DIRECTOR
Evert has been with BrainJuicer since the end of 2004 as Netherlands Managing Director. Evert has twelve years' marketing and research experience with the Unilever Group of companies in the Netherlands. He managed the Dutch integration of Bestfood's Knorr and Conimex brands and was Head of Market Research at Bestfood before joining BrainJuicer.

ARI POPPER
NORTH AMERICA PRESIDENT
Ari joined BrainJuicer in January 2007 and now leads our North American Team. Ari was previously a Vice President at Millward Brown and Senior Manager of its Los Angeles Office. Ari's areas of specialism include consumer segmentation, early creative development, brand strategy and marketing communication effectiveness.

COMPANY SECRETARY
JAMES GEDDES

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Directors' Report

The Directors present the Annual Report and audited financial statements of BrainJuicer Group PLC for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

We are a full service quantitative market research agency.

The Group made a profit after tax of £660,000 for the year ended 31 December 2007 (2006: loss of £63,000). The Directors do not recommend the payment of a dividend.

A further review of the business and likely future developments of the Group is given in the Chief Executive's Statement on page 4 in the Business and Financial Review on pages 6 to 8.

THE DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out below. All Directors served throughout the year apart from Ken Ford who was appointed as Chairman on 1 September 2007.

Ken Ford
John Kearon
James Geddes
Simon Godfrey
Mark Muth

Directors' interests in the Ordinary Shares of the Company and in share options are disclosed in the Remuneration Report on page 17.

PAYMENTS TO SUPPLIERS

The Group aims to settle invoices within agreed payment terms, provided the relevant services or goods have been received in accordance with the agreed terms and conditions. At 31 December 2007, trade payables represent 37 days of average purchases of the Group (2006: 32 days).

SUBSTANTIAL SHAREHOLDINGS

Details of the changes in the share capital of the Company during the year are given in note 10 to the financial statements. As at 29 February 2008, the Company was aware of the following interests in 3% or more of the Ordinary issued share capital of the Company.

	At 29 February 2008	
Substantial shareholdings	**Number**	**%**
John Kearon	5,660,187	44.9
Unilever UK Holdings	4,883,643	38.7
Chase Nominees Limited	431,507	3.4

EMPLOYMENT POLICIES

The Group is committed to following the applicable employment laws in each territory in which it operates. The Group is committed to fair employment practices, including the prohibition of all forms of discrimination and giving equal access and fair treatment to all employees on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others. If employees become disabled we would make every effort to keep them in our employment, with appropriate training where necessary.

HEALTH AND SAFETY POLICIES

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public. It complies with all applicable statutory and regulatory requirements.

AUDITOR

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

By order of the Board

JAMES GEDDES
CHIEF FINANCIAL OFFICER
7 MARCH 2008

Corporate Governance Report

INTRODUCTION

The Board of BrainJuicer Group PLC is committed to high standards of corporate governance, which it considers a prerequisite to support the growth and ambitions of the Group. Whilst it is not a requirement for companies listed on the Alternative Investment Market ("AIM") to comply with all the provisions in the Combined Code, the Board takes the Code seriously. The Group also places particular importance on the guidelines issued by the Quoted Companies Alliance for AIM Companies.

There are areas where the Group is not in compliance with the Combined Code but the Directors believe that full compliance is not practicable for a company of BrainJuicer's size and at its stage of development. This report sets out the procedures and systems currently in place at BrainJuicer and explains why the Board considers them effective. The Board has committed to reviewing compliance with the Code regularly.

THE BOARD

The Board comprises two Executive Directors and three Non-executive Directors. Their biographical details are presented on page 10.

The Board meets formally on a monthly basis and each of the Directors attended all twelve meetings during the year, apart from Ken Ford who attended all meetings subsequent to his appointment as Non-executive Chairman on 1 September 2007. The Board discharges its responsibilities through both monthly management team meetings which are attended by the Executive Directors and the three country managers and regular informal meetings as would be expected in a Group of BrainJuicer's size.

Ken Ford is Chairman of the Group and John Kearon its Chief Executive Officer. John is also the founder of BrainJuicer and a significant shareholder. His role centres on formulating the Group's strategy and driving its commercial development. The Board's three Non-executive Directors act as a sounding Board and challenge the Executive Directors both at monthly Board meetings and on a regular and informal basis. Matters referred to the Board are considered by the Board as a whole and no one individual has unrestricted powers of decision. There are procedures and controls, including a schedule of matters that require the Board's specific approval. This schedule includes:

- approval of the Group's strategy, long term objectives and business plan;
- approval of the extension of the Group's activities into new territories;
- approval of significant capital expenditure beyond that budgeted;
- changes relating to the Group's capital structure, including debt raising, reduction of capital, share issues and buy backs;
- ensuring that the Group has effective reporting and internal control systems and an adequate risk assessment procedure;
- nominations for Board and Committee appointments; and
- consideration of key senior management appointments.

Where Directors have concerns which cannot be resolved in connection with the running of the Group or a proposed action, their concerns would be recorded in the Board minutes. This course of action has not been required to date.

The Directors can obtain independent professional advice at the Company's own expense in performance of their duties as Directors.

The Company indemnifies Directors for claims made against them in relation to their duties, with the exception of any losses incurred as a result of their willful negligence.

Each year at the Annual General Meeting, one-third of Directors are required to retire by rotation, provided all Directors are subject to re-election at intervals of no more than three years. This year, John Kearon is scheduled to retire by rotation and has confirmed his willingness to be put forward for re-election at the Annual General Meeting to be held on 21 May 2008.

NON-EXECUTIVE DIRECTORS

The Non-executive Directors are considered by the Board to be independent of management. The guidance in the Combined Code indicates that the Non-executive Directors' independence might be impaired as Mark Muth represents a significant shareholder, Unilever Holdings Limited, and Simon Godfrey was formerly a part-time employee and participates in the Group's share option scheme. However, the Board consider both Mark and Simon to be independently minded. Moreover, neither Mark nor Simon have a material economic interest in BrainJuicer given each of their net wealth.

The terms and conditions of the Non-executive Directors' appointments are available for inspection at the Company's registered office.

REMUNERATION COMMITTEE

The membership and a summary of the terms of reference of the Remuneration Committee can be found on page 16.

AUDIT COMMITTEE

The Audit Committee, comprising Mark Muth (Chairman), Simon Godfrey and Ken Ford, the three Non-executive Directors, was established on 17 November 2006.

The Board considers that Mark Muth has recent and relevant financial experience. He has built a career in banking and venture capitalism and is a member of the Board of several small, entrepreneurial companies. If required, the Committee is entitled to request independent advice at the Company's expense in order for it to effectively discharge its responsibilities.

The Committee's main role and responsibilities are to:

- monitor the integrity of the financial statements of the Group;
- review the Group's internal financial controls and risk management systems;
- make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor;
- discussion of the nature, extent and timing of the external auditor's procedures and discussion of external auditor's findings;
- review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- develop and implement policy on the engagement of the external auditor to supply non-audit services;
- report to the Board, identifying any matters in respect of which it considers that action or improvement is required; and
- ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

The Committee is scheduled to meet twice in each financial year and at other times if necessary.

The Group does not currently have an internal audit function, which the Board considers appropriate for a Group of BrainJuicer's size. The Audit Committee will review risk assessments and the need for an internal audit function on a periodic basis.

INTERNAL CONTROL PROCEDURES

The Board is responsible for the Group's system of internal controls and risk management and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute assurance against material misstatement or loss.

The key features of the Group's internal controls are described below:

- a clearly defined organisational structure with appropriate delegation of authority;
- the approval by the Board of a one year budget, including monthly income statements, balance sheets and cash flow statements. The budget is prepared in conjunction with Country Managers and Client Directors to ensure targets are feasible;
- the business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the budget and to the latest forecast and presented to the Board on a timely basis;
- regular reviews by the Board and by the Senior Management team of key performance indicators;
- a limited number of Directors and Senior Executives are able to sign cheques and authorise payments. Payments are not permitted without an approved invoice;
- reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team; and
- a disaster recovery plan and back-up system is documented and in place.

The Board in conjunction with the Audit Committee keeps under review the Group's internal control system on a periodic basis. The Board acknowledges that there is room to improve procedures and intends to ensure risk assessment procedures and responses are continuously improved.

COMMUNICATIONS WITH SHAREHOLDERS

The Board recognises the importance of regular and effective communication with shareholders. The primary forms of communication are:

- the annual and interim statutory financial reports and associated investor and analyst presentations and reports;
- announcements relating to trading or business updates released to the London Stock Exchange; and
- the Annual General Meeting provides shareholders with an opportunity to meet the Board of Directors and to ask questions relating to the business.

GOING CONCERN

After making enquiries, at the time of approving the financial statements the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Remuneration Report

REMUNERATION COMMITTEE

The Group has established a Remuneration Committee, comprising the three Non-executive Directors, Ken Ford, Simon Godfrey and Mark Muth.

The Committee's main role and responsibilities are as follows:

- to review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the Company's Executive Directors;
- to review, and approve on behalf of the Board, the remuneration and benefits of senior management;
- to review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share option schemes; and
- to be responsible for reporting to the Group's shareholders in relation to remuneration policies applicable to the Group's Executive Directors.

The Committee may invite the Chief Executive Officer and Chief Finance Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Finance Officer and of other Senior Executives of the Group. The Chief Executive Officer is not involved in setting his own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference.

The Committee's terms of reference are reviewed and approved by the Board. These are available for inspection at the Group's registered office.

REMUNERATION POLICY

The Group's policy on remuneration is to provide a package of benefits, including salary, performance-related bonuses and share options, which reward success and individual contributions to the Group's overall performance appropriately, while avoiding paying more than is necessary for this purpose. The Group's Articles of Association do not permit Directors' Remuneration to exceed £750,000 per annum in aggregate. In addition, the Remuneration Committee takes into account remuneration packages of comparable companies when making recommendations to the Board.

Performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders and accordingly are set as a significant proportion of total remuneration.

STOCK OPTIONS

The Group considers that active participation in a share option plan is an effective means of incentivising and retaining high quality people. Directors and employees are eligible to participate in the scheme. Further details of the option plan and outstanding options as at 31 December 2007 are given in note 10 to the financial statements.

SERVICE AGREEMENTS

The Executive Directors entered into service agreements with BrainJuicer Limited, a wholly owned subsidiary of the Company on 22 January 2003. The agreements include restrictive covenants which apply during employment and for a period of twelve months after termination.

John's agreement can be terminated on six month's notice in writing by either the Company or by John. James' agreement can be terminated on twelve months notice in writing by the Company and six months' notice by James.

NON-EXECUTIVE DIRECTORS

Mark Muth and Simon Godfrey were appointed Non-executive Directors on 5 October 2006 and entered into letters of appointment with the Company on 30 November 2006. Ken Ford was appointed Non-executive Chairman on 1 September 2007 and entered into a letter of appointment with the Company on 3 March 2008. The remuneration of the Non-executive Directors is determined by the Executive Directors.

Mark, Simon and Ken's appointments can be terminated on six months' notice in writing by either the Company or by the Non-executive Director. However, the Company has entered into an agreement not to exercise its right to terminate Mark's appointment while for so long as Unilever UK Holdings remains the registered holder of not less than 10% of the issued share capital of the Company.

DIRECTORS' EMOLUMENTS

Remuneration in respect of the Directors was as follows:

	2007 **£**	2006 £
Aggregate emoluments	**362,300**	305,060

Emoluments of highest paid Director:

	2007 **£**	2006 £
Aggregate emoluments	**173,244**	145,292

DIRECTORS' INTERESTS

Directors' interests in Ordinary Shares of 1 pence each as at 31 December 2007 are shown below:

	Number of 1 pence Ordinary Shares	
	31 December 2007	1 January 2007
John Kearon	**5,660,187**	5,660,187
James Geddes	**144,515**	144,515
Ken Ford	**10,000**	—

The following Directors held share options over 1 pence Ordinary Shares in the Company as at 31 December 2007:

	Date of grant	**Earliest exercise date**	**Expiry date**	**Exercise price pence**	**Number at 1 January 2007**	**Granted in year**	**Exercised in year**	**Number at 31 December 2007**
John Kearon								
	19/01/2007	01/01/2008	18/01/2017	162.5	—	60,213	—	60,213
James Geddes								
	15/09/2003	01/01/2004	14/01/2013	11.4	228,810	—	—	228,810
	19/01/2007	01/01/2008	18/01/2017	162.5	—	60,213	—	60,213
					228,810	60,213	—	289,023
Simon Godfrey								
	21/01/2003	01/01/2004	20/01/2013	11.4	84,298	—	—	84,298

No Director exercised rights to share options during the year.

An option will normally vest as to one-third on 1 January following the date of grant and a further third on the next 1 January and the remaining third on the following 1 January so that the option will be fully vested from the second anniversary of 1 January following the date of grant. It is then exercisable until the tenth anniversary of the date of grant. The exercise price at grant date is equal to the Company's share price at the date of grant.

Each Director has agreed, subject to certain restrictions, not to dispose of his shares for twelve months from the date of admission of the Company's shares on AIM (5 December 2006), and for an additional six months without the consent of the Company's broker (Landsbanki Securities (UK) Limited – formerly Teather & Greenwood); such consent can only be withheld on orderly market grounds.

SIMON GODFREY
CHAIRMAN OF THE REMUNERATION COMMITTEE
7 MARCH 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and have chosen to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these 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 that the Group financial statements comply with IFRS as adopted by the European Union and that the parent company financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- prepare the Group financial statements and those of the parent company on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

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

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

JAMES GEDDES
COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER
7 MARCH 2008

Report of the Independent Auditor
to the members of BrainJuicer Group PLC

We have audited the Group financial statements (the ''financial statements'') of BrainJuicer Group PLC for the year ended 31 December 2007 which include the principal accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of BrainJuicer Group PLC for the year ended 31 December 2007.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' Responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business and Financial Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' Remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Financial Highlights, the Chairman's Statement, the Chief Executive's Statement, the Business and Financial Review, the Directors' Report, the Corporate Governance Report and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
CAMBRIDGE
7 MARCH 2008

Consolidated Balance Sheet
As at 31 December 2007

	Note	2007 £'000	2006 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**119**	78
Intangible assets	6	**328**	—
Deferred tax asset	20	**222**	213
		669	291
Current assets			
Inventories	8	**16**	45
Trade and other receivables	9	**2,630**	1,612
Cash and cash equivalents		**1,875**	1,233
		4,521	2,890
Total assets		**5,190**	3,181
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	**126**	126
Share premium account		**1,408**	1,390
Merger reserve		**477**	477
Foreign currency translation reserve		**51**	(5)
Other reserve		**278**	255
Retained earnings		**412**	(277)
Total equity		**2,752**	1,966
LIABILITIES			
Current liabilities			
Trade and other payables	11	**2,092**	944
Current income tax liabilities		**346**	163
Financial liabilities	12	**—**	108
Total liabilities		**2,438**	1,215
Total equity and liabilities		**5,190**	3,181

These financial statements were approved by the Directors on 7 March 2008 and are signed on their behalf by:

JOHN KEARON
DIRECTOR

JAMES GEDDES
DIRECTOR

The notes on pages 24 to 37 form an integral part of these financial statements.

Consolidated Income Statement
For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Revenue	4	**6,566**	4,608
Cost of sales		**(1,727)**	(1,189)
Gross profit		**4,839**	3,419
Administrative expenses		**(3,995)**	(2,942)
Listing expenses		**—**	(354)
Operating profit	4	**844**	123
Investment income	17	**49**	3
Finance costs	18	**—**	(32)
Profit before taxation		**893**	94
Income tax expense	19	**(233)**	(157)
Profit/(loss) for the financial year		**660**	(63)
Attributable to equity holders of the Company		**660**	(63)
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings/(loss) per share	21	**5.2p**	(0.9)p
Diluted earnings/(loss) per share	21	**5.0p**	(0.9)p

All of the activities of the Group are classed as continuing.

The notes on pages 24 to 37 form an integral part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2007

	Note	**2007 £'000**	2006 £'000
Net generated from/(used by) operations	23	**1,173**	(167)
Interest paid		**—**	(1)
Tax paid		**(77)**	—
Net generated from/(used by) operating activities		**1,096**	(168)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(83)**	(92)
Purchase of intangible assets		**(330)**	—
Interest received		**49**	3
Net cash used by investing activities		**(364)**	(89)
Cash flows from financing activities			
Proceeds from initial public offering net of share issue expenses		**—**	1,399
Proceeds from other issuance of Ordinary Shares		**18**	27
Repayment of financial liabilities		**(108)**	—
Net cash (used by)/generated from financing activities		**(90)**	1,426
Net increase in cash and cash equivalents		**642**	1,169
Cash and cash equivalents at beginning of year		**1,233**	64
Cash and cash equivalents at end of year		**1,875**	1,233

The notes on pages 24 to 37 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2007

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2006	111	—	445	1	26	(214)	369
Exchange differences on consolidation	—	—	—	(6)	—	—	(6)
Loss for the financial year	—	—	—	—	—	(63)	(63)
Total income/(expenses) recognised for 2006	—	—	—	(6)	—	(63)	(69)
Shares issued prior to Group reconstruction	—	—	21	—	—	—	21
Transfer of liability element of preferred shares to equity	—	—	11	—	—	—	11
Shares issued on IPO	14	1,486	—	—	—	—	1,500
Share issue costs deducted from equity	—	(101)	—	—	—	—	(101)
Share options exercised subsequent to Group reconstruction	1	5	—	—	—	—	6
Share-based payment charge	—	—	—	—	22	—	22
Deferred tax credited to equity	—	—	—	—	207	—	207
	15	1,390	32	—	229	—	1,666
At 31 December 2006	126	1,390	477	(5)	255	(277)	1,966
Exchange differences on consolidation	—	—	—	56	—	—	56
Profit for the financial year	—	—	—	—	—	660	660
Total income recognised for 2007	—	—	—	56	—	660	716
Exercise of share options	—	18	—	—	(6)	6	18
Unwinding of deferred tax on exercise of share options	—	—	—	—	2	23	25
Share-based payment charge	—	—	—	—	54	—	54
Deferred tax debited to equity	—	—	—	—	(27)	—	(27)
	—	18	—	—	23	29	70
At 31 December 2007	**126**	**1,408**	**477**	**51**	**278**	**412**	**2,752**

The notes on pages 24 to 37 form an integral part of these financial statements.

Notes to Financial Statements
For the year ended 31 December 2007

1 GENERAL INFORMATION
BrainJuicer Group PLC ("the Company") was incorporated on 19 September 2006 in the United Kingdom. The Company is United Kingdom resident. The address of the registered office of the Company, which is also its principal place of business, is given on page 11. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The Company and its subsidiaries (together "the Group") provide on-line market research services. Further detail of the Group's operations and its principal activity is set out in the Directors' Report on page 13.

The financial statements for the year ended 31 December 2007 (including the comparatives for the year ended 31 December 2006) were approved by the Board of Directors on 7 March 2008.

2 BASIS OF PREPARATION
The Group has prepared its Annual Report in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 1985.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

These financial statements are presented in pounds Sterling ("GBP") because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

3 PRINCIPAL ACCOUNTING POLICIES
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 years presented, unless otherwise stated.

INTERPRETATION EARLY ADOPTED BY THE GROUP
IFRIC 11, 'IFRS 2 – Group and treasury share transactions', was early adopted in 2007. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity settled or cash settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have any impact on the Group's financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE
The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not adopted them early:

IAS 1, (Revised 2007) "Presentation of Financial Statements" (effective from 1 January 2009)
The revised standard will result in changes to the presentation of the Group's financial statements as the format currently adopted for the Statement of Changes in Equity will no longer be permitted. Instead, the Group will present a Statement of Comprehensive Income combining the existing Income Statement with other income and expenses currently presented as part of the Statement of Changes in Equity. In addition, the Group will present a separate Statement of Changes in Equity showing owner changes in equity.

IAS 23, (Amendment), "Borrowing costs" (effective from 1 January 2009)
The amendment to this standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009, subject to endorsement by the European Union but is currently not applicable to the Group as there are no qualifying assets.

IFRS 3, (Revised 2008) "Business Combinations" (effective from 1 July 2009)
The revised standard will apply to any future business combinations that the Group may undertake once it is in force. The Group has no plans to adopt the revised standard in advance of its mandatory implementation date and it is not possible to quantify the effect of the standard on future business combinations until and unless those combinations take place.

IFRS 8, "Operating segments" (effective from 1 January 2009)
IFRS 8 replaces IAS 14 and requires segment information to be presented on the same basis as that used for internal reporting purposes. The adoption of this standard is unlikely to have a significant impact upon the accounts as the internal reporting provided to the chief operating decision-maker is consistent with that presented in these accounts.

IFRIC 12, "Service concession arrangements" (effective from 1 January 2008)
This interpretation is not relevant to the Group's operations as the Group does not provide public sector services.

IFRIC 13, "Customer loyalty programmes" (effective from 1 July 2008)
This interpretation is not relevant to the Group's operations as the Group does not operate customer loyalty incentive programmes.

IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008)
The Group has no defined benefit pension arrangements and so this standard is not relevant to the preparation of the Group's accounts.

3 PRINCIPAL ACCOUNTING POLICIES CONTINUED

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by it after inter-company transactions, balances and unrealised gains on transactions between Group companies have been eliminated. Control is achieved where the Group has the power to govern the financial and operating policies of a Group undertaking so as to obtain economic benefits from its activities. Undertakings' results are adjusted, where appropriate, to conform to Group accounting policies.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Leasehold improvements	five years or over the period of the lease, if shorter
Furniture, fittings and equipment	five years
Computer hardware	two to three years

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Acquired computer software licenses are capitalised at the cost of acquisition. These costs are amortised on a straight-line basis over their estimated useful economic life of four years.

Costs incurred in the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include professional fees and incremental employee costs required to bring the software into working condition. Non-incremental costs are expensed under the relevant income statement heading.

Furthermore, internally-generated software is recognised as an intangible asset if and only if the Group can demonstrate all of the following conditions:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) its intention to complete the intangible asset and use or sell it;

(c) its ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Once completed and available for use in the business, internally developed software is amortised on a straight-line basis over its useful economic life of four years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and bank deposits available on demand.

INVENTORIES – WORK IN PROGRESS

Work in progress comprises directly attributable costs on incomplete market research projects and is held in the balance sheet at the lower of cost and net realisable value.

INCOME TAXES

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

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

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

Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited directly to equity.

Notes to Financial Statements continued
For the year ended 31 December 2007

3 PRINCIPAL ACCOUNTING POLICIES CONTINUED

OPERATING LEASE AGREEMENTS
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement net of any incentives received from the lessor on a straight-line basis over the period of the lease.

REVENUE RECOGNITION
Revenue is recognised only after the final written debrief has been delivered to the client, except on the rare occasion that a large project straddles a financial period end, and that project can be subdivided into separate discrete deliverables; in such circumstances revenue is recognised on delivery of each separate deliverable.

EMPLOYEE BENEFITS
All accumulating employee-compensated absences that are unused at the balance sheet date are recognised as a liability.

SHARE-BASED PAYMENT TRANSACTIONS
The Group issues equity-settled share-based compensation to certain employees (including Directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option 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.

FOREIGN CURRENCIES
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The consolidated financial statements are presented in Sterling ('GBP'), which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;

(b) income and expenses for each income statement are translated at average exchange rates; and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

SEGMENT REPORTING
A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment (geographical segment).

FINANCIAL INSTRUMENTS
Financial assets
The Group classifies its financial assets into the following categories: loans and receivables, at fair value through profit or loss, and available-for-sale. However, at present, only the first of these categories is relevant for the Group. The classification is determined by management at initial recognition, being dependent upon the purpose for which the financial assets were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

3 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently carried at cost using the effective interest rate method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Trade receivables

Trade receivables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method.

Trade payables

Trade payables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date the Group reviews the carrying amount of its property, plant and equipment and intangible assets for 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. Intangible assets not available for use are tested for impairment on at least an annual basis. The recoverable amount is the higher of the fair value less costs to sell and value in use.

SHARE CAPITAL

Ordinary Shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

SHARE PREMIUM

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

OTHER RESERVE

The other reserve represents equity-settled share-based employee remuneration until such share options are exercised and deferred tax taken directly to equity in respect of such options.

MERGER RESERVE

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium where a transaction qualifies as a common control transaction. Common control transactions are accounted for using merger accounting rather than as business combinations.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents the differences arising from translation of investments in overseas subsidiaries.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Share options

Share options are granted on a discretionary basis and vest evenly over a three year period. The fair value of options granted is determined using the Black-Scholes valuation model, which requires a number of estimates and assumptions. The significant inputs into the model are share price at grant date, exercise price, expected option life, expected volatility and the risk free rate. Volatility is measured at the standard deviation of expected share prices returns based on statistical analysis of competitors' share prices.

Trade receivables

Trade receivables are stated net of any impairment. Impairment is based on the Group's best estimate of the likelihood of recovery on a specific basis.

Deferred tax

A deferred tax asset is recognised where the Group considers it probable that a tax credit will be received in the future. This specifically applies to tax losses and to outstanding vested share options at the balance sheet date. The Group estimates what proportion of those outstanding share options are likely to be exercised and a related tax credit received in the future. The asset recognised is also dependent on the year-end share price.

Notes to Financial Statements continued
For the year ended 31 December 2007

4 SEGMENT INFORMATION

The Group operates in one business segment, that of market research. Whilst there are a number of products within the business segment, management reporting is principally based on location of service delivery. Accordingly the Group presents its primary segment analysis on this basis:

Year ended 31 December 2007	**United Kingdom £'000**	**Europe £'000**	**Rest of the World £'000**	**Group £'000**	**Total £'000**
Total segment revenue	**4,209**	**1,955**	**429**	**—**	**6,593**
Inter segment revenue	**(27)**	**—**	**—**	**—**	**(27)**
Segment revenue	**4,182**	**1,955**	**429**	**—**	**6,566**
Segment result	**1,431**	**966**	**(194)**	**(1,359)**	**844**
Investment income					**49**
Profit before taxation					**893**
Taxation					**(233)**
Profit for the financial year					**660**
Segment assets	**1,728**	**918**	**167**	**2,377**	**5,190**
Segment liabilities	**(1,471)**	**(498)**	**(122)**	**(347)**	**(2,438)**
Net assets	**257**	**420**	**45**	**2,030**	**2,752**
Capital expenditure	**86**	**37**	**10**	**280**	**413**
Depreciation	**39**	**3**	**3**	**—**	**45**

Group costs include Directors' Remuneration and central project costs which are not directly attributable to geographic segments.

Group assets include centrally held cash at bank, intangible assets and deferred tax assets. Group liabilities include income tax liabilities.

Year ended 31 December 2006	United Kingdom £'000	Europe £'000	Rest of the World £'000	Group £'000	Total £'000
Total segment revenue	3,065	1,198	375	—	4,638
Inter segment revenue	(30)	—	—	—	(30)
Segment revenue	3,035	1,198	375	—	4,608
Segment result	860	529	(66)	(1,200)	123
Investment income					3
Finance costs					(32)
Profit before taxation					94
Taxation					(157)
Loss for the financial year					(63)
Segment assets	1,072	855	237	1,264	3,428
Segment liabilities	(712)	(179)	(300)	(271)	(1,462)
Net assets	360	676	(63)	993	1,966
Capital expenditure	86	3	3	—	92
Depreciation	13	1	—	—	14

Group costs include Directors' Remuneration and central project costs which are not directly attributable to geographic segments.

Group assets include centrally held cash at bank and deferred tax assets. Group liabilities include income tax and financial liabilities.

5 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2007	**Furniture, fittings and equipment £'000**	**Computer hardware £'000**	**Total £'000**
At 1 January 2007			
Cost	60	32	92
Accumulated depreciation	(7)	(7)	(14)
Net book amount	53	25	78
Year ended 31 December 2007			
Opening net book amount	53	25	78
Additions	19	64	83
Depreciation charge for the year	(15)	(26)	(41)
Foreign exchange	1	(2)	(1)
Closing net book amount	**58**	**61**	**119**
At 31 December 2007			
Cost	80	94	174
Accumulated depreciation	(22)	(33)	(55)
Net book amount	**58**	**61**	**119**

For the year ended 31 December 2006			
At 1 January 2006			
Cost	—	—	—
Accumulated depreciation	—	—	—
Net book amount	—	—	—
Year ended 31 December 2006			
Opening net book amount	—	—	—
Additions	60	32	92
Depreciation charge for the year	(7)	(7)	(14)
Foreign exchange	—	—	—
Closing net book amount	53	25	78
At 31 December 2006			
Cost	60	32	92
Accumulated depreciation	(7)	(7)	(14)
Net book amount	53	25	78

Notes to Financial Statements continued
For the year ended 31 December 2007

6 INTANGIBLE ASSETS

	Software £'000	Software development in progress £'000	Total £'000
At 1 January 2007			
Cost	—	—	—
Accumulated amortisation	—	—	—
Net book amount	—	—	—
Year ended 31 December 2007			
Opening net book amount	—	—	—
Additions	50	280	330
Depreciation charge for the year	(4)	—	(4)
Foreign exchange	2	—	2
Closing net book amount	**48**	**280**	**328**
At 31 December 2007			
Cost	52	280	332
Accumulated depreciation	(4)	—	(4)
Net book amount	**48**	**280**	**328**

The additions to software development in progress during the year relate to capitalised software development costs for the cost of building a brand new software platform for delivering our research.

7 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to some financial risks. The Group monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks.

CREDIT RISK

Credit risk is managed on a Group basis, arising from credit exposures to outstanding receivables and cash and cash equivalents.

Management regularly monitor receivables reports on a Group basis. Since the vast majority of the Group's clients are large blue-chip organisations, the Group has not yet suffered any bad debts.

MARKET RISK – FOREIGN EXCHANGE RISK

The Group operates in the United States and in the Netherlands and is exposed to currency movements impacting future commercial transactions and net investments in those countries.

Management believe that both foreign currency transaction and translation risk are not material to the financial performance of the Group. Management monitors foreign exchange gains and losses on a monthly basis and reviews the foreign exchange policy regularly.

At 31 December 2007, with all other variables held constant, the effect of a change in currency rates against Sterling would be as follows:

	Increase/(decrease) Equity (Foreign currency translation reserve)		Increase/(decrease) Post tax profits	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
If there was:				
a 10% strengthening of the US Dollar	**(20)**	(6)	**(13)**	—
a 10% weakening of the US Dollar	**18**	6	**(20)**	—
a 10% strengthening of the Euro	**70**	61	**17**	—
a 10% weakening of the Euro	**(64)**	(55)	**(16)**	—

LIQUIDITY RISK

The Group forecasts cashflows as part of its business planning procedures and monitors progress against forecasts on a monthly basis. Cash is not invested on a long term basis in order to prudently manage liquidity risk.

CAPITAL RISK MANAGEMENT

The Group has no borrowings and does not at present pay dividends. The Directors believe that this low risk capital structure is appropriate given the early stage, high growth nature of the business.

7 FINANCIAL RISK MANAGEMENT CONTINUED

FINANCIAL INSTRUMENTS BY CATEGORY

At the balance sheet date the Group held the following financial instruments by category:

	Loans and receivables	
Assets as per balance sheet	**2007 £'000**	2006 £'000s
Trade and other receivables	**2,630**	1,612
Cash and cash equivalents	**1,875**	1,233
	4,505	2,845

8 INVENTORY

	2007 £'000	2006 £'000
Work in progress	**16**	45

9 TRADE AND OTHER RECEIVABLES

	2007 £'000	2006 £'000
Trade receivables	**2,129**	1,197
Other receivables	**47**	54
Prepayments and accrued income	**454**	361
	2,630	1,612

Trade and other receivables are due within one year and are non-interest bearing.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of each class of receivable detailed above. The Group does not hold any collateral as security.

The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance.

Trade receivables that are less than three months past due are not considered to be impaired. As of 31 December 2007, trade receivables of £431,000 (2006: £449,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	2007 £'000	2006 £'000
Up to 3 months	**370**	351
3 to 6 months	**61**	98
	431	449

As of 31 December 2007, trade receivables of £Nil (2006: £Nil) were impaired.

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	2007 £'000	2006 £'000
Sterling	**1,383**	961
Euro	**1,045**	497
US Dollar	**202**	154
	2,630	1,612

Notes to Financial Statements continued
For the year ended 31 December 2007

10 SHARE CAPITAL

Authorised share capital	2007 £'000	2006 £'000
36,000,000 (2006: 36,000,000) Ordinary Shares of 1 pence each	**360**	360

	Ordinary Shares		Series A Preferred Shares		
Allotted, called up and fully paid	**Number**	**£'000**	**Number**	**£'000**	**Total £'000**
Share movements in:					
BrainJuicer Limited					
As at 1 January 2006	102,400	—	80,000	—	—
Issue of shares	2,127	—	—	—	—
Share consolidation (10 for 1)	(94,074)	—	(72,000)	—	—
Capitalisation of share premium	6,283,615	63	4,809,042	48	111
At 14 November 2006 (Date of share for share exchange*)	6,294,068	63	4,817,042	48	111
BrainJuicer Group PLC					
Shares issued on incorporation	1	—	1	—	—
Share for share exchange with BrainJuicer Limited	6,294,067	63	4,817,041	48	111
Exercise of share options	50,603	1	—	—	1
Conversion of preferred A shares to Ordinary Shares	4,817,042	48	(4,817,042)	(48)	—
Shares issued on IPO	1,388,900	14	—	—	14
At 31 December 2006	12,550,613	126	—	—	126
Exercise of share options	38,905	—	—	—	—
At 31 December 2007	**12,589,518**	**126**	**—**	**—**	**126**

* On 14 November 2006, BrainJuicer Group PLC acquired the entire issued share capital of BrainJuicer Limited in return for the issue of new equity share capital. The transaction was accounted for in the 2006 financial statements as a common control transaction.

Prior to the 10 for 1 share consolidation in BrainJuicer Limited, the par value of each share was 0.1 pence. Subsequently, the par value of each share was 1 pence.

SHARE OPTIONS

The Group issues share options to Directors and to employees under an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme. Employees resident overseas are eligible to participate in the scheme but their options do not qualify as HM Revenue and Customs approved.

The grant price for share options is equal to the average quoted market price of the Company shares on the date of grant. Options vest evenly over a period of one to three years following grant date. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited if the employee leaves the Group before the options vest.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2007		2006	
	Average exercise price per share pence	**Options Number**	Average exercise price per share pence	Options Number
Outstanding at 1 January	**29.4**	**828,086**	20.1	888,744
Granted	**162.5**	**290,529**	62.3	120,426
Lapsed	**105.0**	**(45,858)**	62.3	(14,451)
Exercised	**49.2**	**(38,903)**	11.4	(166,633)
Outstanding at 31 December	**62.7**	**1,033,854**	29.4	828,086
Exercisable at 31 December	**22.6**	**673,140**	21.0	653,970

The weighted average share price at date of exercise of options exercised during the year was 117.2 pence (2006: 72.0 pence). The weighted average fair value of options granted in the year was £48.5 pence (2006: £18.8 pence).

The total charge for the year relating to employee share-based payment plans was £54,000 (2006: £22,000), all of which related to equity-settled share-based payment transactions.

The fair value of options granted outstanding was determined using the Black-Scholes valuation model.

10 SHARE CAPITAL CONTINUED

Significant inputs into the model include a weighted average share price of 162.5 pence (2006: 24.3 pence) at the grant date, the exercise prices shown above, weighted average volatility of 35.0% (2006: 66.3%), dividend yield of Nil (2006: Nil), an expected option life of three years (2006: 3.21 years) and an annual risk-free interest rate of 5.5% (2006: 4.3%).

The expected volatility inputs to the model were calculated using historic daily share prices of companies operating in similar industry sectors to the Group. The period from date of grant to date of exercise was used in determining volatility for each tranche of options.

In January 2007 290,529 share options were granted to Directors and employees with an exercise price set at the market price on the date of grant (162.5 pence per share).

At 31 December, the Group had the following outstanding options and exercise prices:

	2007			2006		
Expiry date	**Average exercise price per share pence**	**Options Number**	**Weighted average remaining contractual life Months**	Average exercise price per share pence	Options Number	Weighted average remaining contractual life Months
2013	**11.4**	**486,312**	**64.8**	11.4	496,312	76.2
2014	**43.3**	**105,673**	**80.9**	42.5	105,674	92.5
2015	**62.3**	**72,556**	**87.0**	62.3	111,695	97.6
2016	**62.3**	**98,354**	**102.1**	62.3	114,405	113.5
2017	**162.5**	**270,959**	**109.0**	—	—	—
At 31 December	**62.7**	**1,033,854**	**83.1**	29.4	828,086	86.3

11 TRADE AND OTHER PAYABLES

	2007 £'000	2006 £'000
Trade payables	**310**	230
Social security and other taxes	**249**	27
Accruals and deferred income	**1,533**	687
	2,092	944

Trade and other payables are due within one year and are non-interest bearing.

The contractual terms for the payment of trade payables is generally 30 days from receipt of invoice.

12 FINANCIAL LIABILITIES

	2007 £'000	2006 £'000
Accrued interest	**—**	108

Accrued interest relates to the 5% fixed cumulative dividend due that was due to the Series A Preferred shareholders of BrainJuicer Limited. On 22 November 2006, the Series A Preferred shares were converted to Ordinary Shares, resulting in interest ceasing to accrue and the liability element of the Series A Preferred shares, amounting to £11,000 being transferred to equity.

The fair value of the financial liabilities as at 31 December 2007 amounted to £Nil. The fair value of the financial liabilities as at 31 December 2006 amounted to £108,000.

13 COMMITMENTS

The Group leases offices under non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	2007 £'000	2006 £'000
No later than one year	**106**	91
Later than one but no later than five years	**163**	250
	269	341

Included within the amounts disclosed above, the Group has the benefit of nine months rent free for the first three years of a lease with an annual rental commitment of £66,360.

At the balance sheet date two (2006: five) rent free months were outstanding. The benefit of the rent free months has been spread over the term of the lease.

Notes to Financial Statements continued
For the year ended 31 December 2007

14 EXPENSES BY NATURE

	2007 £'000	2006 £'000
Changes in work in progress	**29**	(32)
Employee benefit expense	**2,586**	1,873
Depreciation	**45**	14
Net foreign exchange losses	**(26)**	16
Listing expenses	**—**	354
Other expenses	**3,088**	2,260
	5,722	4,485

	2007 £'000	2006 £'000
Analysed as:		
Cost of sales	**1,727**	1,189
Administrative expenses	**3,995**	3,296
	5,722	4,485

15 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2007 £'000	2006 £'000
Auditor's remuneration:		
Audit fees	**24**	26
Taxation services	**7**	16
Other services supplied pursuant to such legislation	**6**	55
Other services	**3**	6
Operating lease expenses:		
Land and buildings	**175**	172
Depreciation on owned assets	**45**	14
Net (gain)/loss on foreign currency translation	**(26)**	16

16 EMPLOYEE BENEFIT EXPENSE

The average number of staff employed by the Group during the financial year amounted to:

	2007 Number	2006 Number
Number of administrative staff	**45**	38

The aggregate payroll costs of the above were:

	2007 £'000	2006 £'000
Wages and salaries	**2,303**	1,674
Social security costs	**229**	177
Share-based remuneration	**54**	22
	2,586	1,873

The Directors have identified eight (2006: seven) key management personnel, including Directors. Compensation to key management is set out below:

	2007 £'000	2006 £'000
Wages and salaries	**723**	451
Social security costs	**67**	37
Compensation for loss of office	**—**	30
	790	518

Details of Directors' emoluments are given in the Remuneration Report on page 17.

17 INVESTMENT INCOME

	2007 £'000	2006 £'000
Bank interest receivable	**49**	3

18 FINANCE COSTS

	2007 £'000	2006 £'000
Preference share interest payable (see note 12)	**—**	31
Finance charges	**—**	1
Finance costs	**—**	32

19 INCOME TAX EXPENSE

	2007 £'000	2006 £'000
Current tax	**269**	163
Deferred tax	**(36)**	(6)
	233	157

	2007 £'000	2006 £'000
Income tax expense for the year differs from the standard rate of taxation as follows:		
Profit on ordinary activities before taxation	**893**	94
Profit on ordinary activities multiplied by standard rate of tax of 30% (2006: 30%)	**268**	28
Difference between tax rates applied to Group's subsidiaries	**(28)**	(8)
Expenses not deductible for tax purposes	**21**	130
Other temporary differences	**4**	(10)
Unrecognised overseas tax losses	**—**	17
Remeasurement of deferred tax – change in UK tax rate	**(14)**	—
Adjustment to current tax in respect of prior year	**(18)**	—
Total tax	**233**	157

20 DEFERRED TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2007 £'000	2006 £'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than twelve months	**202**	213
Deferred tax liabilities:		
– Deferred tax liability to be recovered within twelve months	**(38)**	—
Deferred tax asset (net):	**164**	213
Other amounts not offset are as follows:		
Deferred tax asset – recoverable after more than twelve months		
– Overseas tax losses	**58**	—
	222	213

The gross movement in deferred tax is as follows:

	2007 £'000	2006 £'000
At 1 January	**213**	—
Income statement credit	**36**	6
Tax (charged)/credited directly to equity	**(27)**	207
At 31 December	**222**	213

Notes to Financial Statements continued
For the year ended 31 December 2007

20 DEFERRED TAX CONTINUED

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Share option scheme £'000	Trading losses £'000	Total £'000
At 1 January 2007	213	—	213
Charged to income statement	16	58	74
Charged directly to equity	(27)	—	(27)
At 31 December 2007	**202**	**58**	**260**

Deferred tax liabilities	Accelerated capital allowances £'000	Total £'000
At 1 January 2007	—	—
Charged to income statement	(38)	(38)
At 31 December 2007	**(38)**	**(38)**

Unrecognised deferred tax assets are as follows:

	2007 £'000	2006 £'000
Overseas tax losses	—	22
Unrecognised deferred tax asset	—	22

Deferred tax assets are recognised only to the extent that their recoverability is considered probable.

The deferred tax asset in respect of the Company's share option scheme relates to corporate tax deductions available on exercise of HM Revenue and Customs approved share options.

The deferred tax asset in respect of trading losses relates to the cumulative trading losses incurred by the US subsidiary, BrainJuicer Inc. A deferred tax asset has been recognised in respect of such losses as the Group is confident that sufficient taxable profits will be generated in the future to enable the losses to be utilised.

21 EARNINGS PER SHARE

(A) BASIC

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average of Ordinary Shares in issue during the year.

	2007 £'000	2006 £'000
Profit/(loss) attributable to equity holders of the Company	**660**	(63)
Listing expenses	—	354
Profit/(loss) attributable to equity holders of the Company before listing expenses	**660**	291
Weighted average number of Ordinary Shares in issue	**12,564,831**	7,196,792
Basic earnings/(loss) per share	**5.2p**	(0.9p)
Adjusted basic earnings per share before listing expenses	**5.2p**	4.0p

21 EARNINGS PER SHARE CONTINUED

(B) DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential Ordinary Shares. For share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated in this way is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007 £'000	2006 £'000
Profit/(loss) attributable to equity holders of the Company	**660**	(63)
Interest expense on convertible preference shares	—	31
Profit/(loss) used to determine diluted earnings per share	**660**	(32)
Listing expenses	—	354
Adjusted profit used to determine adjusted diluted earnings per share	**660**	322
Weighted average number of Ordinary Shares in issue	**12,564,831**	7,196,792
Assumed conversion of convertible preference shares	—	4,014,201
Share options	**656,047**	364,377
Weighted average number of Ordinary Shares for diluted earnings per share	**13,220,878**	11,575,370
Diluted earnings/(loss) per share	**5.0p**	(0.9p)
Adjusted diluted earnings per share before listing expenses	**5.0p**	2.8p

The share options and convertible preference shares are considered to be anti-dilutive after listing expenses in 2006.

22 RELATED PARTY TRANSACTIONS

The Group made sales to companies connected to Unilever UK Holdings Limited, a significant shareholder, during the year totalling £630,330 (2006: £299,923). The balance outstanding at the year-end was £152,235 (2006: £41,821).

Services are sold to related parties on an arm's length basis at prices available to third parties.

The wife of Mark Muth, a Director of the Company provided services for the Group totalling £7,696 (2006: £7,500). There was no balance outstanding at the year-end.

The wife of John Kearon, a Director of the Company, provided services for the Group totalling £17,810 (2006: £19,174). There was no balance outstanding at the year-end.

23 CASH GENERATED FROM/(USED BY) OPERATIONS

	2007 £'000	2006 £'000
Profit before taxation	**893**	94
Depreciation	**45**	14
Net finance costs	**(49)**	29
Share-based payment expense	**54**	22
Decrease/(increase) in inventory	**29**	(32)
Increase in receivables	**(1,018)**	(824)
Increase in payables	**1,148**	536
Exchange differences	**71**	(6)
Net cash generated from/(used by) operations	**1,173**	(167)

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Report of the Independent Auditor
to the members of BrainJuicer Group PLC

We have audited the parent company financial statements of BrainJuicer Group plc for the year ended 31 December 2007 which include the principal accounting policies, the balance sheet and notes 1 to 7. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of BrainJuicer Group PLC for the year ended 31 December 2007.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and parent company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the parent company financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' Remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited parent company financial statements. This other information comprises only the Financial Highlights, the Chairman's Statement, the Chief Executive's Statement, the Business and Financial Review, the Directors' Report, the Corporate Governance Report and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its result for the year then ended;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
CAMBRIDGE
7 MARCH 2008

Company Balance Sheet
As at 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Investment in subsidiary	4	**213**	159
		213	159
Current assets			
Debtors due within one year	5	**1,070**	1,051
		1,070	1,050
Total assets		**1,283**	1,210
Capital and reserves			
Share capital	6	**126**	126
Share premium account	7	**1,409**	1,390
Other reserve	7	**102**	48
Accumulated losses	7	**(354)**	(354)
Equity shareholders' funds		**1,283**	1,210

These financial statements were approved by the Directors on 7 March 2008 and are signed on their behalf by:

JOHN KEARON
DIRECTOR

JAMES GEDDES
DIRECTOR

Notes to Company Financial Statements

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

INVESTMENTS

Fixed asset investments are shown at cost less provision for impairment.

DEBTORS

Debtors are stated at nominal value reduced by estimated irrecoverable amounts.

CASH FLOW STATEMENT

The Company has made use of the exemption as permitted by FRS1 (Revised) and has not presented a cash flow statement. The cash flow statement has been prepared in the Group financial statements.

RELATED PARTY TRANSACTIONS

In accordance with FRS 8: Related Party Disclosures, the Company is exempt from disclosing transactions with entities that are part of the BrainJuicer Group as it is a parent company publishing consolidated financial statements.

2 PROFIT FOR THE PERIOD

The Company has made full use of the exemptions as permitted by Section 230(1) of the Companies Act 1985 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company result for the year to 31 December 2007 of £Nil (2006: loss of £353,987) is included in the Group profit for the financial year.

The auditor's remuneration for audit services to the Company was borne entirely by BrainJuicer Limited, a wholly owned subsidiary of the Group. Non-audit services provided by the Company's auditor amounted to £Nil (2006: £55,000 relating to services required by legislation in relation to the Group's initial public offering).

Details of Executive and Non-executive Directors' emoluments and their interest in shares and options of the Company are shown within the Directors' Remuneration Report on page 17.

3 STAFF COSTS

The average number of staff employed by the Company, including Directors, was four. Staff costs were borne entirely by BrainJuicer Limited, a wholly owned subsidiary of the Group.

4 INVESTMENTS

	Group companies £'000
Cost	
At 1 January 2007	159
Share-based payment charge in respect of subsidiaries	54
At 31 December 2007	**213**
Net book amount	
At 31 December 2007	**213**
At 31 December 2006	159

SUBSIDIARY UNDERTAKINGS

Details of subsidiary undertakings at 31 December 2007 are as follows:

	Activity	Interest in issued share capital	Country of incorporation
BrainJuicer Limited	Provision of on-line market research services	100%	UK
BrainJuicer BV*	Provision of on-line market research services	100%	The Netherlands
BrainJuicer Inc.*	Provision of on-line market research services	100%	US

* BrainJuicer BV and BrainJuicer Inc. are subsidiaries of BrainJuicer Limited.

Notes to Company Financial Statements continued

5 DEBTORS

	2007 £'000	2006 £'000
Amounts due from Group undertakings	**1,070**	1,051

6 SHARE CAPITAL

Authorised share capital:

	2007 £'000	2006 £'000
36,000,000 (2006: 36,000,000) Ordinary Shares of 1 pence each	**360**	360

Allotted, called up and fully paid:

	2007	
	Number	**£'000**
At 1 January 2007	**12,550,613**	**126**
Exercise of share options	**38,905**	**—**
At 31 December 2007	**12,589,518**	**126**

	2006	
	Number	£'000
On incorporation	1	—
Share issue in respect of share-for-share exchange	6,294,067	63
Exercise of share options	50,603	1
Conversion of Series A Preferred Shares	4,817,042	48
Share issue in respect of initial public offering	1,388,900	14
At 31 December 2006	12,550,613	126

During the year 38,905 Ordinary Shares were issued for cash. The nominal value of these shares was £389 and the consideration received was £19,142.

7 RESERVES

On incorporation	**Share capital £'000**	**Share premium account £'000**	**Other reserve £'000**	**Accumulated losses £'000**
On incorporation	—	—	—	—
Shares issued in exchange for entire issued share capital of BrainJuicer Limited	111	—	—	—
Transfer of share-based payment charge from BrainJuicer Limited	—	—	48	—
Shares issued on IPO	14	1,486	—	—
Share issue costs deducted from equity	—	(101)	—	—
Share options exercised	1	5	—	—
Loss for the period	—	—	—	(354)
At 31 December 2006	126	1,390	48	(354)
Share-based remuneration charge	—	—	54	—
Share options exercised	—	19	—	—
At 31 December 2007	**126**	**1,409**	**102**	**(354)**

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of BrainJuicer Group PLC (the "Company") for the year 2008 will be held at the offices of Barlow Lyde & Gilbert LLP, 7th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7NJ on 21 May 2008 at 10:00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the report of the Directors and of the auditor and the audited accounts of the Company for the year ended 31 December 2007.
2. To receive, adopt and approve the Directors' Remuneration Report for the year ended 31 December 2007.
3. To re-appoint Grant Thornton UK LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
4. To elect Ken Ford as a director of the Company.
5. To elect John Kearon as a Director of the Company, who is retiring by rotation.
6. That in substitution for any existing authority the Directors be and are generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to a nominal amount of £42,048. This authority shall unless previously renewed, varied or revoked by the Company in general meeting, expire on the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, the date 15 months after the date of passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as a special resolution:

7. That subject to the passing of resolution 6 above, the Directors be and are generally and unconditionally given power for the purposes of Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by resolution 6 above or otherwise in the case of treasury shares (as defined in Section 162(3) of the Act), in each case as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with or pursuant to a rights issue, open offer or other pro-rata issue made to the holders of shares in the Company and other persons entitled to participate therein, in the proportion (or, as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the respective number of shares which such other persons are for these purposes deemed to hold), but subject to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or the regulations or requirements of any recognised regulatory body or any stock exchange in any territory;

   (b) to the grant of options to subscribe for shares in the Company and the allotment of such shares pursuant to the exercise options granted, under the terms of any share option scheme adopted or operated by the Company; and

   (c) to the allotment of equity securities, other than pursuant to sub-paragraphs (a) and (b) above of this resolution up to an aggregate nominal amount of £6,307.

   This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, on the date 15 months after the passing of such resolution, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this section had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of this resolution the words "That subject to the passing of resolution 6 above," were omitted,

Registered office:
13–14 Margaret Street
London
W1W 8RN

By order of the Board

J B Geddes

JAMES GEDDES
COMPANY SECRETARY
7 MARCH 2008

Notice of Annual General Meeting continued

NOTES

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those shareholders registered in the register of members of the Company at 6:00 p.m. on 19 May 2008 shall be entitled to attend and vote at this Annual General Meeting or at any adjournment of the meeting in respect of such number of shares registered in their name at such time. Changes to entries on the register of remembers after 6:00 p.m. on 19 May 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at this Annual General Meeting or at any adjournment of the meeting. Such a member may appoint more than one proxy in relation to this Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares by that member. You may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting in person at this Annual General Meeting or at any adjournment of the meeting.

3. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than forty-eight hours before the start of the meeting or at any adjournment of the meeting together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy or office copy of such power of authority.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this Annual General Meeting by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:

   (a) in order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Copies of the service agreements of the Executive Directors and the letters of appointment of the Non-executive Directors will be available for inspection during the normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will also be made available for inspection at the place of the Annual General Meeting from 15 minutes prior to and during the Annual General Meeting.

Advisers

COMPANY SECRETARY
JAMES GEDDES

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REGISTERED NUMBER
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