BrainJuicer Group PLC Annual Report and Accounts 2008

Fresher Insights, Better Marketing.

Fresher Insights, Better Marketing.

brainjuicer®

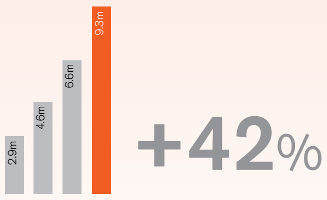
- INNOVATIVE MARKET RESEARCH
- 140 HOUSEHOLD NAME CLIENTS
- TOP 10 GLOBAL AGENCY AMBITION

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

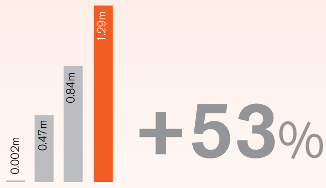
BrainJuicer® was established in 1999 to reinvent the way market research is done, introducing innovative online techniques that produce fresher insight and better marketing for large multinational clients.

BrainJuicer® has over 140 clients, including 9 of the world's top 20 advertisers, and is regarded as one of the leading innovators in the research industry.

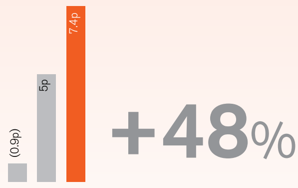
BrainJuicer® is focused on assisting clients throughout their innovation process by providing better ways to understand and predict consumer behaviour and improve the success of clients' marketing spend.



Revenue



Operating profit



Earnings per share

Highlights

- **49%** increase in revenues from our new to the world 'Juicy' products to £4.3m: Predictive Markets, CommScan™, Insight Validation™, Creative 6ers™ and Quali-Taxi™
- **45%** office coverage of potential global research market; US, UK, Australia, Netherlands, Switzerland [90% geographic coverage having researched in 54 countries & 38 languages]
- **115 to 140** clients, including 9 of the world's top 20 advertisers [up from 7 in 2007]
- **42%** increase in revenue to £9,322,000 (all organic) (2007: £6,566,000)
- **53%** increase in operating profit to £1,290,000 (2007: £844,000) [PAT up 46% to £964,000 from £660,000 in 2007]
- Increase in operating profit margin from 12.9% to 13.8%
- **48%** increase in fully diluted earnings per share to 7.4p (2007: 5.0p)
- **£1.7m** cash and no debt
- **1.0p** per share proposed final dividend, making 1.5p for the year (2007: nil); plus special dividend of 1.7p per share paid in October 2008 (2007: nil)

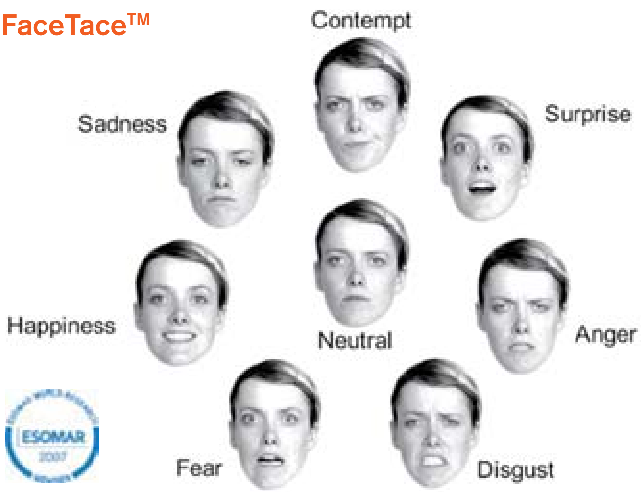
Post year-end

- Expanded into Germany and Canada increasing our office coverage of potential global research market from 45% to 57%
- Launched the JuicyBrains online Innovation Community into the fastest growing market research category
- Slower start to 2009 as clients show caution with budgets but also opportunity for innovative online providers, as clients challenge existing suppliers

"CommScan™ is innovative, insightful & helped us significantly improve our global brand communication. I'm highly impressed by the speed & quality of the research. We researched in a number of countries & had a final global debrief within 3 weeks from delivering final stimuli"

Michael Price
European Marketing Director
ASICS

FaceTace™



BrainJuicer Group PLC is a leading international online market research agency

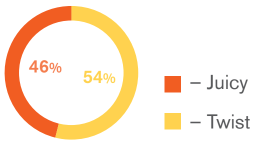
What we do

Freshly squeezed insight & innovation powered by award winning tools & researchers
– 70 staff and offices in 7 countries
– 10 years working with multinationals

For insight
And innovation
Seek em♥tion
And be creative

We have two categories of product, 'Juicy' which are new to the world research techniques that challenge traditional approaches, and 'Twist' which utilise industry standard quantitative research methods combined with our unique quali-quant diagnostics, MindReader™ and FaceTrace™.

Revenue split



> BrainJuicer clearly identified the best pack route for our new wine range, using their emotional engagement measure & rich diagnostics. The international study was conducted in quick time. Overall, a job well done."

Jeremy Chard
Marketing Manager Insight & Innovation
Fosters EMEA

Awards

140 clients, including 9 of the world's top 20 advertisers

Juicy products

Predictive Markets

Utilises the wisdom of crowds to more accurately screen new concepts & communications. Won ESOMAR Best Methodology 2005.

Insights Validator™

Quantitative testing of client insights to sort wheat from chaff and ensure the best consumer hook is used and optimized.

CommScan™

Uses our award winning FaceTrace™ to measure emotional engagement of client communications & predict their success.

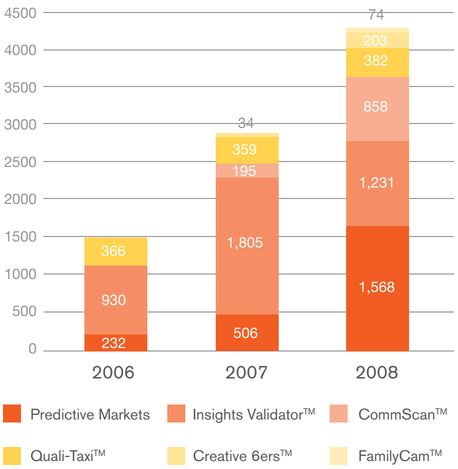
Creative 6ers™

Gifted creative consumers available online to generate ideas for clients' NPD, promotions, communications & packaging.

JuicyBrains Innovation Community™

A dating site, matching our clients' need for innovation with creative consumers willing to help generate ideas.

Product growth



Quotes

"Not only did BrainJuicer deliver top quality analysis and consulting (using your Predictive Markets solution) – your professionalism and proactive customer orientation were outstanding."

Uta Formeseyn
Senior Manager Business Insights
Coca-Cola GmbH

"BrainJuicer's CommScan™ provided an excellent measure of emotional engagement with rich diagnostics on all the options and produced an insightful, action-focused debrief with clear direction for next steps."

Sheela Smail
Consumer & Market Insight Director
Unilever Foods

"FaceTrace™ has been instrumental in understanding the emotional power of our communication & its influence on subsequent consumer behaviour. I am not sure it would have been possible with 'traditional' methods."

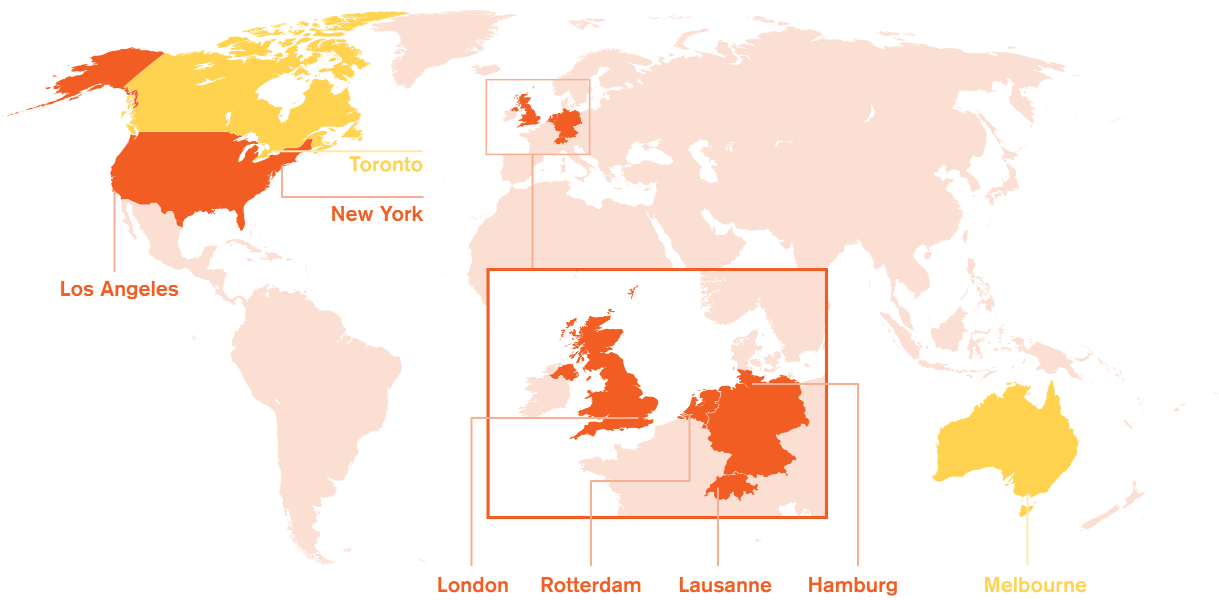
Yvan Goupil
Insights Director
Pepsico International

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

Sion Agami
Senior Scientist
Proctor & Gamble

Research in 54 countries covering over 90% of the world's research spend

Where we are



Managing Directors

Jim Rimmer
London

Mark Johnson
Lausanne

Ari Popper
Los Angeles

Evert Bos
Rotterdam

Jonathan Gable
Hamburg

Ari Popper
New York

Partner offices

Rod Slater
Melbourne

William Ratcliffe
Toronto

Our offices service 57% of the world's research buying points

The Company has expanded its geographic footprint to align itself with its large multi-national clients

BrainJuicer's progress during the year has been strong, and the Company has continued to grow organically with revenues up 42% to £9,322,000 (2007: £6,566,000) and operating profits up 53% to £1,290,000 (2007: £844,000). The Company did not experience softening in the market in 2008 and, as we have observed in the past, research spend from our core client base, multi-national consumer goods and services companies has tended to remain relatively stable. The research market has continued to grow, with the global spend on market research reaching $28bn (ESOMAR Global Market Research Report 2008). However, given the current global recession, we have to be realistic and expect the market in 2009 to be flat at best.

It is innovation that sets BrainJuicer apart. We have continued to develop our products in pioneering directions, for the benefit of our existing blue chip customers and in order to attract new ones. Our new products, although quite different from the established offerings of our competitors, are beginning to be adopted within our large clients and we are delighted with the progress that has been made.

The Company has expanded its geographic footprint with the appointment of highly regarded country managers in Germany and Switzerland and, through licensing agreements, in Canada and Australia. This expansion requires little investment and is low risk, as the Company's overseas offices are supported by its UK operations technically and operationally. The Company is deliberately and steadily increasing its geographic coverage, particularly in the largest research markets, to further align itself with its large multi-national target market.

The Company is in the mainstream of global market research spend and, in spite of its small size, is competing successfully with the major research firms. BrainJuicer continues to receive a positive reaction to its innovative new products and it is in this area that we continue to focus our efforts. Significant new client wins have underpinned a strong financial year and have enabled ongoing investment in the team and BrainJuicer's technology platform. We are pleased with the way the Company has further strengthened its market position and its reputation during 2008.

Ken Ford
Chairman

19 March 2009

Our innovative research continues to be well received by our blue chip client-base and we have made significant progress in 2008

We have one driving ambition: to transform the way the world does market research and become a top 10 global MR company

Introduction

The Board is pleased to report another year of strong organic growth for the Company with successful product innovation, geographic expansion, and an increasing client base of blue chip companies further strengthening our position in the market.

Every company has a raison d'être. As befits a small company, ours is quite simple, but nevertheless ambitious: to alter and improve the way that major consumer companies undertake market research and to become one of the world's top ten research groups. To achieve this, not only do we need to be different and innovative, but we must also implement effectively. To date, we have been successful in this.

We are small compared with our competitors, but now work with nine of the world's top 20 advertisers, up from seven in 2007. We have international reach and are growing quickly. We are profitable and have no debt.

Values and priorities

What excites us is the creative process, and designing market research tools and techniques which can transform our clients' innovation processes. Our clients are predominantly in the mass consumer market (the largest buyers of market research in the world) and our products are focussed on the difficult earlier stages of their innovation development. We believe that around half of their market research spend is applied to these stages and this segment appears to be significantly underserved by our competitors.

To use our jargon, we have two categories of products; "Juicy" and "Twist". Juicy products are new to the world techniques which are entirely different from any available elsewhere and which challenge traditional approaches. Twist products utilise industry standard quantitative research methods but add our unique quali-quant diagnostics; MindReader™ and FaceTrace™. Both are important to the business and appreciated by our clients but we believe it is our Juicy Products which will drive the long-term growth of the Company.

The year has seen strong uptake of our Juicy Products – Predictive Markets, Creative 6ers™, Insight Validation™ and CommScan™. Increasing by 49%, they now account for 46% of the Company's total revenue, contributing £4.3m in 2008 (2007: £2.6m). Juicy Products are used by all nine of our clients in the world's top 20 advertisers and by 59 of our 140 clients. In January 2009, BrainJuicer launched its latest Juicy Product: the JuicyBrains Innovation Community. This is another unique tool allowing clients to engage with an online community of consumers who have a shared interest in innovation, and to tap into the feedback of more creative consumers.

BrainJuicer has conducted research in 54 countries representing 90% of the world's research spend. At the beginning of 2008, we had offices in three countries, the US, UK and Holland; these are the first, second and 13th largest research markets and accounted for 42% of the world's research spend. To materially increase the share of spend and number of multi-national clients, we need to expand the geographic office coverage to service the regional buying points of multi-national clients. During 2008, we expanded into Switzerland where many multi-nationals have their European head offices and also into Australia, via a licensing agreement with a well established Australian market research firm, bringing our coverage to 45% of the world's research spend. Since the year end, BrainJuicer has expanded further, with an office in Germany and a licensing agreement in Canada, the third and sixth largest research markets, increasing our coverage

In 2008, we weathered the downturn well and are expecting to build on last year's achievements and deliver further progress in 2009

to 57% of the world's research spend (ESOMAR Global Market Research Report 2008). We are now well-represented in Europe, North America and Australasia and will be looking at moving into Asia and South America in the coming years.

All of our research is online, conducted via our proprietary software platform and therefore scalable. Nevertheless, we do also require highly skilled teams of market research professionals to design each client project, to extract the key conclusions from the results and to help our clients apply them to their product development and marketing challenges. In 2008, we hired 15 new people (excluding replacements) of whom 80% were client facing. The Company is an exciting and challenging place to work, and we are very pleased to have attracted a team of high calibre staff to meet these needs.

Profitability, growth and risk

We have managed to grow our business, while at the same time growing profits and remaining cash positive. We have also been able to start paying dividends demonstrating the Company's ability to be both high growth as well as dividend yielding. Geographic expansion does dilute profit margins with the setting up of new offices and hiring of people, but the investment is small and we look to make a profit within three years, as previously achieved in Holland and the USA. To achieve our ambition of becoming a top ten global research agency, we need to continue our international expansion. This inevitably brings risks and we will maintain a cautious approach to our financial arrangements. We intend to continue to grow organically, in the main, and we will not look to borrowings to do so.

Ownership

Our shares are fairly tightly held and there is currently only a small free-float:

- John Kearon: 43.8%
- Unilever Ventures: 37.8%
- Management: 4.2%
- Institutions and private investors: 14.2%

I am committed to building substantial long-term value for shareholders and have every intention of retaining a major stake in the business for the foreseeable future. I am motivated by building a business I passionately believe can be a top ten global research group and building a team capable of achieving this.

Unilever Ventures invested in 2003 and it was their support that enabled the Company to develop. However, as a venture capital unit, they have a need to recycle their capital to support new businesses and, in due course, they will sell their holding. We hope that the new shareholders we will acquire at the time will be attracted by our long-term potential and will stay with us for many years.

Prospects

The impact of the global economic recession on our clients' market research spend this year, and any consequent effect on the Company, remains to be seen. Nevertheless, in 2008 we weathered the downturn well, and are expecting to build on last year's achievements and deliver further progress in 2009.

John Kearon

Chief Executive Officer

19 March 2009

The Company achieved strong results across all regions

Operations

The Company achieved strong results across all regions with revenue growing 34% in the UK, 7% in the Netherlands and 276% in the US. The UK remains the prime business generator for the Company, with 60% of total revenue from a well established mix of large domestic and multi-national clients (including eight of the world's top 20 advertisers). The Dutch office serves our smallest market and its results benefited from the decline in the value of the pound. In local currency terms, its revenue declined a little (9%) due to a cyclical fall in revenue from its largest client. It has nevertheless been our beach-head into Continental Europe, and is the office through which we have moved into Switzerland and Germany. The US is our largest and most competitive market, and we are encouraged by the way our US operation has grown so rapidly. Like our Dutch operation, its results also benefited from the decline in the value of the pound, but still grew strongly in local currency terms (222%). It has established a foothold in 12 large new US-based companies, works with six of the world's top 20 advertisers and has now moved into profit (in only its third full year of operation).

The Company's client-base increased from 115 to 140, and BrainJuicer now works with nine of the world's top 20 advertisers (AdvertisingAge's 22nd Global Marketers' Study 2008). Average project size increased to £18,644 (2007: £14,822), indicative of the Company's success in winning larger, more international projects from clients.

The Company's expansion into Switzerland in June 2008, and to Germany in January 2009, was driven by client demand. The pay-back period on opening new offices is relatively short, and the Company's method of entering a new territory in a low-investment manner ensures that profit margins are only diluted initially. The anticipated strategic benefits are nevertheless significant.

The Company entered Australia in June 2008, through a licensing agreement with Slater Marketing, and Canada, where the Company signed an agreement with High Level Research Inc ('HIGHLevel') in January 2009. Slater Marketing is generating new revenues for BrainJuicer and has introduced new significant clients to the Company's products. It is envisaged that these two partners will become wholly owned business units of BrainJuicer in due course, once pre-agreed financial targets have been met.

In order to underpin the Company's organic growth, we continue to invest in the team, which has increased from, on average, 45 in 2007 to 59 in 2008. The majority of this increase has been in client facing roles, which directly support the Company's growth. Average revenue per headcount increased by 8% to £158,000, and average gross profit per hour of internal time taken to deliver client projects was £198 (2007: £193). The Company has also invested in its operational capability and technology platform in order to maintain consistency, efficiency and quality of delivery of its services across its account management teams, as it grows and expands geographically. The Company regularly elicits detailed client feedback on its services, which has continued to be extremely positive.

Financial Performance

The Board was delighted to announce a maiden interim dividend of 0.5p per share in September 2008, in addition to a special dividend of 1.7p per share, and now we propose a final dividend of 1.0p per share. In spite of being an ambitious high growth company, we also have a solid balance sheet and healthy cash flows, and so are planning to maintain a progressive dividend policy. We see this as testimony to the Company's attractive business model.

In spite of being an ambitious high growth company, we also have a solid balance sheet and healthy cash flows

We have shown strong top-line organic growth, with revenue up 42% to £9,322,000 (2007: £6,566,000), and gross margin remaining high at 74% (74% in 2007). Our administrative expenses increased by 40% to £5,574,000, due primarily to our increase in client facing employee numbers. Operating profit increased from £844,000 in 2007 to £1,290,000, an increase of 53%, and operating margin grew to 13.8% (12.9%: 2007). Interest income was £82,000 (2007: £49,000) taking Profit before Tax to £1,372,000 (2007: £893,000). Our effective tax rate was 30% (2007: 26%) and our Profit after Tax was £964,000 (2007: £660,000).

Basic earnings per share was 7.6p (2007: 5.2p) and diluted earnings per share was 7.4p (2007: 5.0p). Basic earnings per share is calculated as profit after tax divided by the weighted average number of shares in issue during the year (12,610,803 up from 12,564,831 in 2007). Diluted earnings per share account for shares that would be issued on exercise of employee stock options. The weighted average number of shares for our diluted earnings per share calculation was 13,108,126 shares (2007: 13,220,878).

The Company generated £43,000 of cash flow before dividends, interest and employee stock option share issues after investing £304,000 in its software technology and incurring £389,000 of one-off timing differences in the payments of VAT and Corporation Tax. It paid £277,000 in dividends (2007: £nil), received £82,000 of interest (2007: £49,000) and received £4,000 from the issue of shares on exercise of employee stock options (2007: £18,000). The Company's cash balance at year end was £1,727,000 (2007: £1,875,000), and it had no debt. The Company's trade and other receivables balance (its biggest asset) was £2,809,000 at year end (2007: £2,630,000) and the debtor payback period was 66 days (2007: 86). Its net assets were £3,627,000 up from £2,752,000 in 2007.

Risks

Loss of a significant client

This is perhaps the biggest risk the Company faces. We, therefore, go to considerable lengths to monitor our service quality. Client feedback is sought on many projects from a member of staff not connected with the project itself. Over the last financial year, this independent feedback has again revealed high levels of client satisfaction.

Loss of key personnel

Whilst the loss of a senior member of the team would have a negative impact on the business, the Board does not view the business as being overly dependent on any one individual. We place considerable demands on our people, and we are, therefore, at risk of staff turnover. However, the work environment is stimulating and we attempt to ensure that our

We have shown strong top-line organic growth, with revenue up 42% to £9,322,000

Ongoing product development and geographic expansion continue to be the major areas of focus

remuneration levels and structure encourages loyalty. We offer a combination of competitive basic salaries, attractive performance related bonuses, a comprehensive package of benefits (commensurate with those found in larger corporates) and a broad-based employee stock option plan.

Material adverse event leading to a significant loss of property, software, or data, or an adverse legal claim

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

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

Recession

Like every business, we are having to face the potential consequences of a difficult and uncertain economic backdrop. Our multinational consumer goods and services client-base have previously weathered recessions and maintained spending better than most. However, we are entering into uncharted territory and so it is difficult to predict how they will react to the current difficulties. We are, therefore, adopting a more cautious approach to our growth plans.

Summary

Ongoing product development and geographic expansion continue to be the major areas of focus, followed closely by operations and our technology platform. The effects of the recession will have a bearing on our business, but the Board, nevertheless, believes that the Company is well positioned to continue to build on its innovative portfolio of products, blue chip client-base, highly regarded team and strong balance sheet.

James Geddes
Chief Financial Officer

19 March 2009

The Company's client-base increased from 115 to 140

The only way to keep ahead is to experiment...When there's no experimenting, there's no progress

BrainJuicer Labs – Commitment to Innovation

FamilyCam™

Wire up homes Big-Brother style as an inspirational & insightful research resource

Mobile Moments of Truth™

Real-time research / Insights e.g. shopper marketing, ad tracking, new launch tracking

Me to We Research™

The potential of respondents as researchers; mass ethnographers, mass semioticians & co-creators

Consumer Deep Dives

Consumer deep dives to unearth new insights / revisiting existing research to pull out insights

Mood Metrics™

New to the world metric, created to prove the ability of a client's product to improve peoples' mood

Shopper Marketing

Using leading-edge research design to understand how best to maximise in-store sales

"In FamilyCam™ we had a unique tool to help shed a great deal of light from real life observation and fed directly into the development of global communication & products designed to help to change consumers' behaviour for the better."

Alexander Harrison
Global Consumer & Market Insight Manager
Unilever Oral Care

DIRECTORS

Ken Ford

Chairman

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

John Kearon

Chief Executive Officer

John is responsible for overall strategic direction and commercial development of the Group. John's role in establishing and developing the BrainJuicer business made him Ernst & Young's "Emerging Entrepreneur of the Year" in 2007. Prior to founding BrainJuicer, John founded innovation agency, Brand Genetics Limited, which invented new products and services for FT500 companies. Before this, John had been Planning Director of one of the UK's leading advertising agencies. John started his career over 20 years ago as a graduate of Unilever's management programme, rising to be a senior marketer at Elida Gibbs before moving into advertising.

James Geddes

Chief Finance Officer

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

Mark Muth

Non-executive director

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

Simon Godfrey

Non-executive director

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

SENIOR MANAGEMENT






Jim Rimmer

United Kingdom
Managing Director

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

Evert Bos

Netherlands
Managing Director

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

Mark Johnson

Switzerland
Managing Director

Mark started his career as a strategic planner working for market research, innovation and branding consultancies – first in London, then in Paris. In these roles, he has advised more than 30 companies in a broad range of categories and sectors. Before joining BrainJuicer, Mark was responsible for market research studies linked to innovation at Cereal Partners Worldwide (the joint venture between Nestlé and General Mills). Mark has a degree in Political Science from the University of Geneva and a Masters in Communications from the University of Stirling, Scotland.

Ari Popper

North America
Managing Director

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

Susan Griffin

Vice President of Marketing and Business Development

With over 20 years of experience, Susan comes to BrainJuicer with a keen understanding of the research industry as a client as well as a consultant. Most recently at vendors like GMI, Material ConneXion and Aberdeen Group, at Thomas Publishing and at entrepreneurial start ups like SoftWatch, and Voyager on the client side, Susan established herself as a highly successful marketeer and business development professional. Susan's domain expertise extends to consumer and industrial products development, supply chain management, healthcare informatics, and financial services, having started her career at the American Stock Exchange where she rose to the rank of Vice President.

Jonathan Gable

Germany
Managing Director

Jonathan has broad international experience in FMCG marketing and research, and has worked at both start-ups and well established blue chip companies such as Colgate-Palmolive, General Mills, and Dunkin' Brands. His experience as both a buyer and supplier of quantitative and qualitative research has given him a strong understanding of clients' research and business needs, especially in the German market. Jonathan comes from Southern California but has lived and worked in Germany for the past 20 years.

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present the annual report and audited financial statements of BrainJuicer Group PLC for the year ended 31 December 2008.

Principal activities and business review

We are a full service quantitative market research agency.

The Group made a profit after tax of £964,000 for the year ended 31 December 2008 (2007: £660,000). The Group paid an interim dividend of £63,073 and a special dividend of £214,447. The directors recommend paying a final dividend of 1.0 p per share.

A further review of the business and likely future developments of the Group is given in the Chief Executive's Statement on pages 6 and 7 and in the Business and financial review on pages 8 to 10.

The directors and their interests

The present membership of the Board is set out below. All directors served throughout the year.

John Kearon
James Geddes
Ken Ford
Simon Godfrey
Mark Muth

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

Payments to suppliers

The Group aims to settle invoices within agreed payment terms, provided the relevant services or goods have been received in accordance with the agreed terms and conditions. At 31 December 2008, trade payables represent 67 days of average purchases of the Group (2007: 37 days).

Donations

There were no donations to political parties or charitable organisations (2007: £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 28 February 2009, the Company was aware of the following interests in 3% or more of the ordinary issued share capital of the Company.

Substantial shareholdings

	At 28 February 2009 Number	%
John Kearon	5,660,187	43.8
Unilever UK Holdings Limited	4,883,643	37.8
Chase Nominees Limited	431,507	3.3

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 on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others. If employees become disabled we would make every effort to keep them in our employment, with appropriate training where necessary.

Health and safety policies

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

James Geddes

Chief Financial Officer
19 March 2009

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 Combined Code, the Board takes the Code seriously. The Group also places particular importance on the guidelines issued by the Quoted Companies Alliance for AiM Companies.

There are areas where the Group is not in compliance with the Combined Code but the directors believe that full compliance is not practicable for a 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 has committed to reviewing compliance with the Code regularly.

The Board

The Board comprises two executive directors and three non-executive directors. Their biographical details are presented on page 12.

The Board meets formally on a monthly basis and each of the directors attended all 12 meetings during the year. The Board discharges its responsibilities through both monthly management team meetings which are attended by the executive directors and the five country managers and regular informal meetings as would be expected in a Group of BrainJuicer's size.

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

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

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

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

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, James Geddes is scheduled to retire by rotation and has confirmed his willingness to be put forward for re-election at the Annual General Meeting to be held on 13 May 2009.

Non-executive directors

The non-executive directors are considered by the Board to be independent of management. The guidance in the Combined Code indicates that the non-executive directors' independence might be impaired as Mark Muth represents a significant shareholder, Unilever UK Holdings Limited, and Simon Godfrey participates in the Group's share option scheme. However, the Board consider both Mark and Simon to have acted in an independent manner, and that they at all times have endeavoured to act in the interests of all shareholders. Moreover, neither Mark nor Simon have a material economic interest in BrainJuicer given each of their net worth.

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

Remuneration Committee

The membership and a summary of the terms of reference of the Remuneration Committee can be found on page 18.

Audit Committee

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

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

The Committee's main role and responsibilities are to:

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

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

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

Internal control procedures

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

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

- A clearly defined organisational structure with appropriate delegation of authority;
- The approval by the Board of a one year budget, including monthly income statements, balance sheets and cash flow statements. The budget is prepared in conjunction with Country Managers to ensure targets are feasible;
- The business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the budget and to the latest forecast and presented to the Board on a timely basis;
- Regular reviews by the Board and by the senior management team of key performance indicators;
- A limited number of directors and senior executives are able to sign cheques and authorise payments. Payments are not permitted without an approved invoice; and
- 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 acknowledges that there is room to improve procedures and intends to ensure risk assessment procedures and responses are continuously improved.

Communications with shareholders

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

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

Going concern

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

Remuneration Committee

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

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

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

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

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

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

Remuneration policy

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

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

Stock options

The Group considers that active participation in a share option plan is an effective means of incentivising and retaining high quality people. Directors and employees are eligible to participate in the scheme. Further details of the option plan and outstanding options as at 31 December 2008 are given in note 11 to the financial statements.

Service agreements

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

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

Non-executive directors

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

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

Directors' emoluments

Remuneration in respect of the directors was as follows:

	2008 £	2007 £
Aggregate emoluments	375,264	362,300
Money purchase pension contributions	14,908	–
	390,172	362,300

Emoluments of highest paid director:

	2008 £	2007 £
Aggregate emoluments	178,025	173,244
Money purchase pension contributions	8,118	–
	186,143	173,244

Two of the directors (2007: Nil) participated in a money purchase pension scheme operated by the Company.

Directors' interests

Directors' interests in Ordinary Shares of 1p each as at 31 December 2008 are shown below:

	Number of 1p ordinary shares	
	31 Dec 2008	1 Jan 2008
John Kearon	5,660,187	5,660,187
James Geddes	144,515	144,515
Ken Ford	10,000	10,000

The following directors held share options over 1p ordinary shares in the Company as at 31 December 2008:

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

No director exercised rights to share options during the year.

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

Simon Godfrey

Chairman of the Remuneration Committee
19 March 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have chosen to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the Group financial statements comply with IFRS as adopted by the European Union and that the parent company financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- prepare the Group financial statements and those of the parent company on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

In so far as the directors are aware:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information 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
19 March 2009

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF BRAINJUICER GROUP PLC

We have audited the Group financial statements (the ''financial statements'') of BrainJuicer Group PLC for the year ended 31 December 2008 which include the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of BrainJuicer Group PLC for the year ended 31 December 2008.

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

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

Registered Auditor
Chartered Accountants
Milton Keynes
19 March 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Revenue	4	9,322	6,566
Cost of sales		(2,458)	(1,727)
Gross profit		6,864	4,839
Administrative expenses		(5,574)	(3,995)
Operating profit	4	1,290	844
Investment income	17	82	49
Finance costs		–	–
Profit before taxation		1,372	893
Income tax expense	18	(408)	(233)
Profit for the financial year		964	660
Attributable to equity holders of the Company		964	660
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	20	7.6p	5.2p
Diluted earnings per share	20	7.4p	5.0p

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

The notes on pages 26 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	157	119
Intangible assets	6	625	328
Financial assets – available-for-sale investments	7	90	–
Deferred tax asset	19	61	222
		933	669
Current assets			
Inventories	9	14	16
Trade and other receivables	10	3,206	2,630
Cash and cash equivalents		1,727	1,875
		4,947	4,521
Total assets		5,880	5,190
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	126	126
Share premium account		1,412	1,408
Merger reserve		477	477
Foreign currency translation reserve		214	51
Other reserve		290	278
Retained earnings		1,108	412
Total equity		3,627	2,752
LIABILITIES			
Current liabilities			
Trade and other payables	12	2,122	2,092
Current income tax liabilities		131	346
Total liabilities		2,253	2,438
Total equity and liabilities		5,880	5,190

These financial statements were approved by the directors on 19 March 2009 and are signed on their behalf by:

John Kearon
Director

James Geddes
Director

The notes on pages 26 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Net cash generated from operations	23	1,138	1,173
Tax paid		(545)	(77)
Net cash generated from operating activities		593	1,096
Cash flows from investing activities			
Purchases of property, plant and equipment		(124)	(83)
Purchase of intangible assets		(336)	(330)
Purchase of available-for-sale financial assets		(90)	–
Interest received		82	49
Net cash used by investing activities		(468)	(364)
Cash flows from financing activities			
Proceeds from other issuance of Ordinary Shares		4	18
Repayment of financial liabilities		–	(108)
Dividend paid		(277)	–
Net cash used by financing activities		(273)	(90)
Net (decrease)/increase in cash and cash equivalents		(148)	642
Cash and cash equivalents at beginning of year		1,875	1,233
Cash and cash equivalents at end of year		1,727	1,875

The notes on pages 26 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2007	126	1,390	477	(5)	255	(277)	1,966
Exchange differences on consolidation	–	–	–	56	–	–	56
Profit for the financial year	–	–	–	–	–	660	660
Total income/(expense) recognised for 2007	–	–	–	56	–	660	716
Exercise of share options	–	18	–	–	(6)	6	18
Unwinding of deferred tax on exercise of share options	–	–	–	–	2	23	25
Share-based payment charge	–	–	–	–	54	–	54
Deferred tax debited to equity	–	–	–	–	(27)	–	(27)
	–	18	–	–	23	29	70
At 31 December 2007	126	1,408	477	51	278	412	2,752
Exchange differences on consolidation	–	–	–	163	–	–	163
Profit for the financial year	–	–	–	–	–	964	964
Total income/(expense) recognised for 2008	–	–	–	163	–	964	1,127
Exercise of share options	–	4	–	–	–	–	4
Dividend paid on ordinary shares	–	–	–	–	–	(277)	(277)
Unwinding of deferred tax on exercise of share options	–	–	–	–	–	9	9
Share-based payment charge	–	–	–	–	105	–	105
Deferred tax debited to equity	–	–	–	–	(93)	–	(93)
	–	4	–	–	12	(268)	(252)
At 31 December 2008	126	1,412	477	214	290	1,108	3,627

The notes on pages 26 to 43 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 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 49. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AiM").

The Company and its subsidiaries (together "the Group") provide on-line market research services. Further detail of the Group's operations and its principal activity is set out in the Directors' Report on page 15.

The financial statements for the year ended 31 December 2008 (including the comparatives for the year ended 31 December 2007) were approved by the Board of directors on 17 March 2009.

2 Basis of Preparation

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

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

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

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 have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not adopted them early:

IAS 1 (Revised 2007), 'Presentation of Financial Statements' (effective from 1 January 2009)

The revised standard will result in changes to the presentation of the Group's financial statements as the format currently adopted for the Statement of Changes in Equity will no longer be permitted. Instead, the Group will present a Statement of Comprehensive Income combining the existing Income Statement with other income and expenses currently presented as part of the Statement of Changes in Equity. In addition, the Group will present a separate Statement of Changes in Equity showing owner changes in equity.

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009)

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

IFRS 8, 'Operating segments' (effective from 1 January 2009)

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

IFRS 3, (Revised 2008) 'Business Combinations' (effective from 1 July 2009)

The revised standard will apply to any future business combinations that the Group may undertake once it is in force. The Group has no plans to adopt the revised standard in advance of its mandatory implementation date and it is not possible to quantify the effect of the standard on future business combinations until and unless those combinations take place.

3 Principal accounting policies continued

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertaking drawn up to 31 December 2008. Subsidiaries are 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.

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.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

To date, the only business combination has been a Group reconstruction upon the incorporation and listing of the parent company in 2006 that was accounted for as a common control transaction.

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 their residual value on a straight-line basis over their 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

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

Acquired computer software licenses are capitalised at the cost of acquisition. These costs are amortised on a straight-line basis over their estimated useful economic life of 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 incremental employee costs required to bring the software into working condition. Non-incremental costs are expensed under the relevant income statement heading.

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

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

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

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

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

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

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

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

Once completed, and available for use in the business, internally developed software is amortised on a straight line basis over its useful economic life which varies between 2 and 4 years.

3 Principal accounting policies continued

Cash and cash equivalents

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

Inventories – work in progress

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

Income taxes

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

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

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

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

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.

Employee benefits

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

Share-based payment transactions

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

Fair value is measured 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.

Foreign currencies

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

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

3 Principal accounting policies continued

Foreign currencies continued

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

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

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

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

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

Segment reporting

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

Financial instruments

Financial assets

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

Loans and receivables

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.

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, unless the asset is held for trading, in which case the transaction cost is expensed in the income statement. 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. Available-for-sale financial assets are subsequently carried at fair value.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or the financial asset is an unlisted security), the Group establishes fair value by reference to other recent comparable arm's length transactions or other quoted instruments that are substantially the same, and, or, by discounted cash flow analysis.

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 and subsequently carried at cost using the effective interest rate method.

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

3 Principal accounting policies continued

Financial instruments continued

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

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

Trade receivables

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

Trade payables

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

Impairment of property, plant and equipment and intangible assets

At each balance sheet date the Group reviews the carrying amount of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not available for use are tested for impairment on at least an annual basis. The recoverable amount is the higher of the fair value less costs to sell and value in use.

Share capital

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

Share premium

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

Other reserve

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

Merger reserve

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium. 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.

Significant accounting estimates and judgements

Share options

Share options are granted on a discretionary basis and vest evenly over a three year period. The fair value of options granted is determined using the Hull-White option valuation model, which requires a number of estimates and assumptions. The significant inputs into the model 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.

3 Principal accounting policies continued

Significant accounting estimates and judgements continued

Financial instruments

As explained in Note 7, during the year the Group acquired an interest in an unlisted company, Slater Marketing Group Pty Limited. Under the terms of the share purchase agreement, cash consideration of AUD$1,120,000 and a variable number of ordinary shares to the value of AUD$1,000,000 become payable on or before 31 December 2012 subject to certain performance conditions being met by Slater Marketing Group Pty Limited. On the last working day of February, May, August and November in each of 2009, 2010, 2011 and 2012, the Group has the option to acquire Slater Marketing Group Pty Limited whether or not the performance conditions have been satisfied.

Because there is no active market for the shares of Slater Marketing Group Pty Limited 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 Marketing Group Pty Limited 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 and the derivatives would categorised as financial instruments at fair value through profit or loss with any changes in their fair value being recorded in the income statement.

Consolidation

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

As explained above, the Group has a call option over the share capital of Slater Marketing Group Pty Limited. In some circumstances the existence of a call option would require consolidation. However, given that the call option is not exercisable at the balance sheet date and then only exercisable at discrete time intervals, in our view it would not be appropriate to consolidate the assets and liabilities of Slater Marketing Group Pty Limited in these accounts as control cannot be demonstrated.

Deferred tax

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

4 Segment information

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

Year ended 31 December 2008	United Kingdom £'000	Europe £'000	United States £'000	Group £'000	Total £'000
Total segment revenue	5,613	2,097	1,612	–	9,322
Inter segment revenue	–	–	–	–	–
Segment revenue	5,613	2,097	1,612	–	9,322
Segment result	2,755	713	465	(2,643)	1,290
Investment income					82
Profit before taxation					1,372
Taxation					(408)
Profit for the financial year					964
Segment assets	1,942	680	678	2,580	5,880
Segment liabilities	(1,372)	(313)	(437)	(131)	(2,253)
Net assets	570	367	241	2,449	3,627
Capital expenditure	25	14	8	413	460
Depreciation	30	21	7	80	138

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

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

4 Segment information continued

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

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

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

5 Property, plant and equipment

For the year ended 31 December 2008	Furniture, fittings and equipment £'000	Computer hardware £'000	Total £'000
At 1 January 2008			
Cost	80	94	174
Accumulated depreciation	(22)	(33)	(55)
Net book amount	58	61	119
Year ended 31 December 2008			
Opening net book amount	58	61	119
Additions	22	102	124
Disposals	–	(4)	(4)
Depreciation charge for the year	(20)	(74)	(94)
Eliminated on disposal	–	3	3
Foreign exchange	4	5	9
Closing net book amount	64	93	157
At 31 December 2008			
Cost	107	201	308
Accumulated depreciation	(43)	(108)	(151)
Net book amount	64	93	157

5 Property, plant and equipment continued

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

6 Intangible assets

	Software licenses £'000	Internally generated software £'000	Software development in progress £'000	Total £'000
At 1 January 2008				
Cost	52	–	280	332
Accumulated amortisation	(4)	–	–	(4)
Net book amount	48	–	280	328
Year ended 31 December 2008				
Opening net book amount	48	–	280	328
Additions	32	68	236	336
Amortisation charge for the year	(36)	(8)	–	(44)
Foreign exchange	5	–	–	5
Closing net book amount	49	60	516	625
At 31 December 2008				
Cost	91	68	516	675
Accumulated depreciation	(42)	(8)	–	(50)
Net book amount	49	60	516	625

The additions to software development in progress during the year relate to capitalized software development costs for the cost of building a brand new software platform for delivering our research. Additions to internally generated software represent work completed in respect of our JuicyBrains Innovation Community.

6 Intangible assets continued

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

7 Financial assets – available-for-sale investments

During the year, the Group acquired an interest of 3.64% in Slater Marketing Group Pty Limited, an unlisted company incorporated in Australia, for cash consideration of £40,000 plus transaction costs of £50,000.

Under the terms of the share purchase agreement, cash consideration of AUD$1,120,000 and a variable number of ordinary shares to the value of AUD$1,000,000 become payable on or before 31 December 2012 subject to certain performance conditions being met by Slater Marketing Group Pty Limited. On the last working day of February, May, August and November in each of 2009, 2010, 2011 and 2012, the Group has the option to acquire Slater Marketing Group Pty Limited whether or not the performance conditions have been satisfied.

The investment has been classified as an available-for-sale financial asset and measured at cost.

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.

There is no active market for the shares of Slater Marketing Group Pty Limited 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 Marketing Group Pty Limited have been recorded at a cost of £90,000 and £nil respectively. In the opinion of the directors no reliable fair value information can be disclosed for these financial instruments.

8 Financial risk management

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

Credit risk

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

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:

	2008 £'000	2007 £'000
Cash and cash equivalents		
HSBC Bank PLC	1,727	1,875
Trade receivables		
Related parties (Note 22)	471	152

Market risk – Foreign exchange risk

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

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

As at 31 December 2008, with all other variables held constant, the effect of a change in currency rates against Sterling would be as follows:

	Equity (foreign exchange translation reserve) Increase/(decrease)		Post tax profits Increase/(decrease)	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
If there was a 30% strengthening of the US dollar	3	(59)	25	11
If there was a 30% weakening of the US dollar	(2)	46	(19)	(8)
If there was a 30% strengthening of the Euro	326	211	97	52
If there was a 30% weakening of the Euro	(251)	(163)	(75)	(40)

Liquidity risk

The Group forecasts cashflows as part of its business planning procedures and monitors progress against forecasts on a monthly basis. Cash is not invested on a long-term basis in order to prudently manage liquidity risk. At present, the Group has no overdraft or similar borrowing facilities.

8 Financial risk management continued

Financial instruments by category

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

Assets as per balance sheet

	2008 £'000	2007 £'000
Loans and receivables		
Trade and other receivables	3,206	2,630
Cash and cash equivalents	1,727	1,875
Available-for-sale		
Available-for-sale financial assets	90	–
	5,023	4,505

Liabilities as per balance sheet

	2008 £'000	2007 £'000
Other Financial liabilities carried at amortised cost		
Trade payables	728	310
Accruals	1,248	1,533
	1,976	1,843

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	1,976	–	–
Contingent consideration (Note 7)	–	50	600
	1,976	50	600

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

9 Inventory

	2008 £'000	2007 £'000
Work in progress	14	16

10 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	2,809	2,129
Other receivables	40	47
Prepayments and accrued income	357	454
	3,206	2,630

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

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

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

10 Trade and other receivables continued

Trade receivables that are less than three months past due are not considered to be impaired. As of 31 December 2008, trade receivables of £398,000 (2007: 431,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	2008 £'000	2007 £'000
Up to 3 months	398	370
3 to 6 months	–	61
	398	431

As of 31 December 2008, trade receivables of £Nil (2007: £Nil) were impaired.

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

	2008 £'000	2007 £'000
Sterling	1,523	1,383
Euro	1,027	1,045
US dollar	646	202
Australian Dollar	10	-
	3,206	2,630

11 Share capital

Authorised share capital:

	2008 £'000	2007 £'000
36,000,000 (2007: 36,000,000) Ordinary Shares of 1p each	360	360

Allotted, called up and fully paid:

	Ordinary shares	
	Number	£'000
At 1 January 2007	12,550,613	126
Exercise of share options	38,905	–
At 31 December 2007	12,589,518	126
Exercise of share options	27,008	–
At 31 December 2008	12,616,526	126

Share options

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

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

11 Share capital continued

Share options continued

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

	2008		2007	
	Average exercise price per share Pence	Options Number	Average exercise price per share Pence	Options Number
Outstanding at 1 January	62.7	1,033,854	29.4	828,086
Granted	147.5	222,635	162.5	290,529
Lapsed	141.4	(27,095)	105.0	(45,858)
Exercised	15.2	(27,008)	49.2	(38,903)
Outstanding at 31 December	77.8	1,202,386	62.7	1,033,854
Exercisable at 31 December	41.6	794,093	22.6	673,140

The weighted average share price at date of exercise of options exercised during the year was 131.8p (2007: 117.2p). The weighted average fair value of options granted in the year was 68.5p (2007: 48.5p).

The total charge for the year relating to employee share-based payment plans was £105,000 (2007: £54,000), all of which related to equity-settled share-based payment transactions.

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 147.5p (2007: 162.5p) at the grant date, the exercise prices shown above, weighted average volatility of 40.9% (2007: 35.0%), dividend yield of Nil (2007: Nil), an expected option life derived from historic exercise multiples and an annual risk-free interest rate of 4.5% (2007: 5.5%).

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

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

	2008			2007		
Expiry date	Average exercise price per share Pence	Options Number	Weighted average remaining contractual life Months	Average exercise price per share Pence	Options Number	Weighted average remaining contractual life Months
2013	11.4	461,312	53.0	11.4	486,312	64.8
2014	43.3	105,673	68.9	43.3	105,673	80.9
2015	62.3	72,556	75.0	62.3	72,556	87.0
2016	62.3	93,337	90.3	62.3	98,354	102.1
2017	162.5	270,959	97.0	162.5	270,959	109.0
2018	147.5	198,549	111.0	–	–	–
At 31 December	77.8	1,202,386	78.1	62.7	1,033,854	83.1

12 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	728	310
Social security and other taxes	146	249
Accruals and deferred income	1,248	1,533
	2,122	2,092

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 30 days from receipt of invoice.

13 Commitments

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

	2008 £'000	2007 £'000
No later than 1 year	122	106
Later than 1 but no later than 5 years	71	163
	193	269

Included within the amounts disclosed above, the Group has the benefit of nine months rent free for the first three years of a lease with an annual rental commitment of £66,360. At the balance sheet date no rent free months were outstanding (2007: two). The benefit of the rent free months has been spread over the term of the lease.

14 Expenses by nature

	2008 £'000	2007 £'000
Changes in work in progress	(2)	29
Employee benefit expense	3,528	2,586
Depreciation and amortisation	138	45
Net foreign exchange losses	(158)	(26)
Other expenses	4,526	3,088
	8,032	5,722
Analysed as:		
Cost of sales	2,458	1,727
Administrative expenses	5,574	3,995
	8,032	5,722

15 Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2008 £'000	2007 £'000
Auditor's remuneration:		
Audit fees	25	24
Taxation services	8	7
Other services supplied pursuant to such legislation	7	6
Other services	15	3
Operating lease expenses:		
Land and buildings	161	152
Depreciation and amortisation	138	45
Net/(gain) loss on foreign currency translation	(158)	(26)

16 Employee benefit expense

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

	2008 Number	2007 Number
Number of administrative staff	59	45

The aggregate payroll costs of the above were:

	2008 £'000	2007 £'000
Wages and salaries	3,026	2,303
Social security costs	302	229
Other pension costs	95	–
Share-based remuneration	105	54
	3,528	2,586

The directors have identified 10 (2007: 8) key management personnel, including directors. Compensation to key management is set out below:

	2008 £'000	2007 £'000
Wages and salaries	773	723
Social security costs	79	67
Other pension costs	21	–
Share-based remuneration	50	37
	923	827

Details of directors emoluments are given in the Remuneration Report on page 19.

17 Investment income

	2008 £'000	2007 £'000
Bank interest receivable	82	49

18 Income tax expense

	2008 £'000	2007 £'000
Current tax	330	269
Deferred tax	78	(36)
	408	233

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

Profit on ordinary activities before taxation	1,373	893
Profit on ordinary activities multiplied by standard rate of tax of 28% (2007: 30%)	384	268
Difference between tax rates applied to Group's subsidiaries	19	(28)
UK corporation tax at 30% for portion of year	5	–
Expenses not deductible for tax purposes	45	21
Other temporary differences	16	4
Re-measurement of deferred tax – change in UK tax rate	–	(14)
Utilisation of previously unrecognised tax losses	(41)	–
Adjustment to current tax in respect of prior years	(20)	(18)
Total tax	408	233

19 Deferred tax

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

	2008 £'000	2007 £'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	119	202
Deferred tax liabilities:		
– Deferred tax liability to be recovered within 12 months	(58)	(38)
Deferred tax asset (net):	61	164
Other amounts not offset are as follows:		
Deferred tax asset – recoverable after more than 12 months		
– Overseas tax losses	–	58
	61	222

The gross movement in deferred tax is as follows:

	2008 £'000	2007 £'000
At 1 January	222	213
Income statement (charge)/credit	(78)	36
Tax charged directly to equity	(83)	(27)
At 31 December	61	222

19 Deferred tax continued

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	Share option scheme £'000	Trading losses £'000	Total £'000
At 1 January 2008	202	58	260
Charged to income statement	–	(58)	(58)
Charged directly to equity	(83)	–	(83)
At 31 December 2008	119	–	119

Deferred tax liabilities	Accelerated capital allowances £'000	Total £'000
At 1 January 2008	(38)	(38)
Charged to income statement	(20)	(20)
At 31 December 2008	(58)	(58)

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 HM Revenue and Customs approved share options.

20 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.

	2008 £'000	2007 £'000
Profit attributable to equity holders of the Company	964	660
Weighted average number of ordinary shares in issue	12,610,803	12,564,831
Basic earnings per share	7.6p	5.2p

In January 2009, 316,119 employee share options were exercised and the Group entered into a share purchase agreement to acquire High Level Research Inc. subject to certain performance conditions being met. Part of the consideration for the acquisition consists of a variable number of contingently issuable ordinary shares to the value of 400,000 Canadian Dollars.

(b) Diluted

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

	2008 £'000	2007 £'000
Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share	964	660
Weighted average number of ordinary shares in issue	12,610,803	12,564,831
Share options	497,323	656,047
Weighted average number of ordinary shares for diluted earnings per share	13,108,126	13,220,878
Diluted earnings per share	7.4p	5.0p

21 Dividends per share

The dividends paid in 2008 and 2007 were £277,519 (0.5p interim and 1.7p per share special) and £Nil respectively. A dividend in respect of the year ended 31 December 2008 of 1.0p per share is to be proposed at the AGM on 13 May 2009. These financial statements do not reflect this dividend payable.

22 Related party transactions

The Group made sales to companies connected to Unilever UK Holdings Limited, a significant shareholder, during the year totalling £1,063,525 (2007: £630,330). The balance outstanding at the year end was £471,145 (2007: £152,235).

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

The wife of Mark Muth, a director of the Company, provided services for the Group totalling £18,181 (2007: £7,696). There was no balance outstanding at the year end.

The wife of John Kearon, a director of the Company, provided services for the Group totalling £Nil (2007: £17,810). There was no balance outstanding at the year-end.

23 Cash generated from operations

	2008 £'000	2007 £'000
Profit before taxation	1,372	893
Depreciation	94	45
Amortisation	44	–
Interest received	(82)	(49)
Share-based payment expense	105	54
Decrease in inventory	2	29
Increase in receivables	(576)	(1,018)
Increase in payables	30	1,148
Exchange differences	149	71
Net cash generated from operations	1,138	1,173

24 Post balance sheet events

Subsequent to the year-end the Group entered into a share purchase agreement to acquire the entire issued share capital of High Level Research Inc., a company incorporated in Canada, subject to certain performance conditions being met. The contingent consideration for the acquisition comprises cash of C$450,000 and a variable number of ordinary shares to the value of C$450,000.

COMPANY FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF BRAINJUICER GROUP PLC

We have audited the parent company financial statements of BrainJuicer Group PLC for the year ended 31 December 2008 which include the principal accounting policies, the balance sheet and notes 1 to 7. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of BrainJuicer Group PLC for the year ended 31 December 2008.

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

Respective responsibilities of directors and auditors

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

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

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

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

We read other information contained in the Annual Report, and consider whether it is consistent with the audited parent company financial statements. This other information comprises only the Highlights, the Chairman's Statement, the Chief Executive's Statement, the Business and Financial Review, the Directors' Report, the Corporate Governance Report and the Remuneration Report.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- The parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Grant Thornton UK LLP

Registered Auditor
Chartered Accountants
Milton Keynes
19 March 2009

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	4	408	213
		408	213
Current assets			
Debtors due within one year	5	1,338	1,070
		1,338	1,070
Total assets		1,746	1,283
Capital and reserves			
Share capital	6	126	126
Share premium account	7	1,413	1,409
Other reserve	7	207	102
Retained earnings	7	–	(354)
Equity shareholders' funds		1,746	1,283

These financial statements were approved by the directors on 19 March 2009 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 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

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

Investments

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

Debtors

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

Cash flow statement

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

Related party transactions

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

2 Profit for the year

The Company has made full use of the exemptions as permitted by Section 230(1) of the Companies Act 1985 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company profit for the year to 31 December 2008 of £631,000 (2007: £Nil) is included in the Group profit for the financial year.

The auditors' remuneration for audit services to the Company was borne entirely by BrainJuicer Limited, a wholly owned subsidiary of the Group.

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.

3 Staff costs

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

4 Investments

	Other Investments £'000	Group companies £'000	Total £'000
Cost			
At 1 January 2008	–	213	213
Additions	90	–	90
Share-based payment charge in respect of subsidiaries	–	105	105
At 31 December 2008	90	318	408
Net book amount			
At 31 December 2008	90	318	408
At 31 December 2007	–	213	213

4 Investments continued

Subsidiary undertakings

Details of subsidiary undertakings at 31 December 2008 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 Sarl*	Provision of online market research services	100%	Switzerland

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

5 Debtors

	2008 £'000	2007 £'000
Amounts due from Group undertakings	1,338	1,070

6 Share capital

Authorised share capital:

	2008 £'000	2007 £'000
36,000,000 (2007: 36,000,000) Ordinary Shares of 1p each	360	360

Allotted, called up and fully paid:

	2008	
	Number	£'000
At 1 January 2008	12,589,518	126
Exercise of share options	27,008	–
At 31 December 2008	12,616,526	126

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

7 Reserves

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained losses £'000
At 1 January 2008	126	1,409	102	(354)
Share-based remuneration charge	–	–	105	–
Profit for the financial year	–	–	–	631
Dividend paid	–	–	–	(277)
Share options exercised	–	4	–	–
At 31 December 2008	126	1,413	207	–

COMPANY INFORMATION

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James Geddes

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