BrainJuicer Group PLC
Annual Report and Accounts 2012

Registered Number 05940040

INDEX

Highlights

	2012	2011
FINANCIAL FEATURES		
▪ Revenue	**£20,822,000**	£20,713,000
▪ Gross profit	**£16,068,000**	£16,063,000
▪ Operating profit	**£1,513,000**	£2,758,000
▪ Profit before tax	**£1,515,000**	£2,760,000
▪ Profit after tax	**£1,038,000**	£1,850,000
▪ Earnings per share (fully diluted)	**7.9p**	14.1p
▪ Proposed final dividend	**2.25p**	2.25p
▪ Cash (and no debt)	**£3,755,000**	£3,683,000

OPERATIONAL FEATURES

- Sharp Q4 year on year decline caused negligible revenue growth over the year
- Overheads grew 9% as we continued to invest for future growth, but at a slower rate
- Steps taken to reduce cost growth further in 2013
- Strategically important "Juicy" products grew 22%
- Re-framed our offerings into a behavioural economics construct
- Strong progress in our newer offices in China and Brazil
- Expanded geographic coverage further with new offices in India and France

Chairman's Statement

For the first time since BrainJuicer was established in 2000 I have to report that the Group has had a poor year. Revenue increased marginally, to £20,822,000, but operating profit fell by 45% to £1,513,000 and diluted earnings per share by 44% to 7.9p.

Despite this setback, the Board is proposing to pay a final dividend of 2.25p, the same as for 2011. After taking account of the 2012 interim dividend, which was increased by 13.3% to 0.85p, this would give a full year payment of 3.1p, an increase over 2011 of 3.3%, covered 2.5 times by diluted earnings per share. The proposed dividend reflects the comfortable level of dividend cover, the Group's strong financial position, with year-end cash of £3,755,000 and no debt, and the Board's continued confidence in the future prospects for the business.

John Kearon, our Chief Executive, and James Geddes, our Chief Financial Officer, will assess the 2012 performance and results in the context of the Group's long term growth aspirations, in the sections following this Chairman's Statement. The major factor behind the sharp decline in 2012 profits was the unexpected non-recurrence of the very high levels of business which BrainJuicer has traditionally generated in the last months of the year. The 11% year on year revenue growth achieved over the first 10 months of the year was below our internal expectations but nonetheless respectable. However, the seasonal increase in activity during November and December fell significantly short of that experienced in previous years, leaving revenue for the full year essentially flat.

BrainJuicer's costs (excluding cost of sales), increased by 9%, or £1,250,000 compared with 2011. Much of this increase reflected the full year impact of the investments made during the course of 2011 as the Group pursued its growth agenda – strengthening its teams, broadening its geographic coverage, building its infrastructure and investing in product development and validation. The combined effect of flat sales and a significant increase in costs resulted in a sharp fall in profit for the year.

While disappointing in terms of financial results, BrainJuicer continued to make progress on several fronts during 2012. Our recently established businesses in China and Brazil both grew very strongly, and we opened offices in India and France, to further extend our geographic reach. BrainJuicer's focus on turning human understanding into business advantage continues to be widely recognized by both clients and the market research industry. Sales of our unique "Juicy" products increased by 22% in 2012, a highly encouraging achievement albeit offset by a decline in sales of our more traditional "Twist" products. Revenue from most of the Group's largest clients, which are mainly multinational consumer goods companies, increased significantly over the year.

During 2012 Mark Muth, who had represented Unilever Ventures on the BrainJuicer board since 2003 retired from the board, as did another long-serving director, Simon Godfrey. I would like to thank both Mark and Simon for their valuable input to our discussions over the years. Two new non-executive directors with complementary backgrounds were appointed during the year and have already made a positive contribution. Robert Brand enjoyed a long City career, initially as an investment analyst and then as a company advisor, while Graham Blashill has a strong background in sales and marketing, culminating in 6 years as a main board director of Imperial Tobacco Group plc.

Looking forward to 2013 and beyond, BrainJuicer will continue in its efforts to translate its excellent reputation for innovation into significant revenue growth. One important objective is to get back on track in Western Europe and the US, where revenue was well below budget in 2012. Another priority, and probably the key to taking our business to the next level in terms of scale, is to win significant "mandate" opportunities (where large clients use a specific market research technique from a single supplier across all of its business on an on-going basis). Encouragingly, as our credibility grows, we are increasingly being invited to pitch for such opportunities.

At the same time, and despite the inevitable costs of establishing BrainJuicer in new markets and developing its infrastructure, we will keep aggregate cost increases to a minimum until significant revenue growth returns. Management has already taken steps to deliver this and we expect the overall percentage increase in costs during 2013 to be in low single digits.

Finally, I would like to thank all of our employees for their hard work and commitment during what was a difficult year for our Group.

KEN FORD
Chairman
21 March 2013

Chief Executive's Statement

There's a short version of what happened in 2012 and a longer version of what 2012 represents in the time scale of a changing industry. I'd like to share both.

SHORT. After several years of uninterrupted financial success, 2012 was a disappointing year. James Geddes' CFO commentary addresses the reasons in some detail but there's one factor that accounts for the majority of the disappointment. Every year, some clients spend unused budget in November and December, but in 2012 many big companies decided instead to cut back, and this had a material effect on our profits. As a result, we reduced costs and we'll be less reliant on clients releasing spare budgets at the end of the year going forward.

LONG. My objective here is to position 2012 in the time scale of a changing industry, where it feels like we're at a seminal moment in BrainJuicer's history. Voted the most innovative agency in the world for the last 2 years running, we have made a good start in our mission to reinvent market research. Thirteen years in, we have created and validated a suite of market changing Juicy research approaches, established a global presence working with a great many of the world's biggest companies, attracted a group of 140 talented and highly motivated people, built a truly innovative reputation and are in the process of forming a highly desirable company culture to achieve personal drive and company growth.

In those same thirteen years, the research industry has been woken from its slumber, first by a fieldwork revolution in the form of online research and, more recently, by a research revolution crystallising around the Behavioural Sciences. Thirteen years ago, online research stirred the high priests of market research into defending their faith in offline, random sampled representative research, but the forces of progress meant that by 2013 online research has been totally accepted. From the start, BrainJuicer has been associated with this important fieldwork revolution but, in recent years, it is the more fundamental research revolution that we've been spearheading, inspired by the latest thinking in Behavioural Sciences. Traditional market research has offered a plausible but flawed model of human decision making, over-estimating the importance and measurement of rational, persuasion based messaging and under-estimating the degree to which the vast majority of decisions are made intuitively, instinctively and emotionally. Just as Behavioural Economics is providing a truer-to-life model of human behaviour, so Behavioural Science offers a tremendous opportunity to increase the accuracy of predicting customer behaviour and generating greater commercial returns.

BrainJuicer's reputation has grown in leaps and bounds with the popularity of these new ideas, but the business has not grown at the same rate. Clients are enthusiastic about our new approaches and the commercial benefits on offer, but altering ingrained buying habits requires a great deal of change, which is always hard.

CHANGING HABITS IS HARD

'*Market research as we know it will be dead by 2020*'
Kim Dedeker, formerly P&G Global Head of MR

'*We need more magic and less logic*'
Marc Mathieu, Unilever SVP Marketing

'*We're drowning in data but thirsting for insight*'
Denyse Drummond-Dunn, formerly Nestle Global Head of MR

'*How do we change from a "Plan-Learn-Qualify-Optimize-Launch-Track-Revisit in a Year" research approach, to a more agile, real-time "Do-Learn" mentality?*'
Joan Lewis, Global Consumer & Market Knowledge Officer at P&G

Despite these public statements by the most senior researchers from the world's biggest buyers of market research, echoed by many of their peers in companies the world over, there has been little change in the pattern of these companies' research spending. The desire to adopt new models and methods may be strong but old habits die hard and the traditional research approaches are hard to relinquish, even when there's an awareness of how bad they are for the company's long-term health.

A critical step to changing habits is to understand the forces keeping them in place. Once known, you can find ways to avoid loss aversion and create ways to make it fun, fast and easy for clients to switch. These are the forces we believe keep 'bad-trad' research in place:

1. an established language and standard questions make it easy for clients to discuss and interpret the research;
2. the status quo feels comfortable and possesses default credibility ['nobody ever got fired for buying IBM'];
3. habit; it's just so much easier to buy; suppliers on speed dial & little or no need to sell internally;
4. can be bought by juniors because it's so accepted;
5. has years of normative data to provide benchmarks for go/no-go decisions;
6. it's part of an accepted and understood marketing model that combines the rational and emotional in equal measure to aim for an adequate return, rather than a more intuitive/emotional approach with the potential to deliver a spectacular return;
7. it is generally black-box, formulaic and complicated, which seems to support its plausibility and prevent interrogation of whether it actually works very well.

THE POWER OF BEHAVIOURAL SCIENCE TO CHANGE HABITS

Current market research techniques are a direct reflection of current marketing beliefs. The two are a co-evolved eco-system. The central misdirecting belief running throughout current research and marketing is a left brain, right brain model of human decision making. Since left and right are equal, the default assumption is that rational and emotional factors are equal in decision making and that successful marketing and communications are a combination of functional and emotional factors. So concepts are written in a standard format, of insight-benefit, and reason-to-believe, which insists on a mix of emotional and rational components, and advertising is made with equal amounts of message and engagement. It seems a plausible, even sensible approach but as we'll see below, it's not how the most successful marketing works.

Current concept testing reflects the left-right brain model by having a battery of rational-biased metrics to assess perceptions of efficacy/functionality, some metrics on likability and then purchase intention to predict in-market performance. There is no direct measure of people's emotional reaction and it is no surprise most concepts come out around the average. Packaging testing acknowledges the need for visual impact and recognition but thereafter reflects a belief that great packs are a mixture of the logical and magical. The fact that in-market performance seems to regularly differ from research results should at least question the assumptions behind current market research methods. Communication theory believes the very best adverts are a winning combination of, 'a fist of a brand proposition, wrapped in a velvet glove of emotion'. Nearly every pre-testing method reflects this belief and measures both the rational and emotional, weighing them equally with brand recall [how can an advert possibly work unless people can recall the brand?!]. But all the evidence suggests the very best adverts work through pure emotional seduction, not persuasion [Cadbury Gorilla, VW Darth Vader, the Andrex puppy to name a few examples] and that brand recognition, not recall, is the only thing that matters. Brand and communications tracking are an extension of the communication beliefs and equally flawed.

Behavioural Economics provides a new framework that can radically change marketing beliefs and will demand market research tools to match. The central frame that runs throughout Behavioural Economics is the System 1, System 2 model of the brain, where the instinctive, intuitive and emotional System 1 completely overwhelms the cognitive, deliberative, rational brain [the equivalent of 11 million bits of computing power vs. just 50 bits]. It turns out, 'we think much less than we think we think', with human decision making wildly biased in favour of the emotional, instinctive and intuitive. Market research needs to change the way it assesses new concepts, packs and adverts and prioritise the need to measure emotion and seduction. BrainJuicer's suite of Juicy tools matches this new understanding, successfully measuring the things that matter and putting us in prime position to benefit from a change in understanding how people really make decisions. To the extent we can help our clients speak the System 1 language, we increase their chances of creating famous marketing and significant commercial success.

To challenge the market-leading approaches and make it easier for clients to buy, we need a single focus, a 'single hook' on which to hang all our Juicy tools. This is why we have decided to position ourselves as THE System 1 research agency and adopted the tagline, 'BrainJuicer – Turning Human Understanding into Business Advantage'.

Our challenge is to encourage changes in habits. Just as we have applied our inventiveness to our products and culture, so we need to apply our inventiveness to helping change behaviour. These are five approaches we're sharing with clients:

1. **EDUCATE** in Behavioural Science. Train market research teams in Behavioural Sciences and the revolution that's taking place in the understanding of human decision making, habits and behaviour change.
2. **EVANGELISE** more widely to help turn this new understanding into business advantage. Offer the business a constant stream of inspiring 'behavioural' speakers, webinars, books, websites, examples to encourage a corporate fascination with understanding the human condition with all its wonderful quirks, with an emphasis on using this knowledge to finding ways of improving the lives of your customers.
3. **ENCOURAGE** market research to challenge the status quo and dare to act on behavioural practices. Take this new found knowledge of Behavioural Sciences and challenge current practices to see where the opportunities for change are in the business. This could be everything from the research methods used to understand and predict customer behaviour, to the way new product development concepts are written, to giving precedence to instinctive, emotional marketing e.g. the main advertising objective should always be 'make my brand famous' with an emphasis on making people feel something strongly, rather than remembering messages.
4. **EXPERIMENT** with behavioural interventions. Establish a culture of experimentation as the means of testing behavioural interventions to find the ones that show a significant effect and which are then rolled-out as widely as possible.
5. **ESTABLISH** proof of behavioural impact. Invest time, effort, skills, patience and money to prove the impact of initiatives and have the humility and bravery to acknowledge those that don't work as well as the patience to know not everything will.

Changing habits is a creative process that requires a great deal of patience. But in a world struggling for growth, it can only be a matter of time before something that provides significant business advantage gets adopted. Our job is to speed the process of change and make it as easy as possible for our clients to reap the rewards of adopting new research and applying Behavioural Science.

It's not the smartest, fastest, strongest or even most creative that survive, it's the most adaptable.

JOHN KEARON
Chief Juicer
21 March 2013

Business and Financial Review

Until October 2012, we were heading for our sixth year of uninterrupted revenue and profit growth. We are therefore very disappointed that we finished the year with revenue at a similar level to that in 2011 and a sharp fall in profit. The result does however put into focus some features of our business.

As we have often noted in the past, we have traditionally earned a disproportionately high amount of revenue in the final quarter of our year, particularly in November and December. In 2011, for example, December revenue was nearly three times the average monthly revenue from January to October. Whilst we have always been pleased to receive this flourish of year-end business activity, some of the incremental revenue tends to arise from clients simply using up budget allocations toward the end of the year. This type of business tends to be of lower value to the client, is less repeatable, and is less predictable than our normal business generated throughout the year.

In 2012, our December revenue was £2,843,000 and November revenue was £1,688,000 compared to an average for the year to October of £1,629,000. So November and December 2012 still represented good months compared to the rest of the year. However both months fell significantly compared to 2011, November by 20%, and December by 29%. We have always believed that while we are not immune from the impact of macro-economic conditions, our small size compared to our clients and their relative stability have helped shield us from the peaks and troughs of the wider market research market. Nevertheless it seems likely that the prolonged difficult economic conditions were the main reason for the tightening of client budgets and less year-end spend than normal.

It was this relative lack of year-end revenue that left our revenue and our gross profit for the year flat compared to 2011. With our cost base (excluding cost of sales) growing by 9%, our operating profit declined by a very significant 45%, and demonstrated the high operating leverage intrinsic in our business. A high percentage of our cost base is the cost of our people, which is relatively fixed, so small differences in revenue and cost growth result in large percentage changes in our profits.

We are careful in how we manage our costs, and how we build the resources necessary to grow the business, yet last year our cost growth was out of kilter with our eventual revenue growth. There are two main reasons for this. First, we have limited revenue visibility and a fair amount of volatility in workload from month to month and from different clients. Yet, we have to plan our resources and recruit and train new people well in advance of the growth that we are recruiting them to deliver, and in 2012 we simply got it wrong. Second, we are managing the business for long-term sustainable growth, and as well as meeting short term financial needs, we remain committed to building the infrastructure necessary to deliver our future potential.

Our business in some ways resembles a creative consultancy, and shares some of the challenges that such businesses face when trying to grow. Creative consultancies are by nature less easy to scale than product or technology companies. We need to create a new and fresh piece of work for each and every client, rather than reproduce in a mechanical way the same product time and again. We are assisted by our proprietary techniques and our software technology, which facilitate the gathering of data and which enable the creative process to function efficiently. Nevertheless our growth is not easy, and requires considerable human endeavour to win an ever-increasing number of larger and larger projects and for each one to add significant value for our clients.

This is why winning mandates is key to propelling our growth. A mandate is where a client uses a particular research solution within the whole of the organisation on an on-going basis. In larger clients a mandate can earn revenue of more than a million pounds a year and will be reasonably predictable. We currently have little revenue from mandates, but we are getting closer to achieving a breakthrough.

None of this is particularly new. We have had a number of years of challenging economic conditions. We have always had cost growth, high operating leverage, limited revenue visibility and a lack of mandated positions. Yet this year these factors came together in a way which conspired to dampen our normal heightened November and December activity and caused profits to fall significantly.

In spite of this being our first ever year of flat revenue, the fundamentals of our business remain unchanged. The Group's long term growth potential remains dependent on the degree to which our Juicy products are taken up by our large clients (and eventually turn into mandated solutions), and our ability to grow and scale a business which is in essence a consultancy, albeit one which to some degree sells standard products and is enabled by clever technology.

Here we remain optimistic. Revenue from our Juicy products (those which are strategically important) grew by 22%. We had double-digit revenue growth in 11 of our top 20 clients and single digit growth in another 2. We were invited to participate in more than 5 tenders for mandates (or similarly significant) opportunities and a number of other smaller but nevertheless still sizeable prospects, in all cases against large competitors. We won one of them – and while it was small in financial terms and while we didn't win the others, the fact that we are now regularly being invited to pitch for these opportunities is a positive signal. We have maintained and enhanced our simple organisational structure, with its centralised and efficient processes and technology.

FINANCIAL PERFORMANCE

Our flat revenue growth led to zero gross profit growth. Gross profit comprises revenue less the external direct costs of delivering our research projects, and was 77% of revenue, (marginally lower than in 2011).

In terms of the regional split of our gross profit, Europe represented 61% of our total, and was down in aggregate by 11% on the prior year, reflecting the prolonged economic difficulties across the region. Switzerland grew 15% on the prior year, the UK (our largest country with 38% of our total business) declined by 8%, and Germany and Holland declined by 22% and 57% respectively. While Dutch gross profit declined particularly steeply, it was only 3% of our business. Gross profit from the US, (our second largest country after the UK and representing 29% of our total) was flat. Gross profit in both China and Brazil grew strongly, China particularly so, and in aggregate gross profit in these two countries now represents 10% of our total. While the fortunes of each of our geographic offices were very different, they are each selling the same products using the same processes and technology platform to many of the same clients. Regional differences therefore seem to owe much to buying patterns within our large clients, and large global consumer companies appear in certain cases to be shifting marketing spend towards emerging markets. The profitability of each office tends to reflect the relative size of the office, with the larger more established offices being in the main more profitable than the smaller newer ones, in both absolute and percentage of revenue terms.

The percentage of our gross profit from our strategically important Juicy products grew from 58% in 2011 to 69% in 2012, partly as a result of 26% growth in our biggest selling product, Predictive Markets (used for testing marketing concepts), and 82% growth in our Juice Generation services. Juice Generation is a consultancy service where we help clients create (and not just validate) new ideas, insights, concepts and marketing material. Gross profit from what we call our Twist products declined by 26%. These products are similar to those available from competitors, albeit with an added BrainJuicer "twist", and so are exposed to greater competitor pressure. By contrast, Juicy products are distinctive, and fit within our behavioural science framework.

Our costs (before year-end bonus awards and excluding cost of sales) increased by 13%, which was significantly less than the 40% increase in 2011 (again before bonuses). The increase was largely due to increases in our account management teams, new offices, and Labs (product development). We awarded bonuses to only a very few people and they amounted to £63,000 in total (£500,000 in 2012). Our costs included one-off redundancy costs of £260,000. However our costs also benefited from lower anticipated social security costs on the future exercise of stock options of £135,000 as a result of the sharp fall in our share price, which (like the redundancy costs) is also likely to be non-recurring. Operating profit fell by 45% to £1,513,000, and with minimal interest income on our sizeable cash balances, profit before tax was very much the same. Our effective tax rate fell to 31% (2011: 33%) leaving profits after tax down 44% at £1,038,000. Earnings per share fell in a similar proportion.

The Group generated strong cash flows before financing activities of £868,000 (2011: £1,448,000), paid out £796,000 in dividends and share buy-backs on exercise of stock options, and finished the year with a cash balance of £3,755,000 (31 December 2011: £3,683,000). The Group has no debt.

Our issued share capital remained relatively constant, with 13,136,448 shares at 31 December 2012 (of which 572,784 were in Treasury) and 13,136,448 at 31 December 2011 (of which 657,195 were in Treasury). To mitigate the dilutive impact of stock options, we usually repurchase shares on exercise of stock options. We had 900,215 outstanding stock options at 31 December 2012 down from 1,204,614 at 31 December 2011. There has been no change in the additional long-term incentive scheme for senior executives set up in 2010 and described in our 2010 annual report other than the recycling of a small number of existing units from departing senior executives to new and existing senior executives.

RISKS

As previously noted, in general terms, we take the view that eliminating all risk would stifle creativity, experimentation and entrepreneurialism, and dampen our growth. We therefore do not attempt to do so. We, however, do take risk seriously. We endeavour to identify and protect the business from the big, remote, risks – those that do not occur very often, but which, when they do, have major ramifications. The types of such event that we are concerned about and seek to manage are: loss of a significant client; loss of key personnel; material adverse event leading to significant loss of property, software, or data, or an adverse legal claim; major outage in our survey platform ('Juicing Centre').

LOSS OF A SIGNIFICANT CLIENT. This is a significant risk, and we do not take it lightly, with the percentage of business from our largest client in 2012 at 7.1% of revenue (2011: 9.4%). We therefore go to considerable lengths to monitor service quality and seek client feedback.

LOSS OF KEY PERSONNEL. The loss of a senior member of the team would have a negative impact on the business. However, we have a large management team, which includes each of our Country Managing Directors, our Head of Marketing and Business Development, our Head of Labs, as well as the COO, CFO and Chief Juicer – 15 people – and so do not view the business as being overly dependent on any one individual. As with many rapidly growing businesses, we place significant demands on our people, and we are therefore at risk of staff turnover. However the work environment is stimulating and we are placing further emphasis on our culture and the way we work.

MATERIAL ADVERSE EVENT LEADING TO A SIGNIFICANT LOSS OF PROPERTY, SOFTWARE, OR DATA, OR AN ADVERSE LEGAL CLAIM. We can't guarantee that all eventualities are covered, but nevertheless have continued to endeavour to protect the business from significant risks, through a combination of:

- Comprehensive professional indemnity insurance;
- Frequent and multiple back-ups and archiving of data on all servers and laptops;
- Sufficient focus on legal protections, for example through our terms and conditions.

MAJOR OUTAGE IN OUR JUICING CENTRE. Were there to be a major outage in our Juicing Centre, due, for example to capacity constraints or a security breach, we could be prevented from building surveys, collecting data and downloading results. This may result in significant delay in delivering client projects with a consequential loss of revenue, reputational damage, and the costs of remedying the situation. We have suffered relatively minor outages from time-to-time but none has led to significant financial loss.

OUTLOOK

Our continued underlying progress in 2012 was overshadowed by the sharp year on year revenue decline in November and December and the impact it had on profit. Looking ahead we continue to dedicate our efforts to translating our growing reputation within the industry and excellent feedback from clients, into increased share of their spend. Specifically we are re-framing our service offerings within a behavioural economics construct, which, within the marketing world, is starting to become an established way of thinking. We are further refining, focussing and unifying our product portfolio, to simplify the sales process. We are dedicating senior people to identifying and responding to significant mandate type opportunities. We are continuing to expand our geographic footprint, and continuing to focus on delighting clients on each and every project we deliver. Through this, we believe that over time we will continue to earn the credibility we need to develop and build meaningful client relationships of a size and scale that reflect the reputation we have been building.

Nevertheless, the volatility and limited visibility of the Group's revenues, brought into sharp focus in 2012, are features of our business that will not change in 2013. We are reducing our cost growth in 2013 and have lowered overhead invested in our central functions, for example in marketing and Labs (product development). We reduced our employee numbers by 9% in December 2012, and this will enable us to limit our percentage cost growth in 2013 to low single digits (before bonuses), whilst continuing to invest in our offices in China, Brazil and India.

We are having a promising start to 2013 and we remain determined to continue to build the business in 2013 and beyond. We stress again however that we have limited visibility and so cannot predict with any certainty how the rest of the year will unfold.

JAMES GEDDES
Chief Financial Officer
21 March 2013

WHY WE'RE OPTIMISTIC:
Here's what our clients are saying about us:

"We executed several communication market research projects together with BrainJuicer to our satisfaction. Especially FaceTrace®, to measure the nature and intensity of emotional response to advertising, has an additional value for understanding what the customer really thinks. Next to that, the BrainJuicer team is competent, flexible and a pleasure to work with."

ELISE JANSEN
Market Intelligence Manager, Philips Healthcare

"It was really nice to see how BrainJuicer's emotional metrics, particularly FaceTrace®, pulled apart the two ads we were testing [and helped give us ideas for improvement], whereas using traditional advertising metrics, less difference was apparent."

SUSANNA WILCOCK
Consumer Insight Manager, PepsiCo

"It's 10 days since Pony 1st strutted his stuff and the level of engagement is breathtaking with over 5 million views on YouTube. You have no idea how proud I am of the Three team and how grateful I am to you guys for providing the validation for why we should just have faith. It's the best feeling in the world to work in Marketing and do stuff like this."

MARGARET BURKE
Head of Brand & Communications, 3 Mobile

"In 2012, we used BrainJuicer to help us significantly update our global tracking tool using System 1, intuitive questioning principles. After a period of testing, the new tracker is being rolled out across all our main geographies in 2013."

JOSHUA SORENE
Insight Manager – Group Customer Insight Centre of Expertise, HSBC

"Working in partnership with BrainJuicer has been fast and easy. They have been very flexible with us, especially with ever-changing project timings. The Predictive Markets methodology gave us actionable results which helped us to prioritise our best NPD ideas, while directing us 'back to the drawing board' in areas where alternative ideas were needed. Thank you very much to the BrainJuicer team!"

LEONORE SAINTVILLE
Head of Category Insight and Foresight – Haircare Global, Unilever

"We use Predictive Markets for product idea screening. It's timely, great value, and the presentations, experience and expertise provided by the team really make a difference."

ERKAN BALKAN
Insights Manager, PepsiCo Snacks Turkey

This Predictive Markets project was best in class – excellent study, high quality analysis and highly actionable recommendations. Thanks."

THOMAS PELZ
CMK Associate Director, Procter & Gamble

For the first time ever we tested Insights – as we wanted to be much more customer focused, so this has been a crucial piece of work for us. BrainJuicer helped us to understand how this very specific consumer really ticks. The way we tested the Insights has been fabulous – you know exactly where you stand (even though it sometimes hurts!), as the test references benchmarks. And even better, we got a whole diagnostic piece which really helped us to rewrite our Insights, so that we can now put the learnings into action. To know what our main customers really NEED – this is invaluable to us!

CMI Manager, Major Consumer Healthcare Company

From our limited vantage point in the US, BrainJuicer did an outstanding job bringing the European market landscape to our door. Their management of the project was extremely thorough and exceeded my expectations. I look forward to working with them on additional projects.

CAROL A. JONES
Director, Insights and Intelligence,
Enterprise Holdings Inc.

BrainJuicer's key added value is for sure their innovative, recognized methodologies, but beyond this, their team also makes a real difference, one can rely on them to deliver their best in any situation, they are really proactive, as a result I can really trust them, which is exactly what I am looking for in a research agency, really appreciated.

ANNE-LISE FLACTION
Consumer Insights, Corporate Marketing &
Consumer Communication,
Nestlé Suisse S.A.

Thank you all at BrainJuicer for providing new and innovative ways to not only truly understand our customers, but also to explain why our "old" research methodologies couldn't do so. Your fresh ideas and approach helped us to reach our goals in a market where we pushed to the margin. We are looking forward to being taught and guided by your ideas and leadership!

ASHWIEN BISNAJAK
Market Intelligence Manager, Hunkemöller

Board of Directors

KEN FORD

NON-EXECUTIVE CHAIRMAN

Ken joined BrainJuicer in 2008 as non-executive Chairman. He was previously with stockbroker Teather & Greenwood between 1993-2007 in senior roles, with past directorships including Aberdeen Asset Management and Morgan Grenfell. Ken is a former Chairman of the Society of Investment Analysts and of the Quoted Company's Alliance [QCA], remaining on its executive committee. Ken is also a non-executive Chairman of Nakama Group plc and Director of Scientific Digital Imaging plc and Flying Kiwi Inns.

GRAHAM BLASHILL

NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE REMUNERATION COMMITTEE

Graham joined BrainJuicer in 2012. He has had a long career in sales and marketing of fast-moving consumer goods. Graham joined W.D. & H.O. Wills (a division of Imperial Tobacco) in 1968, holding a number of marketing and trading roles, and becoming Managing Director Imperial Tobacco UK in 1995. In 2003 he was Regional Director for Western Europe, and in 2005 appointed Group Sales and Marketing Director, responsible for Imperial Tobacco's global trading operations in over 160 countries. He served as a main board director of Imperial Tobacco Group plc, a leading FTSE 100 company, for six years before retiring in 2011.

ROBERT BRAND

NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE

Robert joined BrainJuicer in 2012. He began his career in 1977, initially as a research analyst and then as Managing Director of UK Equity research at BZW, then the investment banking division of Barclays Bank. In 1990 he joined Makinson Cowell, a capital markets advisory firm, as a director. Over a period of 18 years he advised a wide range of FTSE 100 and FTSE 250 companies, focussing on their link with institutional investors. He retired from Makinson Cowell in 2008.

JOHN KEARON

CHIEF EXECUTIVE OFFICER

John founded BrainJuicer in 1999. Prior to BrainJuicer, he 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. He started his career over 25 years ago as a graduate of Unilever's management programme, rising to be a senior marketer at Elida Gibbs before moving into advertising. John's role in establishing and developing the BrainJuicer business made him Ernst & Young's "Emerging Entrepreneur of the Year" in 2006.

JAMES GEDDES

CHIEF FINANCIAL OFFICER

James joined BrainJuicer in 2003. Previously, he was CFO of Iobox Oy (a Finnish start-up backed by Morgan Stanley and sold to Telefonica), Executive Director of International Corporate Finance at MediaOne Group (the US telecoms multinational now part of AT&T), and Assistant Treasurer of Foster's Brewing Group. He is a Chartered Accountant, holds a Diploma in Corporate Treasury Management, and is a graduate of Harvard Business School's Program for Management Development.

ALEX BATCHELOR

CHIEF OPERATING OFFICER

Alex joined BrainJuicer in 2010. Prior to BrainJuicer, he held various senior marketing roles, as Chief Marketing Officer of TomTom, Marketing Director of the Royal Mail, and Vice President – Global Brand at Orange. Like John, Alex started his career at Unilever over 20 years ago, before leaving to spend two years in advertising at Saatchi & Saatchi and then six years at brand consultancy Interbrand, where he was Managing Director. Alex is both a Fellow of the Marketing Society and a former Chairman.

Management Team

GABRIEL ALEIXO
MANAGING DIRECTOR, BRAZIL
Gabriel joined BrainJuicer in 2010. He was previously Marketing Services Director of Latin America for Philips do Brasil. He has spent his career working for FMCG companies such as Beiersdorf, managing marketing communications, online marketing and market intelligence.

JONATHAN GABLE
MANAGING DIRECTOR, GERMANY
Jonathan joined BrainJuicer in 2008. He was previously Group Business Development Director at Evo Research and Consulting Ltd. Jonathan has a broad international background in FMCG marketing and research, having worked at both startups and well-established blue chip companies such as Colgate-Palmolive, General Mills and Dunkin' Brands.

SUSAN GRIFFIN
EXECUTIVE VICE PRESIDENT OF MARKETING AND BUSINESS DEVELOPMENT, GLOBAL
Susan joined BrainJuicer in 2008, and leads our global marketing and business development. She is also a member of the Executive Management Team. Prior to joining BrainJuicer, she was Sales Director at Global Market Insite (GMI). She has over 20 years of experience in market research, and has had senior marketing and operations roles at Material ConneXion, Aberdeen Group, SoftWatch, Voyager and the American Stock Exchange. She is the East Coast US Representative for ESOMAR.

RENE HUEY-LIPTON
EXECUTIVE VICE PRESIDENT, NORTH AMERICA
Rene joined BrainJuicer in 2012, and leads Juice Generation. Formerly, she was VP, Group Director, Strategy & Insights for GSD&M Idea City, leading the strategy function on major accounts. Rene has over 20 years of experience in strategic planning, brand consultancy, advertising, innovation and research.

ALEX HUNT
EXECUTIVE VICE PRESIDENT, US – MID AND WEST
Alex joined BrainJuicer during 2009, and oversees BrainJuicer's operations in the Midwest and Western region of the United States. He was previously Account Group Director of Millward Brown in both the UK and New York.

MARK JOHNSON
MANAGING DIRECTOR – SWITZERLAND, FRANCE AND ITALY
Mark joined BrainJuicer in 2008. He has a background in strategic planning in communications and branding. Mark has worked both on the agency side for Porter Novelli and New Solutions in London and Paris and on the client side for Cereal Partners Worldwide (a joint venture between Nestlé and General Mills).

CHRIS JONES
HEAD OF JUICE GENERATION
Chris joined BrainJuicer in 2009, and set up its Juice Generation in 2010. He has been involved in applied creativity for just under 30 years – beginning in architecture, but then moving to the swifter, more commercial worlds of advertising, brand consultancy and, since 1995, research and innovation.

JIM RIMMER
GLOBAL RESEARCH DIRECTOR
Jim Rimmer joined BrainJuicer in 2006. As Global Research Director, he works with teams across the entire BrainJuicer business to help deliver client delight. Jim has over 25 years of experience in consumer insights at Research International, SGA & BrainJuicer, specialising in innovation and communications and generally in new methods aimed at better explaining and predicting consumer behaviour.

BRENT SNIDER
EXECUTIVE VICE PRESIDENT, US – EASTERN REGION
Brent joined BrainJuicer in 2007, and oversees BrainJuicer's operations in the Eastern region of the United States, based out of New York. He was previously at Millward Brown and has over 10 years of consumer research experience.

DAVID WHITELAM
SENIOR CLIENT DIRECTOR – BRAINJUICER, UK
David joined BrainJuicer in 2007, and is a Senior Client Director in BrainJuicer's UK headquarters. He was previously a board director at ase Market Intelligence and a director at SGA Research International. David has almost 20 years of research experience working with FMCG and Financial Services clients.

ORLANDO WOOD
MANAGING DIRECTOR, LABS
Orlando joined BrainJuicer in 2005. Previously, he worked at Research International and Simon Godfrey Associates (SGA). His work, drawing on behavioural science to deliver better research techniques, has won the following awards: The Jay Chiat Gold Award for Research Innovation (2011), The Market Research Society's David Winton Award (2010) and Best Paper Award (2010), ESOMAR's Award for Best Methodological Paper (2007), the ISBA Advertising Effectiveness Award (2007), the American Marketing Association's '4 Under 40 Emerging Leader' Award (2011), and a Research Distinction Award from the Advertising Research Foundation (2011).

HAN ZANTINGH
MANAGING DIRECTOR, CHINA
Han joined BrainJuicer in 2010. Prior to BrainJuicer, he was Brand Director at Pernod Ricard China. He started his career in FMCG in the Netherlands, at Kimberly-Clark and United Biscuits, before joining New Solutions, a strategic marketing consultancy in London.

Directors' Report

The directors present the annual report and audited financial statements of BrainJuicer Group PLC (Registered Company Number: 05940040) for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

We are a full service quantitative market research agency.

The profit attributable to equity holders of the company for the financial year was £1,038,000 (2011: £1,850,000) as shown in the consolidated income statement set out on page 24.

A further review of the business and likely future developments of the Group is given in the Chairman's statement on page 2 and in the Business and financial review on pages 6 to 8.

The Directors have declared dividends as follows:

	2012 £'000	2011 £'000
Ordinary Shares		
Interim paid, 0.85p per share (2011: 0.75p per share)	**107**	94
Proposed final, 2.25p per share (2011: 2.25p per share)	**283**	281
TOTAL ORDINARY DIVIDENDS, 3.1P PER SHARE (2011: 3.0P)	**390**	375

The interim dividend was paid on 25 October 2012 to shareholders on the register at the close of business on 28 September 2012.

THE DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out below. All directors served throughout the year apart from Robert Brand and Graham Blashill who were formally appointed to the Board on 5 January 2012 and 1 July 2012 respectively. Mark Muth retired from the Board on 30 April 2012 and Simon Godfrey retired from the Board on 30 September 2012.

John Kearon
James Geddes
Alex Batchelor
Ken Ford
Robert Brand
Graham Blashill

Directors' interests in the Ordinary Shares of the Company and in share options are disclosed in the Remuneration report on pages 20 and 21.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group are explained in the business and financial and review on pages 7 and 8.

KEY PERFORMANCE INDICATORS

The main financial key performance indicators are gross profit and diluted earnings per share. During the year gross profit was flat, remaining at £16.1m. Diluted earnings per share declined by 44% to 7.9 pence per share. Client and employee satisfaction levels are also important performance indicators and are measured through individual client feedback at the end of each project and employee satisfaction through internal surveys.

PAYMENTS TO SUPPLIERS

The Group aims to settle invoices within agreed payment terms (generally 45 days from the date that the invoice is received), provided the relevant services or goods have been received in accordance with the agreed terms and conditions. At 31 December 2012, trade payables represent 43 days of average purchases of the Group (2011: 56 days).

DONATIONS

There were no donations to political parties or charitable organisations (2011: £nil).

SHARE CAPITAL

Details of changes in the share capital of the Company during the year are given in note 11 to the financial statements. As at 8 January 2013, the Company was aware of the following significant interests in the ordinary issued share capital of the Company.

AT 8 JANUARY 2013	Number	%
John Kearon	3,846,102	30.6
Liontrust Asset Management	1,362,364	10.8
Blackrock Investment Management (UK)	1,240,000	9.9
Sleep, Zakaria & Company Ltd	1,100,000	8.8
Herald Investment Management Limited	700,000	5.6
Standard Life Investments Ltd	630,000	5.0
Allianz Global Investors KAG	400,000	3.2

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As explained below and described further in Note 8 to these accounts, the Group's activities expose it to some financial risks. The Group does not consider it necessary to use any derivative financial instruments to hedge these risks.

CREDIT RISK

We manage credit risk 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 rarely suffers a bad debt.

MARKET RISK – FOREIGN EXCHANGE RISK

In addition to the United Kingdom, the Group operates in the United States, the Netherlands, Germany, Switzerland, Brazil and China 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.

LIQUIDITY RISK

The Company monitors its cash balances regularly and holds its cash in immediately available current accounts to minimise liquidity risk.

OTHER RISKS
Management consider that price risk and interest rate risk are not material to the Group.

CAPITAL RISK MANAGEMENT
The Company manages its capital to ensure that it is able to continue as a going concern while maximising its return to shareholders. The Company's capital structure consists of cash and cash equivalents and equity attributable to equity holders of the parent company, issued share capital, reserves and retained earnings. The Group has no borrowings or borrowing facilities and is not subject to any externally imposed capital requirements.

PURCHASE OF OWN SHARES
During the year the Company transferred 320,797 Ordinary Shares (with an aggregate nominal value of £3,208, representing 2.45% of the called up share capital of the Company) out of treasury to satisfy the exercise of employee share options over 320,797 Ordinary Shares, for cash consideration of £325,000. The Company subsequently repurchased 236,386 of these shares (with an aggregate nominal value of £2,364, representing 1.80% of the called up share capital of the Company) for cash consideration of £733,000.

Following these transactions, at 31 December 2012 the number of ordinary shares numbered 13,136,448 (2011: 13,136,448) of which shares held in treasury numbered 572,784 (2011: 657,195).

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 attempts as far as possible to give equal access and fair treatment to all employees. 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.

AUDITOR
The auditor, Grant Thornton UK LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

JAMES GEDDES
Chief Financial Officer
21 March 2013

Corporate Governance Report

INTRODUCTION

The Board of BrainJuicer Group PLC is committed to high standards of corporate governance, which it considers a pre-requisite 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 UK Corporate Governance Code June 2010, the Board takes the Code seriously. The Group also places particular importance on the guidelines issued by the Quoted Companies Alliance for Companies.

There are areas where the Group is not in compliance with the UK Corporate Governance Code June 2010 but the Directors believe that full compliance is not practicable for a group 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

The Board comprises three executive directors and three non-executive directors. Their biographical details are presented on page 11.

The Board meets formally 11 times a year and no director in office during the year missed more than 2 meetings. The Board discharges its responsibilities through management team meetings 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.

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 2013 Annual General Meeting. Graham Blashill, having been appointed after the 2012 Annual General Meeting, will retire and be put forward for election at the 2013 Annual General Meeting.

NON-EXECUTIVE DIRECTORS

The three non-executive directors are independent of management. The terms and conditions of the non-executive directors' appointments are available for inspection at the Company's registered office.

REMUNERATION COMMITTEE

The Remuneration Committee membership and a summary of its terms of reference are on pages 19 to 21.

AUDIT COMMITTEE

The Audit Committee, comprising Robert Brand (Chairman), Graham Blashill and Ken Ford, the three non-executive directors, was established on 17th November 2006. Robert Brand has recent and relevant financial experience. 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;
- 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.

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:

- The Group has a clearly defined organisational structure with appropriate delegation of authority;
- The Board approves a one year budget. The budget is prepared in conjunction with Country Managers to ensure targets are feasible;
- Forecasts are updated on a periodic basis to take into account the most recent estimates. On a monthly basis, actual results are compared to the budget and presented to the Board on a timely basis;
- The Board and senior management team review client and employee feedback;
- A limited number of directors and senior executives are able to sign cheques and authorise payments. Payments are not permitted without an approved invoice or similar documentation;
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team.

The Board in conjunction with the Audit Committee keeps under review the Group's internal control system on a periodic basis. The Board seeks 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;
- The Annual General Meeting which 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 at least 12 months from the approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

REMUNERATION COMMITTEE

The Group has established a Remuneration Committee, comprising the three non-executive directors, Graham Blashill (Chairman), Robert Brand and Ken Ford.

The Committee's main role and responsibilities are:

- Review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the Company's executive directors;
- Review, and approve on behalf of the Board, the remuneration and benefits of senior management;
- 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 incentive schemes;
- Report 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, the Chief Financial Officer and Chief Operating Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Financial Officer and Chief Operating 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.

REMUNERATION POLICY

The Group's policy on remuneration is to provide a package of benefits, including salary, 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.

SHARE OPTIONS

The Group considers that active participation in a share option plan can be an effective means of incentivising and retaining high quality people. Directors and certain employees participate in the scheme. Further details of the option plan and outstanding options as at 31 December 2012 are given below and in note 11 to the financial statements.

SERVICE AGREEMENTS

John Kearon and James Geddes entered into service agreements with BrainJuicer Limited, a wholly owned subsidiary of the Company on 22nd January 2003. The agreements include restrictive covenants which apply during employment and for a period of 12 months after termination.

John Kearon's agreement can be terminated on six month's notice in writing by either the Company or by John. James Geddes' agreement can be terminated on 12 months notice in writing by the Company and 6 months' notice by James.

NON-EXECUTIVE DIRECTORS

The remuneration of the non-executive directors is determined by the executive directors.

Ken Ford, Robert Brand and Graham Blashill's appointments can be terminated on six months' notice in writing by either the Company or by the non-executive director.

DIRECTORS' EMOLUMENTS

Remuneration in respect of the directors was as follows:

	Salary £	Benefits in kind £	Bonus £	2012 £	2011 £
John Kearon	**190,400**	**3,627**	**-**	**194,027**	173,260
James Geddes	**165,075**	**3,823**	**-**	**168,898**	172,499
Alex Batchelor	**165,075**	**3,432**	**-**	**168,507**	172,107
Ken Ford	**33,990**	**-**	**-**	**33,990**	32,771
Robert Brand	**30,900**	**-**	**-**	**30,900**	-
Simon Godfrey	**29,996**	**-**	**-**	**29,996**	38,560
Graham Blashill	**14,292**	**-**	**-**	**14,292**	-
Mark Muth	**9,528**	**-**	**-**	**9,528**	6,938
	639,256	**10,882**	**-**	**650,138**	596,135

Money purchase pension contributions in respect of the directors were as follows:

	2012 £	2011 £
John Kearon	**11,424**	10,200
James Geddes	**9,905**	9,300
Alex Batchelor	**9,904**	9,300
	31,233	28,800

DIRECTORS' INTERESTS

Directors' interests in Ordinary Shares of 1p each as at 31 December 2012 are shown below:

	Number of 1p ordinary shares	
	31 December 2012	1 January 2012 (or date of appointment if later)
John Kearon	**3,846,102**	4,110,164
James Geddes	**158,325**	173,325
Alex Batchelor	**101,852**	101,852
Ken Ford	**20,000**	20,000
Robert Brand	**30,000**	30,000
Graham Blashill	**5,000**	5,000

Directors' interests in share options over 1p Ordinary Shares in the Company were as follows:

EMPLOYEE SHARE SCHEME

Date of grant	Earliest exercise date	Exercise) price (p	Number at 1 Jan 2012	Granted year	Exercised in year	Number at 31 Dec 2012
JOHN KEARON						
19/01/2007	01/01/2008	162.5p	60,213	-	-	60,213
JAMES GEDDES						
19/01/2007	01/01/2008	162.5p	60,213	-	-	60,213
ALEX BATCHELOR						
22/03/2010	01/04/2011	149.0p	113,334	-	-	113,334
18/05/2010	01/01/2011	0.0p	116,666	-	-	116,666
			230,000	-	-	230,000
			350,426	**-**	**-**	**350,426**

LONG TERM INCENTIVE SCHEME

In 2010 the Company established a long term incentive plan for senior executives.

The awards vest on 30 April 2014 (the "Performance Date"), if what is called the "Achieved Share Price" is at least £3 per share, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on 29 April 2014.

The total value payable under the scheme is calculated as 15% of the difference between the Achieved Share Price (if in excess of £3 per share), and £3 per share multiplied by the number of issued shares at the Performance Date. This is then allocated amongst the participants in the scheme in accordance with the number of units they were granted, as a percentage of the total number of units available to be awarded under the scheme (10,000 units).

Each of the three executive directors (John Kearon, James Geddes and Alex Batchelor), were awarded 1,235 units in 2010. During 2012 each of the three directors were awarded an additional 265 units. So the percentage of the total value payable under the scheme to each of them would be 15.00% (2011:12.35%).

Payment under the scheme will be by way of shares (or zero cost options), where the number of shares (or zero cost options) granted to participants would be determined by reference to the value of the units and the share price at the Performance Date.

The number of units awarded to directors during the year was as follows:

Date of award	Performance Date	Expiry date	Share price target	Number at 1 Jan 2012	Granted in year	Exercised in year	Number at 31 Dec 2012
JOHN KEARON							
18/05/2010	30/04/2014	18/05/2020	£3	1,235	265	-	1,500
JAMES GEDDES							
18/05/2010	30/04/2014	18/05/2020	£3	1,235	265	-	1,500
ALEX BATCHELOR							
18/5/2010	30/04/2014	18/05/2020	£3	1,235	265	-	1,500

The Remuneration Committee believes that the dilution to shareholders would be relatively modest, given the growth in the Group's share price that must be achieved before any shares are awarded.

GRAHAM BLASHILL
Chairman of the Remuneration Committee
21 March 2013

Statement of Directors’ Responsibilities

The directors are responsible for preparing the Consolidated 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 as adopted by the European Union (IFRSs) and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and 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 whether applicable IFRSs and United Kingdom Accounting Standards in respect of the group and parent company financial statements respectively, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006. 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.

The directors confirm that:

- so far as each director is 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 auditor is 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
21 March 2013

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

We have audited the financial statements of BrainJuicer Group PLC for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cashflow statement, the consolidated statement of changes in equity, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 AUDITOR

As explained more fully in the Statement of Directors' responsibilities set out on page 22 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MALCOLM GOMERSALL
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes
21 March 2013

Consolidated Income Statement

For the Year Ended 31 December 2012

	Note	2012 £'000	2011 £'000
REVENUE	4	**20,822**	20,713
Cost of sales		**(4,754)**	(4,650)
GROSS PROFIT		**16,068**	16,063
Administrative expenses		**(14,555)**	(13,305)
OPERATING PROFIT	4	**1,513**	2,758
Investment income – bank interest	18	**2**	2
PROFIT BEFORE TAXATION		**1,515**	2,760
Income tax expense	19	**(477)**	(910)
PROFIT FOR THE FINANCIAL YEAR		**1,038**	1,850
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**1,038**	1,850
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share	21	**8.3p**	14.8p
Diluted earnings per share	21	**7.9p**	14.1p

The notes on pages 29 to 48 are an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2012

	2012 £'000	2011 £'000
PROFIT FOR THE FINANCIAL YEAR	**1,038**	1,850
OTHER COMPREHENSIVE INCOME:		
Exchange differences on translating foreign operations	**(72)**	(47)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(72)**	(47)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AND AMOUNTS ATTRIBUTABLE TO EQUITY HOLDERS	**966**	1,803

The notes on pages 29 to 48 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2012

	Note	2012 £'000	2011 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**178**	291
Intangible assets	6	**1,260**	1,449
Financial assets – available for sale investments	7	**83**	133
Deferred tax asset	20	**293**	288
		1,814	2,161
CURRENT ASSETS			
Inventories	9	**51**	50
Trade and other receivables	10	**5,825**	6,087
Cash and cash equivalents		**3,755**	3,683
		9,631	9,820
TOTAL ASSETS		**11,445**	**11,981**
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	11	**131**	131
Share premium account		**1,579**	1,579
Merger reserve		**477**	477
Foreign currency translation reserve		**53**	125
Retained earnings		**5,100**	4,676
TOTAL EQUITY		**7,340**	6,988
LIABILITIES			
NON-CURRENT			
Provisions	12	**173**	156
Non-current liabilities		**173**	156
CURRENT			
Provisions	12	**96**	47
Trade and other payables	13	**3,773**	4,377
Current income tax liabilities		**63**	413
Current liabilities		**3,932**	4,837
TOTAL LIABILITIES		**4,105**	4,993
TOTAL EQUITY AND LIABILITIES		**11,445**	**11,981**

The notes on pages 29 to 48 are an integral part of these consolidated financial statements.

REGISTERED COMPANY NO. 05940040

These financial statements were approved by the directors on 21 March 2013 and are signed on their behalf by:

JOHN KEARON — Director

JAMES GEDDES — Director

Consolidated Cash Flow Statement

For the Year Ended 31 December 2012

	Note	2012 £'000	2011 £'000
NET CASH GENERATED FROM OPERATIONS	24	**1,921**	2,565
Tax paid		**(824)**	(770)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**1,097**	1,795
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(108)**	(232)
Purchase of intangible assets		**(123)**	(117)
Interest received		**2**	2
NET CASH USED BY INVESTING ACTIVITIES		**(229)**	(347)
NET CASH FLOW BEFORE FINANCING ACTIVITIES		**868**	1,448
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		**325**	216
Purchase of own shares		**(733)**	(433)
Dividends paid to owners		**(388)**	(318)
NET CASH USED BY FINANCING ACTIVITIES		**(796)**	(535)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**72**	913
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**3,683**	2,770
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,755**	3,683

The notes on pages 29 to 48 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2012

	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
AT 1 JANUARY 2011		131	1,549	477	172	2,990	5,319
PROFIT FOR THE FINANCIAL YEAR		-	-	-	-	1,850	1,850
Other comprehensive income:							
Currency translation differences		-	-	-	(47)	-	(47)
TOTAL COMPREHENSIVE INCOME		-	-	-	(47)	1,850	1,803
Transactions with owners:							
Employee share options scheme:							
- value of employee services		-	-	-	-	236	236
- proceeds from shares issued		-	30	-	-	-	30
- current tax credited to equity		-	-	-	-	27	27
- deferred tax credited to equity		-	-	-	-	138	138
Dividends paid to owners		-	-	-	-	(318)	(318)
Sale of treasury shares		-	-	-	-	186	186
Purchase of treasury shares		-	-	-	-	(433)	(433)
		-	30	-	-	(164)	(134)
AT 31 DECEMBER 2011		**131**	**1,579**	**477**	**125**	**4,676**	**6,988**
PROFIT FOR THE FINANCIAL YEAR		**-**	**-**	**-**	**-**	**1,038**	**1,038**
Other comprehensive income:							
Currency translation differences		-	-	-	(72)	-	(72)
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**-**	**(72)**	**1,038**	**966**
Transactions with owners:							
Employee share options scheme:							
- value of employee services		-	-	-	-	175	175
- deferred tax debited to equity	20	-	-	-	-	(120)	(120)
- current tax credited to equity		-	-	-	-	127	127
Dividends paid to owners		-	-	-	-	(388)	(388)
Sale of treasury shares		-	-	-	-	325	325
Purchase of treasury shares		-	-	-	-	(733)	(733)
		-	-	-	-	(614)	(614)
AT 31 DECEMBER 2012		**131**	**1,579**	**477**	**53**	**5,100**	**7,340**

The notes on pages 29 to 48 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

BrainJuicer Group PLC ("the Company") was incorporated on 19 September 2006 in the United Kingdom. The Company's principal operating subsidiary company, BrainJuicer Limited was at that time already well established, having been incorporated on 29th December 1999. 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 53. 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 pages 13 to 15.

The financial statements for the year ended 31 December 2012 (including the comparatives for the year ended 31 December 2011) were approved by the board of directors on 21 March 2013.

2 BASIS OF PREPARATION

The Group has prepared its Consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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.

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

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.

STANDARDS, AMENDMENTS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

The following standards, amendments and interpretations to existing standards, relevant to the financial statements of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013 or later periods, but the Group has not adopted them early:

IFRS 9, 'FINANCIAL INSTRUMENTS' (EFFECTIVE FROM 1 JANUARY 2015).

In November 2009, the IASB issued IFRS 9 'Financial Instruments' as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied (once endorsed by the EU). Of particular relevance to the Group will be the measurement of equity instruments.

All equity investments within the scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There will be no 'cost exception' for unquoted equities. As explained in Note 7 to these financial statements, at the balance sheet date the carrying amount of unquoted equities and related derivatives measured at cost, less provisions for impairment, amounts to £83,000 (2011: £133,000).

IFRS 10, 'CONSOLIDATED FINANCIAL STATEMENTS' (EU EFFECTIVE 1 JANUARY 2014).

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to

3 PRINCIPAL ACCOUNTING POLICIES continued

affect the amount of the investor's returns. We do not expect the adoption of this standard to have a significant impact on the financial statements of the Group.

IFRS 11, 'JOINT ARRANGEMENTS' (EFFECTIVE 1 JANUARY 2013).
IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. As the Group has no joint arrangements the adoption of this standard will not have an impact on the financial statements of the Group.

IFRS 12, 'DISCLOSURE OF INTERESTS IN OTHER ENTITIES' (EU EFFECTIVE 1 JANUARY 2014).
IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. We do not expect the adoption of this standard to have a significant impact on the financial statements of the Group.

IFRS 13, 'FAIR VALUE MEASUREMENT' (EU EFFECTIVE 1 JANUARY 2014).
IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

BASIS OF CONSOLIDATION
The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2012. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All transactions and balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

3 PRINCIPAL ACCOUNTING POLICIES continued

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are 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:

Furniture, fittings and equipment	5 years
Computer hardware	2 to 3 years

The residual value and useful life of each asset is reviewed and adjusted, if appropriate, at each balance sheet date.

INTANGIBLE ASSETS

SOFTWARE

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 two 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 directly attributable employee costs required to bring the software into working condition. Non-attributable costs are expensed under the relevant income statement heading.

Furthermore, internally-generated software is recognised as an intangible asset 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;
(e) 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;
(f) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(g) 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 charged to administrative expenses 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 which varies between 2 and 7 years.

The Company's new software platform was brought into use on 1 January 2011 and is being amortised over its estimated useful economic life of 7 years.

Amortisation on all intangible assets is charged to administrative expenses.

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.

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.

3 PRINCIPAL ACCOUNTING POLICIES continued

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 it relates to items charged or credited to other comprehensive income or 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 to other comprehensive income or directly to equity.

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 sub-divided into separate discrete deliverables; in such circumstances revenue is recognised on delivery of each separate deliverable. Revenue is measured by reference to the fair value of consideration receivable, excluding sales taxes.

EMPLOYEE BENEFITS

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

The Group operates several defined contribution pension plans. The Group pays contributions to these plans based upon the contractual terms agreed with each employee. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

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. With the exception of market-based awards, 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.

The fair value of option awards with time vesting performance conditions are measured at the date of grant using the Hull-White 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.

The fair value of awards made with market-based performance conditions (for example, the entity's share price) are measured at the grant date using a Monte Carlo simulation method incorporating the market conditions in the calculations. The awards made in respect of the Group's long term incentive scheme have been measured using such a method.

3 PRINCIPAL ACCOUNTING POLICIES continued

Non-employee share-based payments made through the issue of the Company's ordinary shares are measured at the date of grant based upon the market value of the shares awarded.

Social security contributions payable in connection with the grant of share options is considered integral to the grant itself, and the charge is treated as a cash-settled transaction.

PROVISIONS

Provisions for sabbatical leave and dilapidations are recognised when: the group has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where material the increase in provisions due to passage of time is recognised as interest expense. The provision for sabbatical leave is measured using the projected unit credit method. The provision for dilapidations is measured at the present value of expenditures expected to be required to settle those obligations.

FOREIGN CURRENCIES

Items included in the individual 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 the Group's 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;
(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 recognised in other comprehensive income. 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

Operating segments are reported in a manner consistent with the internal reporting provided to the main decision-making body of the Company, which is the Board of Directors. The Board is responsible for allocating resources and assessing performance of the operating segments.

FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The Group classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. The classification is determined by management at initial recognition, being dependent upon the purpose for which the financial assets were acquired. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

LOANS AND RECEIVABLES

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.

Trade receivables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The

3 PRINCIPAL ACCOUNTING POLICIES continued

amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

'Available-for-sale' financial assets include all financial assets other than derivatives, loans and receivables. They are classified as non-current unless management intend to dispose of the investment within 12 months of the balance sheet date. Investments are initially recorded in the balance sheet at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value, with changes recognised in other comprehensive income.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to (and must be settled by delivery of) such unquoted equity instruments, are measured at cost.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently carried at amortised 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 directly to equity.

TRADE PAYABLES

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

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.

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. The merger reserve in these accounts has arisen from a group reconstruction upon the incorporation and listing of the parent company that was accounted for as a common control transaction. Common control transactions are accounted for using merger accounting rather than the acquisition method.

FOREIGN CURRENCY TRANSLATION RESERVE

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

3 PRINCIPAL ACCOUNTING POLICIES continued

TREASURY SHARES

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in total shareholders' equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

FINANCIAL INSTRUMENTS

As explained in Note 7, during 2009 and 2008 the Group acquired an interest in an unlisted company, Slater Marketing Group Pty Limited ("Slater"). Under the terms of the share purchase agreement, cash consideration of AUD$1,040,000 and a variable number of ordinary shares to the value of AUD$1,000,000 became payable on or before 31 December 2012 subject to certain performance conditions being met by Slater. On the last working day of February, May, August and November in each of 2009, 2010, 2011 and 2012, the Group had the option to acquire Slater whether or not the performance conditions had been satisfied. These conditions had not been satisfied at the balance sheet date.

Because there is no active market for the shares of Slater and given the range of possible outcomes, no reliable method of valuation, the investment and associated derivatives in respect of the share purchase agreement for the acquisition of Slater have been recorded at cost.

If it were possible to reliably value the investment and related derivatives the investment would be recorded at fair value, with changes in fair value taken to equity. The derivatives would be categorised as financial instruments, they would be recorded at fair value, and any changes in their fair value would be recorded in the income statement.

CONSOLIDATION

The share purchase agreement for the acquisition of Slater has not been accounted for as an acquisition as control has not passed to the Group.

Although the Group has a call option over the share capital of Slater, the option was not exercisable at the balance sheet date. In our view, therefore, it would not be appropriate to consolidate the assets and liabilities of Slater given that control cannot be demonstrated.

SHARE BASED PAYMENTS

The fair value of options granted is determined using the Hull-White option valuation model (for the employee share option scheme) and a Monte Carlo simulation model (for the long term incentive scheme). These models require a number of estimates and assumptions. The significant inputs into the models are share price at grant date, exercise price, historic exercise multiples, expected volatility and the risk free rate. Volatility is measured at the standard deviation of expected share prices returns based on statistical analysis of historical share prices.

EMPLOYEE BENEFITS

As explained in Note 12, the Group has a sabbatical leave scheme, open to all employees, that provides 20 days paid leave after six years' service. The provision for liabilities under the scheme is measured using the projected unit credit method. This model requires a number of estimates and assumptions. The significant inputs into the model are rate of salary growth and average staff turnover.

4 SEGMENT INFORMATION

The Board of Directors review the Group's internal reports in order to assess performance and allocate resources and have determined the operating segments.

The Board considers the business from both a geographic and product perspective, and when reviewing product performance, look particularly at the split between what it categorises as 'Juicy' and 'Twist' products.

When reviewing the financial performance of each operating segment, the Board look at revenue, gross profit, and operating profit/(loss) before allocation of central overheads. Interest income is not included in the result for each operating segment.

4 SEGMENT INFORMATION continued

	2012			2011		
	Revenue from external customers £'000	**Gross margin £'000**	**Operating Profit/(loss)* £'000**	Revenue from external customers £'000	Gross margin £'000	Operating Profit/(loss)* £'000
United Kingdom	**7,960**	**6,105**	**3,935**	8,697	6,620	4,539
North America	**5,998**	**4,644**	**2,257**	5,868	4,577	2,616
Switzerland**	**2,498**	**2,040**	**1,309**	2,213	1,780	1,139
Germany	**1,448**	**1,153**	**584**	1,756	1,485	948
China	**1,345**	**1,004**	**583**	297	209	(68)
Brazil	**948**	**650**	**177**	450	299	(90)
Netherlands	**625**	**472**	**(79)**	1,432	1,093	272
	20,822	**16,068**	**8,766**	20,713	16,063	9,356
Juicy	**14,236**	**11,067**		11,667	9,301	
% Juicy	**68%**	**69%**		56%	58%	
Twist	**6,586**	**5,001**		9,046	6,762	
% Twist	**32%**	**31%**		44%	42%	
	20,822	**16,068**		20,713	16,063	

Juicy products are BrainJuicer's new methodologies that challenge traditional approaches to market research. Twist products are industry standard quantitative research methods with an added "twist", BrainJuicer's qualitative diagnostics.

*Segmental operating profit excludes costs relating to central services provided by our Operations, IT, Marketing, HR and Finance teams and our Board of Directors.
**Swiss revenues include £209,000 relating to our new office based in Milan, Italy.

A reconciliation of total operating profit for reportable segments to total profit before income tax is provided below:

	2012 £'000	2011 £'000
OPERATING PROFIT FOR REPORTABLE SEGMENTS	**8,766**	9,356
Central overheads	**(7,253)**	(6,598)
OPERATING PROFIT	**1,513**	2,758
Finance income – bank interest	**2**	2
PROFIT BEFORE INCOME TAX	**1,515**	2,760

Revenues are attributed to geographical areas based upon the location in which the sale originated.

Consolidated cash, trade receivable, property, plant and equipment and intangible asset balances are regularly provided to the chief operating decision-maker but segment assets and segment liabilities are not provided, accordingly disclosure of segment assets and liabilities is not provided.

BrainJuicer Group PLC is domiciled in the UK. Revenue from external customers in the UK is £7,960,000 (2011: £8,697,000), and revenue from external customers from other countries is £12,862,000 (2011: £12,016,000).

Non-current assets other than financial instruments and deferred tax assets located in the UK is £1,365,000 (2011: £1,624,000), and these non-current assets located in other countries is £73,000 (2011: £116,000).

Revenues of £1,476,000 (2011: £1,944,000) are derived from the Group's largest single external customer. £1,009,000 (2011: £1,245,000) of these revenues are attributable to the UK operating segment with £77,000 (2011: £471,000), £103,000 (2011: £Nil), £287,000 (2011: £63,000), and £Nil (2011: £165,000) attributable to the North American, Swiss, Chinese and Netherlands segments respectively.

5 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2012	Furniture, fittings and equipment £'000	Computer hardware £'000	Total £'000
AT 1 JANUARY 2012			
Cost	306	563	869
Accumulated depreciation	(193)	(385)	(578)
NET BOOK AMOUNT	113	178	291
YEAR ENDED 31 DECEMBER 2012			
OPENING NET BOOK AMOUNT	113	178	291
Additions	31	77	108
Depreciation charge for the year	(66)	(149)	(215)
Foreign exchange	(2)	(4)	(6)
CLOSING NET BOOK AMOUNT	**76**	**102**	**178**
AT 31 DECEMBER 2012			
Cost	335	636	971
Accumulated depreciation	(259)	(534)	(793)
NET BOOK AMOUNT	**76**	**102**	**178**

For the year ended 31 December 2011	Furniture, fittings and equipment £'000	Computer hardware £'000	Total £'000
AT 1 JANUARY 2011			
Cost	278	368	646
Accumulated depreciation	(128)	(259)	(387)
NET BOOK AMOUNT	150	109	259
YEAR ENDED 31 DECEMBER 2011			
OPENING NET BOOK AMOUNT	150	109	259
Additions	39	193	232
Depreciation charge for the year	(65)	(126)	(191)
Foreign exchange	(11)	2	(9)
CLOSING NET BOOK AMOUNT	**113**	**178**	**291**
AT 31 DECEMBER 2011			
Cost	306	563	869
Accumulated depreciation	(193)	(385)	(578)
NET BOOK AMOUNT	**113**	**178**	**291**

6 INTANGIBLE ASSETS

	Software licenses £'000	Software £'000	Total £'000
AT 1 JANUARY 2012			
Cost	307	1,672	1,979
Accumulated amortisation	(233)	(297)	(530)
NET BOOK AMOUNT	74	1,375	1,449
YEAR ENDED 31 DECEMBER 2012			
OPENING NET BOOK AMOUNT	74	1,375	1,449
Additions	123	-	123
Amortisation charge	(82)	(229)	(311)
Foreign exchange	(1)	-	(1)
CLOSING NET BOOK AMOUNT	**114**	**1,146**	**1,260**
AT 31 DECEMBER 2012			
Cost	429	1,672	2,101
Accumulated amortisation	(315)	(526)	(841)
NET BOOK AMOUNT	**114**	**1,146**	**1,260**

	Software development in progress £'000	Goodwill £'000	Software licenses £'000	Software £'000	Total £'000
AT 1 JANUARY 2011					
Cost	1,604	6	208	68	1,886
Accumulated amortisation	-	-	(195)	(68)	(263)
NET BOOK AMOUNT	1,604	6	13	-	1,623
YEAR ENDED 31 DECEMBER 2011					
OPENING NET BOOK AMOUNT	1,604	6	13	-	1,623
Additions	-	-	99	-	99
Transfers	(1,604)	-	-	1,604	-
Amortisation charge	-	(6)	(38)	(229)	(273)
CLOSING NET BOOK AMOUNT	**-**	**-**	**74**	**1,375**	**1,449**
AT 31 DECEMBER 2011					
Cost	-	6	307	1,672	1,985
Accumulated depreciation	-	(6)	(233)	(297)	(536)
NET BOOK AMOUNT	**-**	**-**	**74**	**1,375**	**1,449**

During the prior year the Group introduced its new software platform, JC2. Being ready for use, the platform was transferred from Software development in progress to Software at a cost of £1,604,000. It is being amortised over 7 years and has a remaining amortisation period of 5 years. The carrying amount of this asset at the balance sheet date was £1,146,000 (2011: £1,375,000).

7 FINANCIAL ASSETS – AVAILABLE FOR SALE INVESTMENTS

In 2008 the Group acquired an interest of 3.64% in Slater Marketing Group Pty Limited ("Slater Marketing"), an unlisted company incorporated in Australia, for cash consideration of £40,000 plus transaction costs of £50,000. During 2009 the Group acquired a further interest of 3.64% for cash consideration of £43,000.

Under the terms of the share purchase agreement, cash consideration of AUD$1,040,000 and a variable number of ordinary shares to the value of AUD$1,000,000 became payable on or before 31 December 2012 subject to certain performance conditions being met by Slater Marketing. On the last working day of February, May,

7 FINANCIAL ASSETS – AVAILABLE FOR SALE INVESTMENTS continued

August and November in each of 2009, 2010, 2011 and 2012, the Group had the option to acquire Slater Marketing whether or not the performance conditions had been satisfied. These conditions had not been met at the balance sheet date and the Group has not exercised its option to acquire Slater Marketing.

The investment has been classified as an available for sale financial asset and measured at cost less provisions for impairment. As stated in our principal accounting policies note, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to (and must be settled by delivery of such) unquoted equity instruments, are measured at cost.

The investment and associated derivatives in respect of the share purchase agreement for the acquisition of Slater Marketing have been recorded at a cost of £133,000 (2011: £133,000) and £nil (2011: £nil) respectively. In the opinion of the directors no reliable fair value information can be disclosed for these financial instruments. During the year the transaction costs of £50,000 were written off to the income statement leaving a carrying amount of £83,000 (2011: £133,000).

8 FINANCIAL RISK MANAGEMENT

The Group's financial risk management policies and objectives are explained in the Directors' report on pages 14 and 15.

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 only ever suffered minimal bad debts.

The Group has concentrations of credit risk as follows:

	2012 £'000	2011 £'000
CASH AND CASH EQUIVALENTS		
HSBC Bank PLC	**3,532**	3,568
UBS	**188**	79
Deutsche Bank	**35**	36
	3,755	3,683
TRADE RECEIVABLES		
Related parties – Unilever group of companies (Note 23)	**422**	448

FINANCIAL INSTRUMENTS BY CATEGORY

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

ASSETS AS PER BALANCE SHEET

	2012 £'000	2011 £'000
LOANS AND RECEIVABLES		
Trade and other receivables (excluding prepayments)	**5,679**	5,889
Cash and cash equivalents	**3,755**	3,683
AVAILABLE-FOR-SALE		
Available-for-sale financial assets	**83**	133
	9,517	9,705

8 FINANCIAL RISK MANAGEMENT continued

LIABILITIES AS PER BALANCE SHEET

	2012 £'000	2011 £'000
OTHER FINANCIAL LIABILITIES CARRIED AT AMORTISED COST		
Trade payables	**1,040**	1,340
Accruals	**2,084**	2,532
	3,124	3,872

The table below analyses the Group's financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
OTHER FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	**3,124**	-	-

These cash outflows will be financed from existing cash reserves and operating cash flows.

9 INVENTORY

	2012 £'000	2011 £'000
WORK IN PROGRESS	**51**	50

10 TRADE AND OTHER RECEIVABLES

	2012 £'000	2011 £'000
Trade receivables	**5,515**	5,843
Other receivables	**164**	46
Prepayments	**146**	198
	5,825	6,087

Trade and other receivables are due within one year and are not interest bearing.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of receivables 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.

As of 31 December 2012, trade receivables of £1,261,000 (2011: £1,101,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	2012 £'000	2011 £'000
Up to 3 months	**755**	959
3 to 6 months	**506**	142
	1,261	1,101

10 TRADE AND OTHER RECEIVABLES continued

As of 31 December 2012, trade receivables of £Nil (2011: £Nil) were impaired.

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

	2012 £'000	2011 £'000
US Dollar	**1,933**	1,725
Sterling	**1,656**	1,941
Euro	**1,196**	1,777
Swiss Franc	**456**	351
Chinese Yuan	**212**	76
Singapore Dollar	**162**	15
Brazilian Real	**105**	150
Canadian Dollar	**38**	52
Hungarian Forint	**28**	-
Japanese Yen	**25**	-
Argentine Peso	**14**	-
	5,825	6,087

11 SHARE CAPITAL

The share capital of BrainJuicer Group PLC consists only of fully paid ordinary shares with a par value of 1p each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the Annual General Meeting.

ALLOTTED, CALLED UP AND FULLY PAID:

	Ordinary shares	
	Number	£'000
AT 1 JANUARY 2011	13,113,114	131
Exercise of share options	23,334	-
AT 31 DECEMBER 2011	**13,136,448**	**131**
Exercise of share options	**-**	-
AT 31 DECEMBER 2012	**13,136,448**	**131**

During the year, the Company transferred 320,797 ordinary shares out of treasury to satisfy the exercise of employee share options over 320,797 ordinary shares at a weighted average exercise price of 101.3 pence per share for total consideration of £325,000. The weighted average share price at exercise date was 304.9 pence per share.

The Company subsequently repurchased 236,386 of these shares at a weighted average price of 310.1 pence per share. The total consideration payable on repurchase (including stamp duty and commission) amounted to £733,000.

Following these transactions, at the end of the reporting period the number of ordinary shares numbered 13,136,448 (2011: 13,136,448) of which shares held in treasury numbered 572,784 (2011: 657,195). The treasury shares will be used to help satisfy the requirements of the Group's share incentive schemes.

During the year, 28,064 employee share options over ordinary shares with a weighted average exercise price of 297 pence per share were granted to employees.

SHARE OPTIONS

EMPLOYEE SHARE OPTION SCHEME

The Group issues share options to directors and to employees under an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme and for awards which do not qualify for EMI, an unapproved scheme.

Generally the exercise price for share options is equal to the mid-market opening quoted market price of the Company shares on the date of grant, and in general, they 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

11 SHARE CAPITAL continued

expire. Share options are forfeited in some circumstances if the employee leaves the Group before the options vest, unless otherwise agreed by the Group.

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

	2012		2011	
	Average exercise price per share Pence	**Options No**	Average exercise price per share Pence	Options No
OUTSTANDING AT 1 JANUARY	**116.3**	**1,204,614**	111.0	1,368,861
Granted	**296.5**	**28,064**	296.3	45,064
Lapsed	**131.5**	**(11,666)**	120.2	(29,558)
Exercised	**101.3**	**(320,797)**	120.7	(179,753)
OUTSTANDING AT 31 DECEMBER	**127.4**	**900,215**	116.3	1,204,614
EXERCISABLE AT 31 DECEMBER	**120.6**	**708,777**	112.5	791,073

The weighted average share price at date of exercise of options exercised during the year was 304.9 (2011: 279.1) pence. The weighted average fair value of options granted in the year was 139.7 (2011: 112.1) pence.

The fair value of options granted outstanding was determined using the Hull-White valuation model.

Significant inputs into the model include a weighted average share price of 296.5 (2011: 296.3) pence at grant date, the exercise prices shown above, weighted average volatility of 28.1% (2011: 32.7%), dividend yield of 0.89% (2011: 0.89%), an expected option life derived from historic exercise multiples and an annual risk-free interest rate of 0.55% (2011: 0.84%).

The expected volatility inputs to the model were calculated using historic daily share prices of the Company's shares.

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

	2012			2011		
Expiry date	**Average exercise price per share Pence**	**Options No**	**Weighted average remaining contractual life Months**	Average exercise price per share Pence	Options No	Weighted average remaining contractual life Months
2013	**-**	**-**	**-**	11.4	27,648	25.0
2014	**11.4**	**6,021**	**27.0**	38.8	78,277	44.2
2015	**62.3**	**37,030**	**39.9**	62.3	61,115	51.4
2016	**62.3**	**20,876**	**52.0**	62.3	24,254	64.6
2017	**162.5**	**150,533**	**61.0**	162.5	210,746	73.0
2018	**147.5**	**101,857**	**75.0**	147.5	160,414	87.0
2019	**94.0**	**137,374**	**85.0**	94.0	163,359	97.0
2020	**98.8**	**373,396**	**99.1**	103.3	433,737	110.8
2021	**296.3**	**45,064**	**116.1**	296.3	45,064	128.1
2022	**296.5**	**28,064**	**121.0**	-	-	-
AT 31 DECEMBER	**127.3**	**900,215**	**85.4**	116.3	1,204,614	89.6

LONG TERM INCENTIVE PLAN

In 2010 the Company established a long term incentive plan for senior executives. All awards vest on 30 April 2014, the Performance Date, if the Achieved Share Price is at least £3, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on the day prior to the relevant Performance Date. The method used to determine the number of ordinary shares that may be acquired through the exercise of options granted under the award is explained in the Remuneration Report on page 21.

11 SHARE CAPITAL continued

During the year the Company granted 2,431 award units (2011: 772) and 2,154 award units lapsed (2011: Nil). The number of units outstanding at 31 December 2012 numbered 10,000 (2011: 9,723). The weighted average fair value of units granted in the year was £81 per unit (2011: £58). The instruments were valued using a Monte Carlo simulation method using a weighted average share price at grant date of 328 pence (2011: 286 pence), a share illiquidity discount factor of 10% (2011: 10%), weighted average expected volatility of 18.4% (2011: 21.11%) (derived from the average of annualized standard deviations of daily continuously compounded returns on the Company's stock, calculated back from the date of grant to the date of float) a weighted average risk-free rate of 0.18% (2011: 0.84%) and a weighted average expected dividend yield of 0.92% (2011: 0.89%).

SHARE-BASED PAYMENT CHARGE

The total charge for the year relating to equity settled employee share-based payment plans (for both the employee stock option plan and the senior executive long term incentive plan) was £175,000 (2011: £236,000).

12 PROVISIONS

	Sabbatical provision £'000	Dilapidation provisions £'000	Total £'000
AT 1 JANUARY 2011	-	78	78
Provided in the year	138	-	138
Utilised in the year	(16)	-	(16)
Exchange differences	-	3	3
AT 31 DECEMBER 2011	**122**	**81**	**203**
Provided in the year	77	-	77
Utilised in the year	(14)	-	(14)
Exchange differences	(1)	3	4
AT 31 DECEMBER 2012	**189**	**80**	**269**
Of which:			
Current	96	-	96
Non-current	93	80	173
	189	**80**	**269**

The Group has a sabbatical leave scheme, open to all employees, that provides 20 days paid leave after six years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is measured using the projected unit credit method. The calculation of the provision assumes an annual rate of growth in salaries of 5% (2011: 6.2%), a discount rate of 5% (2011: 5%), based upon good quality 6-year corporate bond yields, and an average staff turnover rate of 15% (2011: 14%).

Dilapidation provisions represent the Group's best estimate of costs required to meet its obligations under property lease agreements.

13 TRADE AND OTHER PAYABLES

	2012 £'000	2011 £'000
Trade payables	**1,040**	1,340
Social security and other taxes	**649**	505
Accruals and deferred income	**2,084**	2,532
	3,773	4,377

Trade and other payables are due within one year and are non-interest bearing. The contractual terms for the payment of trade payables are generally 45 days from receipt of invoice.

14 COMMITMENTS

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

	2012 £'000	2011 £'000
No later than 1 year	**305**	300
Later than 1 but no later than 5 years	**403**	218
	708	518

Included within the amounts disclosed above, the Group has the benefit of seven months rent free for the first three years of a lease with an annual rental commitment of £163,000. At this and the comparative balance sheet date no rent free month was outstanding. The benefit of the rent free months has been spread over the period of the lease to the first break point in 2013.

15 EXPENSES BY NATURE

	2012 £'000	2011 £'000
Changes in work in progress	**1**	(3)
Employee benefit expense	**9,783**	8,720
Depreciation and amortisation	**526**	464
Net foreign exchange losses	**160**	45
Other expenses	**8,839**	8,729
	19,309	17,955
Analysed as:		
Cost of sales	**4,754**	4,650
Administrative expenses	**14,555**	13,305
	19,309	17,955

16 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2012 £'000	2011 £'000
AUDITOR'S REMUNERATION:		
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	**38**	40
Fees payable to the company's auditor for other services		
Other services supplied pursuant to such legislation	**3**	3
Taxation compliance services	**17**	4
Tax advisory services	**8**	-
OPERATING LEASE EXPENSES:		
Land and buildings	**426**	363
DEPRECIATION AND AMORTISATION	**526**	464
Net loss on foreign currency translation	**160**	45

17 EMPLOYEE BENEFIT EXPENSE

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

	2012 No	2011 No
NUMBER OF ADMINISTRATIVE STAFF	**148**	124

The aggregate employment costs of the above were:

	2012 £'000	2011 £'000
Wages and salaries	**7,803**	6,946
Social security costs	**845**	839
Pension costs – defined contribution plans	**260**	312
Long service leave cost	**63**	122
Share based remuneration	**175**	236
Redundancies (including social security costs of £46,000)	**260**	-
Medical benefits	**377**	265
	9,783	8,720

The directors have identified 6 (2011: 6) key management personnel, including three executive and three non-executive directors.

Compensation to key management is set out below:

	2012 £'000	2011 £'000
Wages and salaries	**639**	586
Social security costs	**83**	69
Pension costs – defined contribution plans	**31**	29
Share-based remuneration	**66**	113
	819	797

Details of directors' emoluments are given in the Remuneration Report on page 20.

18 INVESTMENT INCOME

	2012 £'000	2011 £'000
BANK INTEREST RECEIVABLE	**2**	2

19 INCOME TAX EXPENSE

	2012 £'000	2011 £'000
Current tax	**599**	963
Deferred tax	**(122)**	(53)
	477	910

Income tax expense for the year differs from the standard rate of taxation as follows:

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**1,515**	2,760
Profit on ordinary activities multiplied by standard rate of tax of 24.5% (2011: 26.5%)	**371**	731
Difference between tax rates applied to Group's subsidiaries	**52**	108
Expenses not deductible for tax purposes	**55**	91
Other temporary differences	**1**	(28)
Adjustment to current tax in respect of prior years	**14**	16
Credit on exercise of share options taken to income statement	**(16)**	(8)
TOTAL TAX	**477**	910

20 DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2012 £'000	2011 £'000
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	**293**	337
- Deferred tax assets to be recovered within 12 months	**63**	51
	356	388
Deferred tax liabilities:		
- Deferred tax liability to be recovered within 12 months	**(63)**	(100)
DEFERRED TAX ASSET (NET):	**293**	288

The gross movement in deferred tax is as follows:

	2012 £'000	2011 £'000
AT 1 JANUARY	**288**	97
Foreign exchange differences	**3**	-
Income statement credit	**122**	53
Tax (debited)/credited directly to equity	**(120)**	138
AT 31 DECEMBER	**293**	288

The movement in deferred income 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

	Other provisions £'000	Overseas tax losses £'000	Share option scheme £'000	Dilapidation provisions £'000	Sabbatical provision £'000	Total £'000
AT 1 JANUARY 2012	5	46	325	12	-	388
Charged to income statement	38	12	(11)	3	46	88
Debited directly to equity	-	-	(120)	-	-	(120)
AT 31 DECEMBER 2012	**43**	**58**	**194**	**15**	**46**	**356**

20 DEFERRED TAX continued

DEFERRED TAX LIABILITIES

	Accelerated capital allowances £'000
AT 1 JANUARY 2012	(100)
Foreign exchange differences	3
Credited to income statement	34
AT 31 DECEMBER 2012	**(63)**

There are no unrecognised deferred tax assets. 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 employee share options.

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 number of ordinary shares in issue during the year.

	2012 £'000	2011 £'000
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**1,038**	1,850
Weighted average number of ordinary shares in issue	**12,520,480**	12,461,136
BASIC EARNINGS PER SHARE	**8.3p**	14.8p

(B) DILUTED
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive share options to ordinary shares.

	2012 £'000	2011 £'000
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AND PROFIT USED TO DETERMINE DILUTED EARNINGS PER SHARE	**1,038**	1,850
Weighted average number of ordinary shares in issue	**12,520,480**	12,461,136
Share options	**587,463**	677,423
Weighted average number of ordinary shares for diluted earnings per share	**13,107,943**	13,138,559
DILUTED EARNINGS PER SHARE	**7.9p**	14.1p

22 DIVIDENDS PER SHARE

	2012 £'000	2011 £'000
Dividends paid on Ordinary Shares		
Interim, 0.85p per share (2011: 0.75p per share)	**107**	94
	107	94
Final dividend relating to 2011, 2.25p per share (2011: 1.8p per share relating to 2010)	**281**	224
TOTAL ORDINARY DIVIDENDS PAID IN THE YEAR	**388**	318

The directors will be proposing a final dividend in respect of the year ended 31 December 2012 of 2.25p per share, at the AGM. These financial statements do not reflect this final dividend.

23 RELATED PARTY TRANSACTIONS

The wife of Mark Muth, a director of the Company for part of the year, provided consultancy services for the Group totalling £1,750 (2011: £225). There was no balance outstanding at the year-end (2011: £nil).

During the year, the Group made sales to companies connected to Unilever Ventures, of which Mark Muth is a director, totalling £1,475,767 (2011: £1,944,472). The balance outstanding at the year-end amounted to £422,169 (2011: £447,500).

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

Dividends paid to directors were as follows:

	2012 £	2011 £
John Kearon	**125,171**	112,009
James Geddes	**5,246**	4,420
Alex Batchelor	**3,157**	2,597
Ken Ford	**620**	510
Simon Godfrey	**358**	2,000
Robert Brand*	**930**	*
Graham Blashill**	**155**	**
	135,637	121,536

*appointed 5th January 2012
**appointed 1st July 2012

24 CASH GENERATED FROM OPERATIONS

	2012 £'000	2011 £'000
PROFIT BEFORE TAXATION	**1,515**	2,760
Depreciation	**215**	191
Amortisation	**311**	273
Impairment of available for sale financial assets	**50**	-
Interest received	**(2)**	(2)
Share-based payment expense	**175**	236
Increase in inventory	**(1)**	(3)
Decrease/(increase) in receivables	**262**	(1,368)
(Decrease)/increase in payables	**(539)**	517
Exchange differences	**(65)**	(39)
NET CASH GENERATED FROM OPERATIONS	**1,921**	2,565

25 SEASONALITY OF REVENUES

Until 2012, Group revenues tended to be higher in the second-half of the financial year than in the first six months.

However for the year ended 31 December 2012, revenues for the second half of the year represented 50% of total revenues compared to 56% for the year ended 31 December 2011.

26 AUDIT EXEMPTION

BrainJuicer Limited, company number 03900547, is exempt from the requirements for the Companies Act 2006 relating to the audit of accounts under section 479A.

Company Balance Sheet
As at 31 December 2012

	Note	2012 £'000	2011 £'00
FIXED ASSETS			
Tangible assets	3	**1,337**	1,575
Investments	4	**664**	702
		2,001	2,277
CURRENT ASSETS			
Debtors	5	**1,636**	2,046
Cash at bank		**1,309**	1,288
		2,945	3,334
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	6	**(1,136)**	(1,028)
NET CURRENT ASSETS		**1,809**	2,306
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,810**	4,583
CAPITAL AND RESERVES			
Share capital	7	**131**	131
Share premium account	8	**1,579**	1,579
Retained earnings	8	**2,100**	2,873
EQUITY SHAREHOLDERS' FUNDS		**3,810**	4,583

REGISTERED COMPANY NO. 05940040
These financial statements were approved by the directors on 21 March 2013 and are signed on their behalf by:

JOHN KEARON — Director
JAMES GEDDES — Director

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The separate financial statements of the Company are presented as required by the Companies Act 2006. 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.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. 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 useful economic life. Depreciation rates are as follows:

Computer hardware	2 to 3 years
Furniture, fittings and equipment	5 years
Software	2 to 7 years

Assets in the course of construction and not yet ready for use are not depreciated until completed and ready for use.

DEBTORS

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

RELATED PARTY TRANSACTIONS

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

SHARE-BASED PAYMENTS

Equity-settled, share-based payments are measured at fair value at the date of grant. Equity-settled, share-based payments that are made available to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

2 (LOSS)/PROFIT FOR THE YEAR

The Company has made full use of the exemptions as permitted by Section 408 of the Companies Act 2006 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company loss for the year to 31 December 2012 of £152,000 (2011: £2,033,000 profit) is included in the Group profit for the financial year. 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 pages 20 and 21.

3 TANGIBLE ASSETS

	Computer hardwarer £'000	Furniture and equipment £'000	Software £'000	Total £'000
COST				
AT 1 JANUARY 2012	209	149	1,604	1,962
Additions	172	4	-	176
AT 31 DECEMBER 2012	**381**	**153**	**1,604**	**2,138**
ACCUMULATED DEPRECIATION				
AT 1 JANUARY 2012	86	72	229	387
Provided in the year	134	51	229	414
AT 31 DECEMBER 2012	**220**	**123**	**458**	**801**
NET BOOK AMOUNT				
AT 31 DECEMBER 2012	**161**	**30**	**1,146**	**1,337**
AT 31 DECEMBER 2011	123	77	1,375	1,575

4 INVESTMENTS

	Other investments £'000	Group companies £'000	Total £'000
COST			
AT 1 JANUARY 2012	133	569	702
Share-based payment charge in respect of subsidiaries	-	12	12
AT 31 DECEMBER 2012	**133**	**581**	**714**
AMOUNTS WRITTEN OFF			
AT 1 JANUARY 2012	-	-	-
Impairment	50	-	50
AT 31 DECEMBER 2012	**50**	**-**	**50**
NET BOOK AMOUNT			
AT 31 DECEMBER 2012	**83**	**581**	**664**
AT 31 DECEMBER 2011	133	569	702

SUBSIDIARY UNDERTAKINGS

Details of subsidiary undertakings at 31 December 2012 are as follows:

	Activity	Interest in issued share capital	Country of incorporation
BrainJuicer Limited*	Provision of online market research services	100%	UK
BrainJuicer BV	Provision of online market research services	100%	Netherlands
BrainJuicer Inc	Provision of online market research services	100%	USA
BrainJuicer Canada Inc.	Provision of online market research services	100%	Canada
BrainJuicer Sarl	Provision of online market research services	100%	Switzerland
BrainJuicer GmbH	Provision of online market research services	100%	Germany
BrainJuicer Marketing Consulting (Shanghai) Co., Ltd	Provision of online market research services	100%	China
BrainJuicer Do Brazil Servicos de Marketing LTDA	Provision of online market research services	100%	Brazil
BrainJuicer Srl	Provision of online market research services	100%	Italy

*BrainJuicer Limited is a direct subsidiary of BrainJuicer Group PLC. The remaining subsidiaries are each direct subsidiaries of BrainJuicer Limited.

5 DEBTORS

	2012 £'000	2011 £'000
Trade debtors	**167**	-
Amounts due from group undertakings	**1,313**	1,865
Prepayments	**94**	144
Other debtors	**2**	-
Deferred tax asset	**60**	37
	1,636	2,046

6 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Trade creditors	**413**	259
Corporation tax	**141**	116
Accruals and deferred income	**582**	653
	1,136	1,028

7 SHARE CAPITAL

Allotted, called up and fully paid:

	Number	£'000
AT 1 JANUARY 2012	**13,136,448**	**131**
Issue of shares	**-**	**-**
AT 31 DECEMBER 2012	**13,136,448**	**131**
AT 1 JANUARY 2011	13,113,114	131
Issue of shares	23,334	-
AT 31 DECEMBER 2011	13,136,448	131

8 RESERVES

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
AT 1 JANUARY 2012	131	1,579	2,873	4,583
Share-based payments	-	-	175	175
Loss for the financial year	-	-	(152)	(152)
Dividend paid	-	-	(388)	(388)
Sale of treasury shares	-	-	325	325
Purchase of own shares	-	-	(733)	(733)
AT 31 DECEMBER 2012	**131**	**1,579**	**2,100**	**3,810**

Company Information

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James Geddes

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REGISTERED NUMBER
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