Better Understanding & Predicting People

BrainJuicer Group PLC
Annual Report and Accounts 2010

brainjuicer®

We know the normal thing is to show all the good numbers and play down the not so-good. But the truth is we were hard-pressed to find a bad one – so here they are:

This is Brian Juicer, the newest employee and guide to www.brainjuicer.com. All of the other photos in this report are real live people we are proud to call BrainJuicer staff.

Research Agency of the Year 2010

Marketing

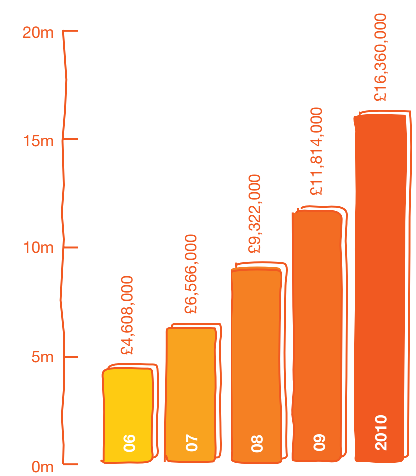
from Marketing magazine

Best Place to Work

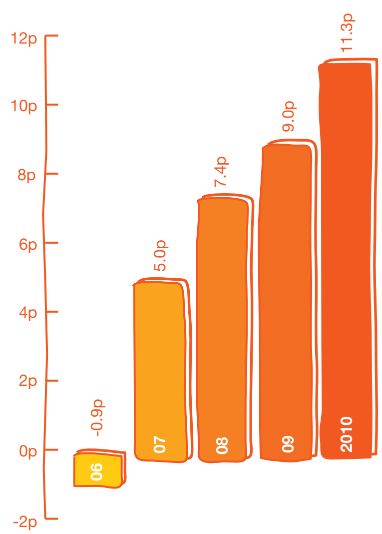
in Research 2010 - Research magazine

research.

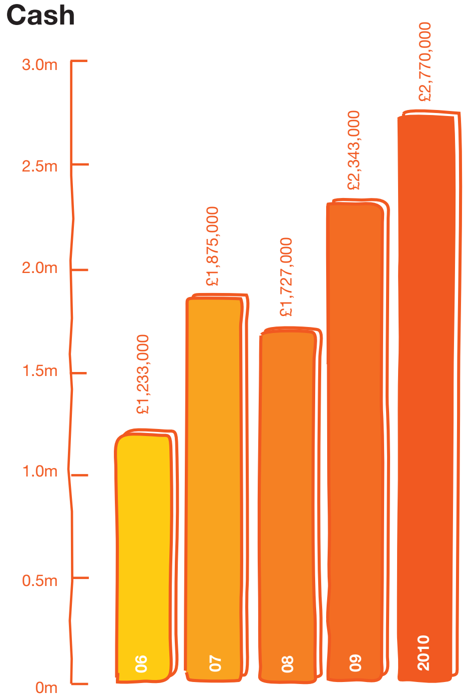
Revenue



Earnings per Share (Diluted)



Cash



Highlights

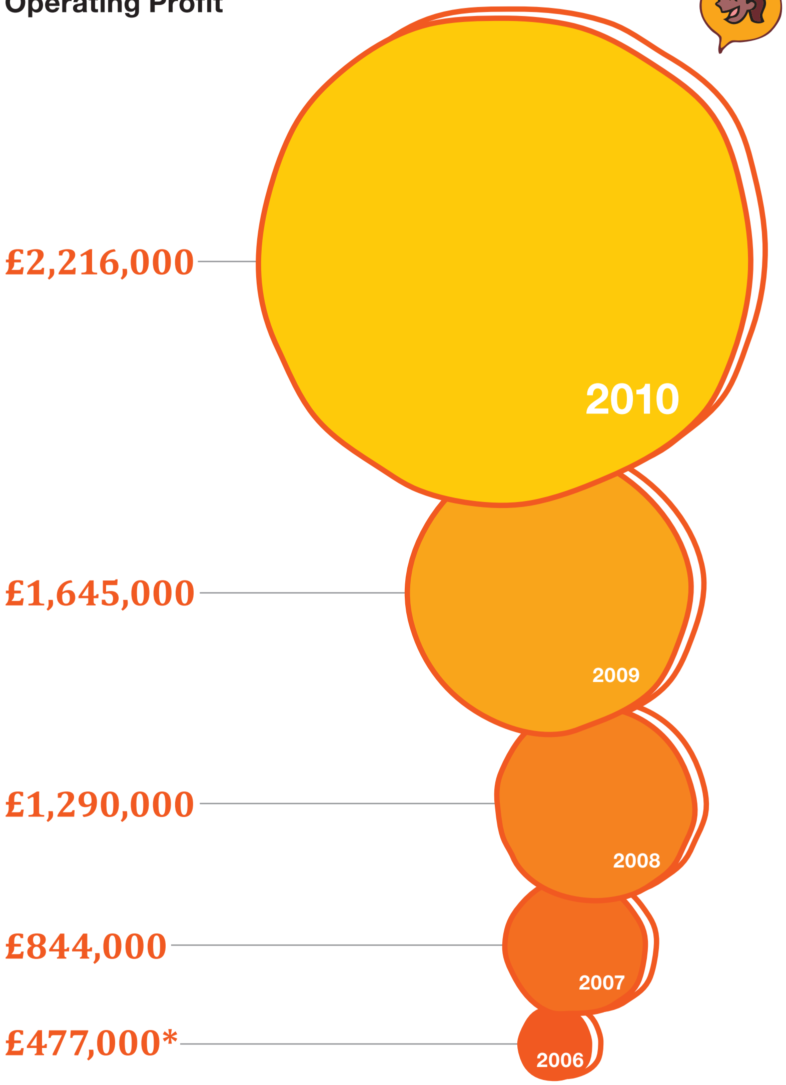
Financial Highlights

- 38% revenue growth to £16,360,000 (2009: £11,814,000)
- 35% growth in operating profit to £2,216,000 (2009: £1,645,000)
- 34% increase in pre-tax profit to £2,217,000 (2009: £1,658,000)
- 26% growth in fully diluted earnings per share to 11.3p (2009: 9.0p)
- 117% increase in cash flow before financing activities £1,785,000 (2009: £824,000)
- 687,000 shares bought back for £1,150,000
- 18% increase in cash to £2,770,000 (2009: £2,343,000), and no debt
- 1.8p final dividend proposed, making 2.4p for the year (2009: 1.9p)

Operational Highlights

- UK returned to significant growth (revenue up 42%)
- Continued strong growth in North America (revenue growth of 61%)
- New offices in Switzerland and Germany continued to develop, growing revenues by 62% and 41% respectively
- Opened offices in strategically important markets: China and Brazil
- Management further strengthened – Chief Operating Officer appointed
- Introduced two new Juicy products – DigiViduals™ and SatisTraction™
- Serving 11 of the 20 largest buyers of market research globally
- Increasing industry recognition: five more awards including Marketing Magazine's Best Research Agency of 2010 and Research Magazine's Best Place to Work

Operating Profit



* Operating profit in 2006 is stated before the costs of listing on the stock exchange in that year

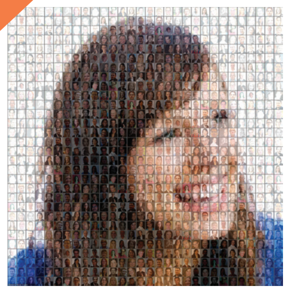
At BrainJuicer We Delight
in Delighting Clients

Every day, our clients are faced with the same questions: What do people want? What are their hopes and dreams and desires? And how can we create something great to help them meet their needs?

At BrainJuicer, we're passionately devoted to helping our clients find the answers to these questions. To help them, we've invented a suite of Juicy tools to better understand and predict human behaviour and inspire our clients.

We are always looking to help our customers with **game-changing** solutions.

Team BrainJuicer



DigiViduals™

'Gold Award for Research Innovation'
'4A's Jay Chiat Strategy Festival'

Once upon a time, market research was about getting to know people, and understanding their needs and motivations. But somewhere along the way, collecting data became an end in itself. Consumers became numbers, those numbers became very backward-looking and more a comfort blanket than a springboard to growth and innovation.

Orlando Wood
Managing Director, Labs

"I received the David Winton Award 2010 for innovation in methodology which contributed significantly to the body of research knowledge."

At BrainJuicer We Delight in Delighting Clients continued

There has been something missing: accurate, insightful and even surprising interpretations of that data. In short, what's been missing are the people behind the numbers and their feelings and motivations behind their answers.

Taking the latest breakthroughs in psychology and neuroscience, in sociology and behavioural economics, we're able to generate accurate, textured and deep understandings of consumer behaviours. We can help our clients do Juicier marketing by providing them the numbers they need together with the rich diagnostic insight into those numbers and what to do with them.

Ed Harrison
Client Director
UK

Our People
are at Our Juicy Core

Inspired by Daniel Pink's book "Drive", we're moving beyond the old reward and punishment model for motivating our people. Instead, we're providing more autonomy, supporting them in their pursuit of mastery, and instilling purpose.

My paper 'Learning to Love Less' earned me 'Young Researcher of the Year 2010'

ESOMAR WORLD RESEARCH

Catherine Fish
Senior Research Consultant
UK

Our People are at Our Juicy Core continued

Over the last year, we've increased our team by almost thirty percent; we're now nearly 120-strong in 10 offices. But all the growth in the world would be for naught if we weren't recruiting and retaining passionate and committed people. We are, and here's why.

> It's inspiring working with new approaches to market research, exciting shaking up an industry, and rewarding working with some of the biggest and most professional buyers of market research.

Team BrainJuicer

DEL MONTE

BrainJuicer chosen as
Supplier of the Year, 2010

That's all part of it, but the biggest reason is that we see our people not as cogs in a machine, but as living, breathing human beings, with needs, desires and aspirations of their own. We recognise and celebrate their individuality and in return they give us passion, commitment and creativity.

Read on to learn about how we're making market research human again.

We're a small, fast growing, technology business on a mission to reshape the research industry by creating Juicy tools that better explain & predict human behaviour. It is a mission I completely believe in, working alongside people I know, trust and admire.

Alex Batchelor,
Chief Operating Officer

38%
increase in revenue.

Chairman's Statement
Ken Ford

BrainJuicer has had another good year, making progress in operational and strategic as well as financial terms. 2010 revenues increased by 38% to £16,360,000, and operating profit by 35% to £2,216,000. Once again, our growth was purely organic.

Reflecting these results and the encouraging outlook for the business, the Board is proposing a final dividend of 1.8p per share, 38% higher than for 2009. This would take the full year payment to 2.4p, an increase over 2009 of 26%.

The 2010 results reinforce BrainJuicer's record of delivering consistent, strong growth. Over the last 5 years (since January 2006), revenues and operating profit have grown at an average annual rate of 37% and 47% respectively. Over the same period, fully diluted earnings per share have grown from -0.9p per share to 11.3p per share.

Industry studies from InsideResearch and ESOMAR show that overall spending on market research recovered modestly last year, after declining in 2009 - the first time the industry had declined for many years. BrainJuicer's growth rate clearly indicates that we again grew market share as our products gained traction, especially among multinational clients.

Several key developments in 2010 will stand us in good stead in years to come. We continued to expand and strengthen our teams to ensure that we have the people needed to facilitate further growth. In February Alex Batchelor joined in the new role of Chief Operating Officer. Alex has already made a very positive contribution, and was appointed to the Board in November.

BrainJuicer continued to expand geographically last year. Revenue growth was driven primarily by our UK and US businesses. Switzerland and Germany made good progress in only their second full year of operation, and we opened new offices in Brazil and China, both key markets for the future.

Continued long-term success for BrainJuicer is crucially dependent on the development of innovative new products that add value for our clients. 2010 saw substantial further investment in this area, driven by an expanded "BrainJuicer Labs" team. We are particularly excited about two new products, DigiViduals™ and SatisTraction™, where early trials have produced very promising results.

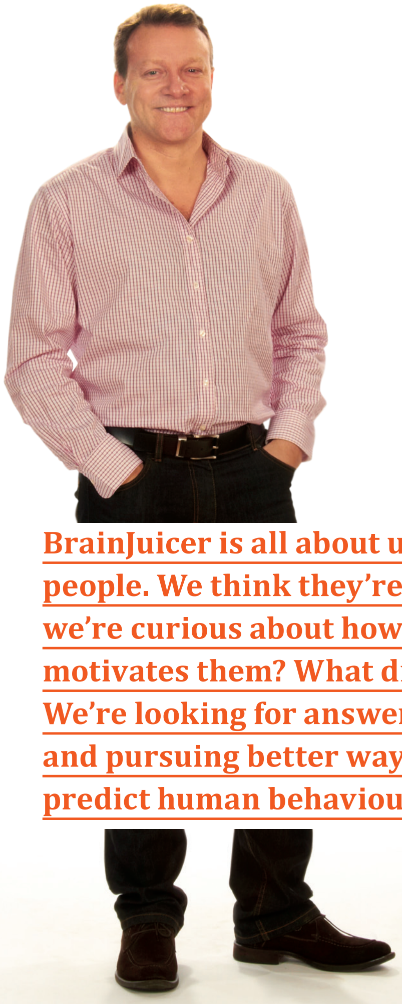
Our new software technology platform, developed at a cost of £1.6m, was substantively completed last year and is now gradually being phased in. The platform significantly increases our capacity and provides a more reliable and faster respondent experience.

During 2010 Unilever Ventures reduced its holding in BrainJuicer from 37.8% to 14.1%. Unilever Ventures was an early investor in the business, investing in January 2003. We understand their need to recycle capital and thank them for their steadfast support. At the same time we welcome those new investors who have taken a stake in BrainJuicer.

Looking ahead, BrainJuicer is well placed to deliver further growth in 2011 and beyond. At the same time we will continue to invest heavily in our people, products and systems. Although BrainJuicer punches above its weight in the world of market research, we are currently small in global terms. We continue to believe we have a tremendous opportunity to become one of the leading players in our industry.

Ken Ford
Chairman
24 March 2011

Chief Executive's Statement
John Kearon



BrainJuicer is all about understanding people. We think they're fascinating, and we're curious about how people tick. What motivates them? What drives their decisions? We're looking for answers to these questions, and pursuing better ways to understand and predict human behaviour.

We take recent discoveries about human behaviour in psychology and neuroscience, in sociology and behavioural economics, and create unique and industry challenging market research tools from them. We have developed a suite of what we call "Juicy" products, which give our clients predictive, nuanced and inspiring understandings of consumer behaviours.

To date we have created three Juicy products measuring and enhancing the potential of clients' insights (Insights Optimizer™), new products and or services (Predictive Markets) and communications (CommScan®). As with all our Juicy products, each one fundamentally challenges the current industry-wide approach. Given their controversial nature, each product has taken years of experimentation to refine and to acquire the large-scale verification needed to convince clients of their significantly superior understanding and predictive capability.

Our clients are responding. Revenue from our Juicy products grew 31% in 2010 and we are developing trusted advisor relationships within our large multinational clients. We served around 165 clients in 2010, and repeat business remains high: clients representing 89% of 2009 revenue returned for more in 2010.

Our reputation within the industry is also continuing to grow. In 2010 we won five more awards, including the Best Research Agency of 2010 and Best Place to Work, Best Paper and the David Winton Innovation Award for our Emotion-into-Action™ advertising work, and the Jay Chiat Gold award for our DigiViduals™ research robots.

The Way We Work – Ensuring Our Culture is as Juicy as Our Products

Becoming a major force in the market research industry will take a great many talented and highly motivated people. To attract those people and bring out the best in them, we need to ensure our culture is as Juicy as our

5
more awards won in 2010.

products. To that end, we have been applying our creative thinking to the way we run the business. Central to our culture is to help staff find their drive – and to find your drive: know your purpose, gain mastery and seek autonomy.

Purpose.
Instead of fitting staff to company prescribed roles, we're encouraging them to seek the type of work they want to do, and then we are investing time and effort to bend the organisation to fit those aspirations. Whilst there can be difficult organisational implications, we have already seen it provide hugely motivational benefits. Through this process we've formed our Labs team, developed our operational capability, improved our HR coordination and achieved a highly motivated client team.

Mastery.
We are supporting our people with increasing levels of training and development and encouraging a great deal of self-directed learning based on interest. We have also set up the BrainJuicer Academy with a world class programme to ensure a consistent level of attainment and capability.

Autonomy.
We're providing our people with more control over when they work, how they work and where they work. We believe that by providing our people with sufficient freedom to explore their field and pursue new ideas we can foster an environment that encourages innovation and creativity.

Further Innovation

We have continued to invest heavily in our product development, led by our Labs team. During the year we have worked with a technology partner and developed a new Juicy product – DigiViduals™, for extracting consumer insight from online social media. "Research robots" are programmed to represent a particular type of person that a client may be interested in: a target audience, a segmentation of customers, a lead consumer or a trend. These online robots trawl Twitter and other social media looking for comments, videos, pictures, and blogs that the characters could have said or uploaded themselves. In effect, they are conducting automated mass web ethnography to build up a rich, empathetic, detailed picture of their lives from which understanding, insights and new product ideas can be generated. Even through the trial period, we generated revenue of £141,000 in 2010 and worked with four multinationals intrigued by the approach. We have also developed an emotional customer satisfaction measurement tool, SatisTraction™, which uses our award winning FaceTrace® to reveal and measure how customers are feeling. How customers feel has been shown to be the single most important factor in a brand's growth or decline, so being

able to measure it so accurately and easily is a breakthrough in the industry. We have undertaken early trials with four multinational clients, and generated revenue of £121,000 in 2010.

Increased Credibility

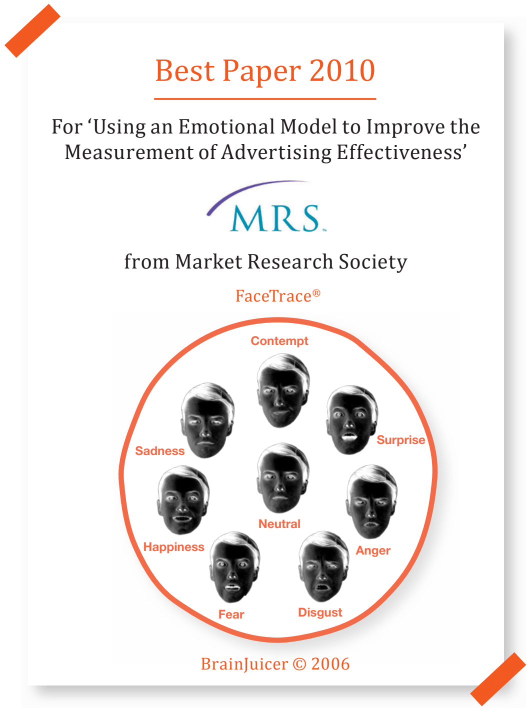
To acquire preferred supplier status with an increasing number of our clients requires us to continually expand: our global footprint, our team of talented researchers, our scale of operation, our reputation for innovative research, and our credibility as a global research partner.

2010 saw a significant growth in our global footprint. We opened BrainJuicer offices in two of the most strategically important markets for our clients: China and Brazil. We expanded our offices in Germany, Switzerland and the UK, and our former licence partner in Canada became a wholly owned subsidiary.

> We built the strength and depth of our teams, and our Juicy methods are being increasingly referenced in industry conferences and articles. We were delighted to be voted Supplier of the Year by Del Monte and voted the most innovative research agency in a poll of 700 of our peers in the USA.

Credibility takes time to build but eleven years after BrainJuicer was established, we are gaining momentum, and great feedback from clients such as those below bodes well for further growth in 2011 and beyond.

"I always look forward to working with BrainJuicer. They have creative, innovative techniques for getting meaningful feedback from consumers. No other company I've worked with has been able to provide such rich qualitative texture behind the quantitative numbers. Plus I'm always impressed with BrainJuicer's ability to present all of the information in such an intuitive,



easy-to-use and fun format. All these factors, combined with the 'can-do' attitude of the account team makes BrainJuicer a pleasure to work with!"

Cathy Seltz, Director, Consumer Insights, McDonald's Asia.

"Predictive Markets was incredibly instructive, enlightening and actionable. We were really able to get behind the creative and understand in intimate detail the emotional effects of our work – and how well it was doing its job. Very, very helpful."

Fiona Naughton, Global Marketing Development Director, HTC.

"BrainJuicer goes above and beyond – in terms of reporting, additional analysis, presenting in person and delivering early. Innovative tools, specifically Predictive Markets and Concept Optimizer™ have been invaluable to our innovation process."

Jonathan Weiner, Vice President, Consumer and Customer Strategy and Insights, Del Monte.

Growing Delight and Profits

We believe profits are the consequence of doing something awesome and inspiring for our clients. Our innovative products, our client and employee focus, and our growing credibility are yielding strong financial results. The potential for growth remains huge. We're on a long-term mission, and we've moved into our second decade in business with a great sense of anticipation and confidence.

John Kearon
Chief Juicer
24 March 2011

Business & Financial Review
James Geddes

Our 2010 financial results demonstrated once again that we have an attractive and scalable business model.

We describe ourselves as a technology enabled consultancy, with all of our research conducted online, via a centralised software platform. So whilst our research services are designed and delivered by talented researchers, the technology provides efficiency, uniqueness and scale advantages in our operations.

We are able to charge at competitive rates, and yet still generate high margins for our services. This enables us to support a relatively high central overhead – around half of our people are in central functions (the other half being in revenue-generating account management teams) – and still generate attractive profits. It's primarily within these high central overheads that we're investing for growth, for example in our Labs product development team.

Structure

Our account management market research teams are local, close to our clients, and are based in the

UK, the US, Netherlands, Germany, Switzerland, Brazil and China. We also have a presence in Canada supported by our US team, and in Australia via a licence partner.

Our support functions are centralised and based predominantly in the UK. We have a single technology infrastructure, a single operations team, a single financial centre (handling payments, invoicing, and receipts across all of our offices), and single marketing, Labs and software development teams. This enables us to maintain consistent research methods globally, and to expand into new geographies at low cost and in a simple and controlled way. Within this framework, account management teams have high degrees of autonomy and are encouraged to be creative in how they respond to client needs, and entrepreneurial in how they develop their businesses.

Financial Performance

The Company grew revenue by 38% in absolute terms and 36%

35%
growth in
operating profit

in constant currency terms, to £16,360,000 (2009: £11,814,000). Our gross profit, (our main internal financial performance indicator), grew slightly more, by 41%, to £12,622,000 (2009: £8,935,000). Our gross profit margin rose to 77% from 76% in 2009.

Growth was driven primarily by our two biggest teams: the UK and North America, which represented 48% and 25% of our business respectively (in revenue terms). The UK grew revenue by 42% and North America by 61% (55% in constant currency). Switzerland and Germany also performed well, growing by 62% (51% in constant currency) and 41% (47% in constant currency) respectively. However the Netherlands declined by 12% (9% in constant currency), partly due to management changes in that office and partly due to declines in the revenues from its largest client, due to changing research spending patterns within that client.

The Company's client base is around 165 companies (2009: around 140 clients), and includes 11 of the world's largest 20 buyers of market research (2009: 11). Client satisfaction and repeat business remains high with 89% of 2009 revenue represented by clients who have returned in 2010. We delivered a total of 745 projects in 2010 (2009: 601), and the average revenue per project was £22,000 (2009: £20,000), indicating continued progress in winning larger, more international projects from clients.

We have continued to build our teams. Average headcount increased to 91 people (2009: 70 people). Administrative expenses grew as a result, by 43% to £10,406,000 (2009: £7,290,000). Staff costs represented 69% of total administrative costs. Through efficiency and scale gains, revenue per employee was £180,000, up from £169,000 in 2009.

Operating profit grew by 35% to £2,216,000 (2009: £1,645,000) and operating margin was flat at 14% (2009: 14%). All our established account management teams were profitable, with the UK contributing £4,065,000, North America £1,589,000, and our other established countries £1,651,000. The combined result for our two new countries, Brazil and China, was a loss of £117,000. The total profit contribution of our account management teams was £7,188,000 before allocation of our central overhead costs of £4,972,000.

Interest income from our cash balances was negligible. Our tax charge was £737,000 (2008: £473,000) and the effective tax rate was 33%, up from 29% in 2009, as a result of a higher percentage of our profits being generated from the US where corporation tax rates are comparatively high. Profit after tax grew 25% to £1,480,000 (2009: £1,185,000).

Business & Financial Review continued

Basic earnings per share grew to 11.7p (2009: 9.2p) and fully diluted earnings per share to 11.3p (2009: 9.0p). Basic earnings per share is calculated as profit after tax divided by the weighted average number of shares in issue during the year (12,604,214), down from 12,923,663 in 2009. Fully diluted earnings per share accounts for shares that would be issued on exercise of stock options. The weighted average number of shares for our diluted earnings per share calculation was 13,101,205 (2009: 13,107,085).

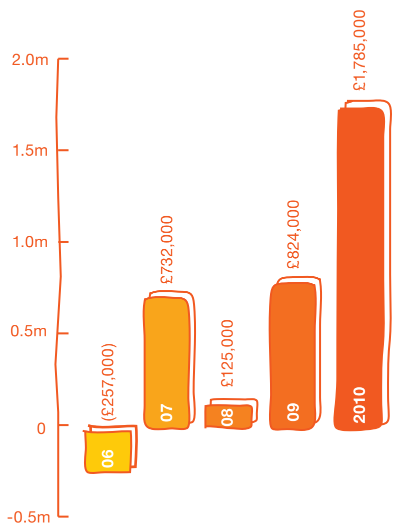
The Company generated £1,785,000 of cash flow before financing activities (i.e. dividends, share buy-backs, and stock option share issues), up from £824,000 in 2009. This high level of cash flow was generated after investing £1,077,000 in our new technology platform and other non-current assets (2009: £470,000). Our cash flow performance was helped by a reduction in our debtor payback period to 50 days (2009: 75 days), following implementation of a more efficient invoicing process.

Our strong cash position, and lack of need for very much capital investment, allowed us to buy back 687,000 of our shares during the year for £1,150,000 (2009: 30,000 shares for £39,000). We paid £247,000 in dividends (2009 final dividend of £169,000 plus 2010 interim dividend of £78,000), up from £207,000 in 2009. We received a small amount from stock option share issues, £39,000 (2009: £38,000).

Our closing cash balance at the end of 2010 was £2,770,000 up from £2,343,000 at the end of 2009, and we have no debt (2009: nil). Our cash balance at the end of the year represents 22p per share (2009: 18p).

The Company's non-current assets include £1,604,000 of software development in progress. This represents our new technology platform. It has taken over 4 years to build, is now substantially completed,

Cash Flow



26%
increase in total dividends (interim and final proposed).

and since year-end, has started to be used. We began amortising the asset in January 2011, over an expected useful economic life of 7 years.

The Company paid an interim dividend of 0.6p per share in April 2010, which was earlier in the year than normal so that it preceded the change in tax rates for UK resident higher rate taxpayers on 6 April 2010 (2009: 0.6p per share). The Board will be proposing a final dividend of 1.8p (net) per share (2009: 1.3p) at the Company's AGM in May. If approved, the total of the interim and final dividend of 2.4p would be 26% higher than in 2009 (1.9p), and would be broadly in line with the growth in earnings per share. If approved, the final dividend will be paid on 24 June 2011 to shareholders on the register on 3 June 2011 and the shares will become ex-dividend on 1 June 2011. We expect to maintain dividend growth broadly in line with earnings per share, going forward.

Risks

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

Loss of a significant client

Whilst this is a significant risk, it is becoming less so as the percentage of our business from any single client is declining (our largest client represented 10.6% of revenue in 2010 compared to 16.2% in 2009). Nevertheless we go to considerable lengths to monitor service quality and seek client feedback, and in general client satisfaction has again been high.

Loss of key personnel

The loss of a senior member of the team would have a negative impact on the business. However, we have a large management team, which includes each of our Country Managing Directors, our Head of Marketing and Business Development, our Head of Labs, as well as the COO, CFO and Chief Juicer – 12 people – and so do not view the business as being overly dependent on any one individual. As with many rapidly growing businesses, we place significant demands on our people, and we are therefore at risk of staff turnover. However the work environment is stimulating and we are placing further emphasis on our culture and the way we work. We also attempt to ensure that our remuneration levels and structure encourage loyalty.

Business & Financial Review continued

We continue to offer competitive basic salaries, attractive bonuses, and a comprehensive package of benefits (commensurate with those found in larger companies) for all of our people.

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

We can't guarantee that all eventualities are covered, but nevertheless have continued to endeavour to protect the business from significant risks, through a combination of:

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

Major outage in our Juicing Centre

Were there to be a major outage in our Juicing Centre, due, for example to capacity constraints or a security breach, we could be prevented from building surveys, collecting data and downloading results. This may result in significant delay in delivering client projects with a consequential loss of revenue, reputational damage, and the costs of remedying the situation. We have suffered relatively minor outages from time-to-time but none has led to significant financial loss. The worst in 2010 was a security incident involving a malicious internet attack at the time of the WikiLeaks story. This affected our servers over a period of 2 weeks during which time they were down for in aggregate around a day. We understand that other companies suffered in a similar way at the time. We suffered inconvenience, but no material financial loss. Our new software platform, which we have begun to implement, provides enhanced capacity, and most of our physical hardware is located in secure third party data centres.

Summary

The Company returned to trend growth in 2010 after lower growth in 2009. Revenue, profit, earnings per share, cash flow and dividends have all grown strongly. As in prior years, we have continued to invest in product development, geographic expansion, operations and our technical platform. We have ambitious investment plans in 2011 – still all organic – as we capitalise on the growing recognition of our vision for market research.

James Geddes
Chief Financial Officer
24 March 2011

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.

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.

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).

Ari Popper
North America
President

Ari joined BrainJuicer in January 2007 and now leads our North American Team and is a member of our international management 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
Global
Executive Vice President of Marketing and Business Development

With 20+ years of experience, Susan comes to BrainJuicer with a keen understanding of the research industry as a client as well as a consultant. She served at vendors like GMI, Material ConneXion and Aberdeen Group, and on the client side, at Thomas Publishing and at tech start ups like SoftWatch and Voyager. Susan started her career at the American Stock Exchange where she rose to the rank of Vice President. In 2010, she was appointed as US East Coast Representative to ESOMAR.

Carola Verschoor
Netherlands
Managing Director

As an experienced innovator and passionate marketer, Carola has worked for more than 15 years on brand identity, portfolio architecture and innovation issues within the food and beverage industry. She has held marketing positions on different local and global levels at Kraft Foods, the Coca-Cola Company, Danone and Sara Lee. She has also worked as a marketing and innovation consultant to FMCG clients including Ahold, DSM, Organon and Spadel.

Gabriel Aleixo
Brazil
Managing Director

Gabriel started his career working for multinational consumer goods companies managing marketing communications, online marketing and market intelligence. He started working in market research at Beiersdorf, where he set up a consumer connectivity unit in Brazil to generate consumer insights and understanding. Prior to BrainJuicer, Gabriel served as Marketing Services Director of Latin America for Philips do Brasil.

Han Zantingh
China
Managing Director

Han began his career in marketing in the FMCG sector in the Netherlands, at Kimberly-Clark and United Biscuits, gaining international and strategic experience when he joined New Solutions, a strategic marketing consultancy in London. Prior to BrainJuicer, Han served at Pernod Ricard where he focused on international brand development in Asia, first in global marketing for Chivas Regal, and later as head of marketing for whiskies for Pernod Ricard China.

Orlando Wood
Global
Managing Director, Labs

Orlando Wood is Managing Director of BrainJuicer Labs. His work on measuring emotional responses to communication has won the Market Research Society's David Winton Award (2010), ESOMAR's Award for Best Methodological Paper (2007) and the ISBA Advertising Effectiveness Award (2007). Orlando's passion for innovation has resulted in groundbreaking new research methodologies at BrainJuicer. His work draws extensively from the study of behavioural economics, mass ethnography and games, delivering research techniques that better explain and predict human behaviour. Prior to joining BrainJuicer in 2005, Orlando worked for SGA and Research International.

Directors

1. Ken Ford

Non-executive 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.

2. 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 2006. Prior to founding the 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.

3. 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.

4. Alex Batchelor

Chief Operating Officer

Like John, Alex started his career at Unilever over 20 years ago, before leaving to spend 2 years in advertising and then 6 years at brand consultancy Interbrand. Then their career paths diverged and as John was establishing BrainJuicer, Alex was Vice President Global Brand at Orange, Marketing Director at Royal Mail and CMO at TomTom. At the beginning of 2010 Alex joined BrainJuicer as Chief Operating Officer and joined the Board later in the year. He works closely with John and James Geddes on all aspects of the company and is responsible for the account management teams and for the operations and IT infrastructure.

5. Mark Muth

Non-executive Director

Mark is one of the three directors of Unilever Ventures and negotiated Unilever's 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.

6. 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 since the Unilever UK Holdings' investment in January 2003.

Directors' Report

The Directors present the annual report and audited financial statements of BrainJuicer Group PLC (Registered Company Number: 5940040) for the year ended 31 December 2010.

Principal activities and business review

We are a full service quantitative market research agency.

The profit attributable to equity holders of the Company for the financial year was £1,480,000 (2009: £1,185,000) as shown in the Consolidated Income Statement set out on page 31.

A further review of the business and likely future developments of the Group is given in the Chairman's Statement on page 8 and 9 and in the Business and Financial Review on pages 14 to 18.

The Directors have declared dividends as follows:

	2010 £'000	2009 £'000
Ordinary Shares		
Interim paid, 0.6p per share (2009: 0.6p per share)	78	77
Proposed final, 1.8p per share (2009: 1.3p per share)	237	169
Total ordinary dividends, 2.4p per share (2009: 1.9p)	315	246

The interim dividend was paid on 1 April 2010 to shareholders on the register at the close of business on 19 March 2010.

The Directors and their interests

The present membership of the Board is set out below. All Directors served throughout the year apart from Alex Batchelor, who was formally appointed to the Board on 26 November 2010.

John Kearon

James Geddes

Alex Batchelor

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 on pages 26 to 28.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are explained in the business and financial and review on pages 17 and 18.

Key performance indicators

The main financial key performance indicators are gross profit and fully diluted earnings per share. During the year gross profit increased by 41% to £12.6m. Fully diluted earnings per share increased by 26% to 11.3p.

Client and employee satisfaction levels are considered very important to the success of our business. Client satisfaction is measured through individual client feedback at the end of each project and employee satisfaction through internal surveys.

Innovation and credibility, evidenced by a number of industry awards, is considered key to acquiring preferred supplier status with our clients.

Payments to suppliers

The Group aims to settle invoices within agreed payment terms (generally 30 days from the date that the invoice is received), provided the relevant services or goods have been received in accordance with the agreed terms and conditions. At 31 December 2010, trade payables represent 42 days of average purchases of the Group (2009: 54 days).

Donations

There were no donations to political parties or charitable organisations (2009: £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 2011, the Company was aware of the following significant interests in the ordinary issued share capital of the Company.

	At 28 February 2011	
	Number	%
John Kearon	5,210,164	41.8
Unilever UK Holdings Limited	1,667,057	13.4

Financial risk management objectives and policies

A discussion of the Group's financial risk management objectives and policies is provided in Note 8.

Purchase of own shares

During the year the Company purchased 687,000 Ordinary Shares into treasury with an aggregate nominal value of £6,870, representing 5.2% of the called up share capital of the Company, for cash consideration of £1,131,000. During the year 46,297 of those treasury shares with an aggregate nominal value of £463, representing 0.4% of the called up share capital of the Company, were transferred to employees for cash consideration of £22,000. 19,297 of those shares (with an aggregate nominal value of £193 and representing 0.1% of the called up share capital of the Company) were then repurchased for cash consideration of £41,000.

Following these transactions, at 31 December 2010 the number of Ordinary Shares amounted to 13,113,114 (2009: 12,932,645) of which shares held in treasury amounted to 660,000 (2009: Nil).

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

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

BY ORDER OF THE BOARD

James Geddes
Chief Financial Officer
24 March 2011

Corporate Governance Report

Introduction

The Board of BrainJuicer Group PLC is committed to high standards of corporate governance, which it considers a pre-requisite to support the growth and ambitions of the Group. Whilst it is not a requirement for companies listed on the Alternative Investment Market ("AIM") to comply with all the provisions in the 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 three executive Directors and three non-executive Directors. Their biographical details are presented on pages 20 and 21.

The Board meets formally 11 times a year and no Director in office during the year missed more than 2 meetings. The Board discharges its responsibilities through management team meetings and regular informal meetings as would be expected in a group of BrainJuicer's size.

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

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

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

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

Each year at the Annual General Meeting, one-third of Directors are required to retire by rotation, provided all Directors are subject to re-election at intervals of no more than three years. This year, Ken Ford and John Kearon are scheduled to retire by rotation and have confirmed their willingness to be put forward for re-election at the 2011 Annual General Meeting. Alex Batchelor, having been appointed after the 2010 Annual General Meeting, will retire and be put forward for re-election at the 2011 Annual General Meeting.

Non-executive Directors

The three 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. However, the Board considers Mark to have acted in an independent manner, and at all times to have endeavoured to act in the interests of all shareholders. Moreover, Mark does not have a personal material economic interest in BrainJuicer given his personal net wealth. The terms and conditions of the non-executive Directors' appointments are available for inspection at the Company's registered office.

Remuneration Committee

The membership and a summary of the terms of reference of the Remuneration Committee can be found on pages 26.

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 capital 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:

- The Group has a clearly defined organisational structure with appropriate delegation of authority;
- The Board approves 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;
- Forecasts are updated on a periodic basis to take into account the most recent estimates. On a monthly basis, actual results are compared to the budget and presented to the Board on a timely basis;
- The Board and senior management team review key performance indicators;
- A limited number of Directors and senior executives are able to sign cheques and authorise payments. Payments are not permitted without an approved invoice;
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team.

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

Communications with shareholders

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

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

Going concern

After making enquiries, at the time of approving the financial statements the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Remuneration Report

Remuneration Committee

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

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

- To review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the company's executive Directors;
- To review, and approve on behalf of the Board, the remuneration and benefits of senior management;
- To review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share incentive 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, the Chief Finance Officer and Chief Operating Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Finance Officer and Chief Operating Officer and of other senior executives of the Group. The Chief Executive Officer is not involved in setting his own remuneration.

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

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

Remuneration policy

The Group's policy on remuneration is to provide a package of benefits, including salary, 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 2010 are given in note 11 to the financial statements.

Service agreements

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

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

Non-executive Directors

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

Ken, 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 for as long as Unilever UK Holdings 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:

	Salary £	Benefits in kind £	Bonus £	2010 £	2009 £
John Kearon	160,000	2,852	48,000	210,852	173,738
James Geddes	135,581	3,092	40,674	179,347	135,829
Alex Batchelor*	123,750	1,315	37,125	162,190	–
Ken Ford	30,000	–	–	30,000	24,000
Simon Godfrey	35,300	–	–	35,300	35,300
Mark Muth	–	–	–	–	–
	484,631	7,259	125,799	617,689	368,867

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

	2010 £	2009 £
John Kearon	9,600	8,930
James Geddes	8,135	6,953
Alex Batchelor*	7,425	–
	25,160	15,883

*Remuneration disclosed in respect of Alex Batchelor is for the period from his appointment as Chief Operating Officer on 1 February 2010. He was appointed to the Board of Directors on 26 November 2010.

Gains made on exercise of share options during the year were as follows:

	2010 £	2009 £
James Geddes	–	188,956
Simon Godfrey	–	69,615
	–	258,571

Directors' interests

Directors' interests in Ordinary Shares of 1p each as at 31 December 2010 are shown below:

	Number of 1p ordinary shares	
	31 December 2010	1 January 2010
John Kearon	5,210,164	5,630,187
James Geddes	248,325	373,325
Alex Batchelor	101,852	–
Ken Ford	20,000	20,000
Simon Godfrey	84,298	84,298

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

Employee share scheme

Date of grant	Earliest exercise date	Expiry date	Exercise price (p)	Number at 1 Jan 2010	Granted in year	Exercised in year	Number at 31 Dec 2010
John Kearon							
19/01/2007	01/01/2008	18/01/2017	162.5p	60,213	–	–	60,213
James Geddes							
19/01/2007	01/01/2008	18/01/2017	162.5p	60,213	–	–	60,213
Alex Batchelor							
22/03/2010	01/04/2011	22/03/2020	149.0p	–	113,334	–	113,334
18/05/2010	01/01/2011	18/05/2020	0.0p	–	116,667	–	116,667
				–	230,000	–	230,000
				120,426	230,000	–	350,426

Directors’ interests (continued)

Long term incentive scheme

During the year the Company established a long term incentive plan for senior executives.

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

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

Each of the three executive Directors (John Kearon, James Geddes and Alex Batchelor), were awarded 1,235 units. So the percentage of the total value payable under the scheme to each of them would be 12.35%.

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

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

Date of award	Performance date	Expiry date	Share price target	Number at 1 Jan 2010	Granted in year	Exercised in year	Number at 31 Dec 2010
John Kearon							
18/05/2010	30/04/2014	18/05/2020	£3	–	1,235	–	1,235
James Geddes							
18/05/2010	30/04/2014	18/05/2020	£3	–	1,235	–	1,235
Alex Batchelor							
18/5/2010	30/04/2014	18/05/2020	£3	–	1,235	–	1,235

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

Simon Godfrey
Chairman of the Remuneration Committee
24 March 2011

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 as adopted by the European Union (IFRSs) and have elected to prepare the parent Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company 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 whether applicable IFRSs and United Kingdom Accounting Standards in respect of the Group and parent Company financial statements respectively, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is 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
24 March 2011

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

We have audited the financial statements of BrainJuicer Group PLC for the year ended 31 December 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet and parent company balance sheet, the consolidated cashflow statement, the consolidated statement of changes in equity, the related notes, the parent company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 29 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes
24 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Revenue	4	16,360	11,814
Cost of sales		(3,738)	(2,879)
Gross profit		12,622	8,935
Administrative expenses		(10,406)	(7,290)
Operating profit	4	2,216	1,645
Investment income	18	1	13
Finance costs		–	–
Profit before taxation		2,217	1,658
Income tax expense	19	(737)	(473)
Profit for the financial year		1,480	1,185
Attributable to equity holders of the Company		1,480	1,185
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	21	11.7p	9.2p
Diluted earnings per share	21	11.3p	9.0p

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 £'000	2009 £'000
Profit for the financial year	1,480	1,185
Other comprehensive income:		
Exchange differences on translating foreign operations	23	(65)
Other comprehensive income for the year, net of tax	23	(65)
Total comprehensive income for the year and amounts attributable to equity holders	1,503	1,120

The notes on pages 35 to 52 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2010

	Note	2010 £'000	2009 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	259	112
Intangible assets	6	1,623	862
Financial assets – available for sale investments	7	133	133
Deferred tax asset	20	97	41
		2,112	1,148
Current assets			
Inventories	9	47	12
Trade and other receivables	10	4,719	4,073
Cash and cash equivalents		2,770	2,343
		7,536	6,428
Total assets		9,648	7,576
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	131	129
Share premium account		1,549	1,447
Merger reserve		477	477
Foreign currency translation reserve		172	149
Retained earnings		2,990	2,533
Total equity		5,319	4,735
LIABILITIES			
Non-current			
Provisions	12	78	28
Non-current liabilities		78	28
Current			
Provisions	12	–	25
Trade and other payables	13	4,004	2,593
Current income tax liabilities		247	195
Current liabilities		4,251	2,813
Total liabilities		4,329	2,841
Total equity and liabilities		9,648	7,576

Registered Company No. 5940040

These financial statements were approved by the Directors on 24 March 2011 and are signed on their behalf by:

John Kearon
Director

James Geddes
Director

The notes on pages 35 to 52 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net cash generated from operations	24	3,536	1,645
Tax paid		(675)	(364)
Net cash generated from operating activities		2,861	1,281
Cash flows from investing activities			
Acquisition of subsidiary, net of cash received		(43)	–
Purchases of property, plant and equipment		(272)	(70)
Purchase of intangible assets		(762)	(357)
Purchase of available for sale financial assets		–	(43)
Interest received		1	13
Net cash used by investing activities		(1,076)	(457)
Net cash flow before financing activities		1,785	824
Cash flows from financing activities			
Proceeds from other issuance of ordinary shares		39	38
Dividends paid to owners		(247)	(207)
Purchase of own shares		(1,150)	(39)
Net cash used by financing activities		(1,358)	(208)
Net increase in cash and cash equivalents		427	616
Cash and cash equivalents at beginning of year		2,343	1,727
Cash and cash equivalents at end of year		2,770	2,343

The notes on pages 35 to 52 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings* £'000	Total £'000
At 1 January 2009	126	1,412	477	214	1,398	3,627
Profit for the financial year	–	–	–	–	1,185	1,185
Other comprehensive income:						
– Currency translation differences	–	–	–	(65)	–	(65)
Total comprehensive income	–	–	–	(65)	1,185	1,120
Transactions with owners:						
Employee share options scheme:						
– value of employee services	–	–	–	–	133	133
– proceeds from shares issued	3	35	–	–	–	38
– Deferred tax debited to equity	–	–	–	–	(45)	(45)
– Current tax credited to equity	–	–	–	–	69	69
Dividends paid to owners	–	–	–	–	(207)	(207)
Purchase of own shares	–	–	–	–	(39)	(39)
Employee share incentive award	–	–	–	–	39	39
	3	35	–	–	(50)	(12)
At 31 December 2009	129	1,447	477	149	2,533	4,735
Profit for the financial year	–	–	–	–	1,480	1,480
Other comprehensive income:						
– Currency translation differences	–	–	–	23	–	23
Total comprehensive income	–	–	–	23	1,480	1,503
Transactions with owners:						
Employee share options scheme:						
– value of employee services	–	–	–	–	308	308
– proceeds from shares issued	1	37	–	–	–	38
– Current tax credited to equity	–	–	–	–	66	66
Dividends paid to owners	–	–	–	–	(247)	(247)
Purchase of own shares	–	–	–	–	(1,150)	(1,150)
Non-employee share based payment	1	65	–	–	–	66
	2	102	–	–	(1,023)	(919)
At 31 December 2010	131	1,549	477	172	2,990	5,319

*Comparatives have been restated to combine Other reserve (being adjustments to equity in respect of share based payments) with retained earnings.

The notes on pages 35 to 52 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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 57. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The Company and its subsidiaries (together "the Group") provide on-line market research services. Further detail of the Group's operations and its principal activity is set out in the Directors' Report on pages 22 and 23.

The financial statements for the year ended 31 December 2010 (including the comparatives for the year ended 31 December 2009) were approved by the Board of Directors on 24 March 2011.

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, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

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

3 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised) 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as financial liabilities subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition costs are expensed.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in adjustments to goodwill. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 (revised) on the current period. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, there have been no transactions with non-controlling interests.

Standards, amendments and interpretations in issue but not yet effective

The following standards, amendments and interpretations to existing standards, relevant to the financial statements of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but the Group has not adopted them early:

IFRS 9, 'Financial Instruments' (effective from 1 January 2013)
In November 2009, the IASB issued IFRS 9 'Financial Instruments' as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied for all accounting periods beginning on or after 1 January 2013 (once endorsed by the EU), with early adoption permitted. Of particular relevance to the Group will be the measurement of equity instruments. All equity investments within the scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There will be no 'cost exception' for unquoted equities. As explained in Note 7 to these financial statements, at the balance sheet date the carrying amount of unquoted equities and related derivatives measured at cost amounts to £133,000 (2009: £133,000). From 1 January 2013, there will be no exemption from the requirement to measure such instruments at fair value where the underlying securities are unquoted.

3 Principal accounting policies (continued)

Revised IAS 24 (revised), 'Related party disclosures' (effective from 1 January 2011)

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent Company will need to disclose any transactions between its subsidiaries and its associates.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertaking drawn up to 31 December 2010. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

IFRS 3 (revised) was applied to the acquisition during the year. Business combinations prior to 1 January 2010 were accounted for under IFRS 3.

Property, plant and equipment

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

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

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

Intangible assets

Goodwill

Goodwill on acquisition of subsidiaries, as defined in the basis of consolidation section above, is included in Intangible Assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Software

Acquired computer software licenses are capitalised at the cost of acquisition. These costs are amortised on a straight-line basis over their estimated useful economic life of two years. Such amortisation is charged to administrative expenses.

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

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

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

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

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

(d) how the intangible asset will generate probable future economic benefits;

(e) among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

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

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

Internally-generated intangible assets are amortised on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to administrative expenses in the period in which it is incurred. Once completed, and available for use in the business, internally developed software is amortised on a straight line basis over its useful economic life which varies between 2 and 7 years.

Impairment of property, plant and equipment and intangible assets

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

Cash and cash equivalents

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

Inventories – work in progress

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

Income taxes

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

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

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity

Operating lease agreements

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

Revenue recognition

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

Employee benefits

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

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

Share-based payment transactions

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

The fair value of option awards with time vesting performance conditions are measured at the date of grant using the Hull-White option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

3 Principal accounting policies (continued)

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

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

Provisions

Provisions for dilapidations are recognised when: the Group has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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 the Group's presentation currency.

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

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

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Financial instruments

Financial assets

The Group classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. The classification is determined by management at initial recognition, being dependent upon the purpose for which the financial assets were acquired.

Loans and receivables

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

Trade receivables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets

'Available-for-sale' financial assets include all financial assets other than derivatives, loans and receivables. They are classified as non-current unless management intend to dispose of the investment within 12 months of the balance sheet date. Investments are initially recorded in the balance sheet at fair value plus transaction costs, 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 amortised cost using the effective interest rate method. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Trade payables

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

Share capital

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

Share premium

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

Merger reserve

The merger reserve represents the difference between the parent Company's cost of investment and a subsidiary's share capital and share premium. The merger reserve in these accounts has arisen from a group reconstruction upon the incorporation and listing of the parent Company that was accounted for as a common control transaction. Common control transactions are accounted for using merger accounting rather than the acquisition method.

Foreign currency translation reserve

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

Treasury shares

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

Significant accounting estimates and judgements

Intangible Assets

To date, the Group has invested £1,604,000 in developing a new software platform to deliver its research. No amortisation was charged during the year as the platform was not ready for use. As required by IAS 38, management has performed an impairment review and remain confident that the carrying amount of the asset is adequately supported by the future cash flows attributable to that asset.

Financial instruments

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

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

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

Consolidation

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

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

Share options

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

4 Segment information

The CEO reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based upon these reports. The CEO considers the business from both a geographic and product perspective. From a product perspective, management assesses the performance of its 'Juicy' and 'Twist' products.

The CEO assesses the performance of the operating segments based on operating profit before allocation of central overheads. Interest income is not included in the result for each operating segment that is reviewed by the CEO.

	2010		2009	
	Revenue from external customers £'000	Operating Profit £'000	Revenue from external customers £'000	Operating Profit £'000
United Kingdom	7,858	4,065	5,525	2,527
North America	4,143	1,589	2,576	859
Netherlands	2,007	686	2,290	958
Switzerland	1,411	710	872	391
Germany	778	255	551	178
China	82	(45)	–	–
Brazil	81	(72)	–	–
	16,360	7,188	11,814	4,913
Juicy*	8,845	54%	6,776	57%
Twist	7,515	46%	5,038	43%
	16,360		11,814	

Juicy products are BrainJuicer's new methodologies that challenge traditional approaches. Twist products are industry standard quantitative research methods but with BrainJuicer's twist of adding qualitative diagnostics.

*One of our products was reclassified from Juicy to Twist at the beginning of the reporting period. Revenue from this product amounted to £746,000 (2009: £394,000) for the year. The comparatives have been restated to take account of this reclassification.

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

	2010 £'000	2009 £'000
Operating profit for reportable segments	7,188	4,913
Central overheads	(4,972)	(3,268)
Operating profit	2,216	1,645
Finance income	1	13
Profit before income tax	2,217	1,658

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

IFRS 8 has been amended so that a measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision maker. The amendment is effective for periods beginning on or after 1 January 2010.

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

The entity is domiciled in the UK. The result of its revenue from external customers in the UK is £7,858,000 (2009: £5,525,000), and the total of revenue from external customers from other countries is £8,502,000 (2009: £6,289,000).

The total of non-current assets other than financial instruments and deferred tax assets located in the UK is £1,837,000 (2009: £939,000), and the total of these non-current assets located in other countries is £40,000 (2009: £35,000).

Revenues of £1,736,000 (2009: £1,909,000) are derived from a single external customer. £830,000 (2009: £1,202,000) of these revenues are attributable to the UK operating segment with £574,000 (2009: £461,000), £307,000 (2009: £246,000) and £25,000 (2009: £Nil) attributable to the Netherlands, North American and German segments respectively.

5 Property, plant and equipment

For the year ended 31 December 2010

	Furniture, fittings and equipment £'000s	Computer hardware £'000s	Total £'000s
At 1 January 2010			
Cost	118	254	372
Accumulated depreciation	(69)	(191)	(260)
Net book amount	49	63	112
Year ended 31 December 2010			
Opening net book amount	49	63	112
Additions	160	113	273
Depreciation charge for the year	(59)	(68)	(127)
Foreign exchange	–	1	1
Closing net book amount	150	109	259
At 31 December 2010			
Cost	278	368	646
Accumulated depreciation	(128)	(259)	(387)
Net book amount	150	109	259

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

5 Property, plant and equipment (continued)

	Furniture, fittings and equipment £'000s	Computer hardware £'000s	Total £'000s
At 1 January 2009			
Cost	107	201	308
Accumulated depreciation	(43)	(108)	(151)
Net book amount	64	93	157
Year ended 31 December 2009			
Opening net book amount	64	93	157
Additions	13	57	70
Depreciation charge for the year	(26)	(87)	(113)
Foreign exchange	(2)	–	(2)
Closing net book amount	49	63	112
At 31 December 2009			
Cost	118	254	372
Accumulated depreciation	(69)	(191)	(260)
Net book amount	49	63	112

6 Intangible assets

	Goodwill £'000	Software licenses £'000	Software £'000	Software development in progress £'000	Total £'000
At 1 January 2010					
Cost	–	198	68	832	1,098
Accumulated amortisation	–	(168)	(68)	–	(236)
Net book amount	–	30	–	832	862
Year ended 31 December 2010					
Opening net book amount	–	30	–	832	862
Additions	6	10	–	772	788
Amortisation charge for the year	–	(27)	–	–	(27)
Closing net book amount	6	13	–	1,604	1,623
At 31 December 2010					
Cost	6	208	68	1,604	1,886
Accumulated depreciation	–	(195)	(68)	–	(263)
Net book amount	6	13	–	1,604	1,623

During the year the Group invested £772,000 in developing the Group's software platform for delivering its research. At the balance sheet date the platform was not ready for use and so no amortisation was charged for the year. An impairment review was carried out during the year and no impairment adjustments were necessary.

	Goodwill £'000	Software licenses £'000	Software £'000	Software development in progress £'000	Total £'000
At 1 January 2009					
Cost	–	91	68	516	675
Accumulated amortisation	–	(42)	(8)	–	(50)
Net book amount	–	49	60	516	625
Year ended 31 December 2009					
Opening net book amount	–	49	60	516	625
Additions	–	38	3	316	357
Amortisation charge for the year	–	(56)	(63)	–	(119)
Foreign exchange	–	(1)	–	–	(1)
Closing net book amount	–	30	–	832	862
At 31 December 2009					
Cost	–	198	68	832	1,098
Accumulated amortisation	–	(168)	(68)	–	(236)
Net book amount	–	30	–	832	862

7 Financial assets – available for sale investments

In 2008 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. During 2009 the Group acquired a further interest of 3.64% for cash consideration of £43,000.

Under the terms of the share purchase agreement, cash consideration of AUD$1,040,000 (£682,000) 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. These conditions had not been met at the balance sheet date.

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 £133,000 (2009: £133,000) and £nil (2009: £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 does not consider it necessary to use any derivative financial instruments to hedge these risks.

Credit risk

Credit risk is managed on a Group basis, arising from credit exposures to outstanding receivables and cash and cash equivalents. Management regularly monitor receivables reports on a Group basis. Since the vast majority of the Group's clients are large blue-chip organisations, the Group has only ever suffered minimal bad debts.

The Group has concentrations of credit risk as follows:

	2010 £'000	2009 £'000
Cash and cash equivalents		
HSBC Bank PLC	2,681	2,333
UBS	83	10
Other	6	–
	2,770	2,343
Trade receivables		
Related parties – Unilever group of companies (Note 23)	485	806

Market risk – Foreign exchange risk

The Group operates in the United States, Canada, the Netherlands, Germany, Switzerland, Brazil and China and is exposed to currency movements impacting future commercial transactions and net investments in those countries. Management believe that both foreign currency transaction and translation risk are not material to the financial performance of the Group.

At 31 December 2010, if GBP had strengthened by 9% against the US Dollar, with all other variables held constant, post tax profit for the year would have been £4,000 (2009: £13,000) lower, mainly as a result of foreign exchange losses on the translation of intra-group balances. Conversely, if GBP had weakened by 17% against the US Dollar, with all other variables held constant, post tax profits for the year would have been £4,000 (2008: £13,000) higher.

At 31 December 2010, if GBP had strengthened by 11% against the Euro, with all other variables held constant, post tax profit for the year would have been £8,000 (2009: £17,000) lower, mainly as a result of foreign exchange losses on the translation of trade receivables and intra-group balances. Conversely, if GBP had weakened by 11% against the Euro with all other variables held constant, post tax profits for the year would have been £8,000 (2008: £17,000) higher.

At 31 December 2010, if GBP had strengthened by 9% against the Swiss Franc, with all other variables held constant, post tax profit for the year would have been £3,000 higher (2009: £9,000 lower), mainly as a result of foreign exchange losses on the translation of intra-group balances. Conversely, if GBP had weakened by 9% against the Swiss Franc, with all other variables held constant, post tax profits for the year would have been £3,000 lower (2009: £9,000 higher).

At 31 December 2010, if the Euro had strengthened by 11% against the Swiss Franc, with all other variables held constant, post tax profit for the year would have been £15,000 (2009: £7,000) higher, mainly as a result of foreign exchange gains on the translation of trade receivables. Conversely, if the Euro had weakened by 11% against the Swiss Franc, with all other variables held constant, post tax profits for the year would have been £15,000 (2009: £7,000) lower.

At 31 December 2010, if GBP had strengthened by 8% against the Canadian Dollar, with all other variables held constant, post tax profit for the year would have been £5,000 (2009: £1,000) lower, mainly as a result of foreign exchange gains on the translation of intra-group balances. Conversely, if GBP had weakened by 8% against the Canadian Dollar, with all other variables held constant, post tax profits for the year would have been £5,000 (2009: £1,000) higher.

Management have estimated a reasonable shift in currency rates based upon the historical volatility of each currency pair over a two year period to the balance sheet date.

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.

Other risks

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

Capital risk management

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

Financial instruments by category

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

Assets as per balance sheet

	2010 £'000	2009 £'000
Loans and receivables		
Trade and other receivables	4,719	4,073
Cash and cash equivalents	2,770	2,343
Available-for-sale		
Available-for-sale financial assets	133	133
	7,622	6,549

Liabilities as per balance sheet

	2010 £'000	2009 £'000
Other Financial liabilities carried at amortised cost		
Trade payables	769	757
Accruals	2,780	1,343
	3,549	2,100

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

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Other Financial liabilities carried at amortised cost	3,549	–	–
Contingent consideration (Note 7)	–	682	–
	3,549	682	–

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

9 Inventory

	2010 £'000	2009 £'000
Work in progress	47	12

10 Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	4,506	3,427
Other receivables	51	44
Prepayments and accrued income	162	602
	4,719	4,073

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

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

As of 31 December 2010, trade receivables of £1,006,000 (2009: £566,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	2010 £'000	2009 £'000
Up to 3 months	953	506
3 to 6 months	53	60
	1,006	566

As of 31 December 2010, trade receivables of £Nil (2009: £Nil) were impaired.

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

	2010 £'000	2009 £'000
Sterling	1,845	1,658
Euro	1,453	1,434
US Dollar	1,058	701
Swiss Franc	146	280
Canadian Dollar	123	–
Brazilian Real	27	–
Chinese Yuan	67	–
	4,719	4,073

11 Share capital

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

Allotted, called up and fully paid:

	Ordinary shares	
	Number	£'000
At 1 January 2009	12,616,526	126
Exercise of share options	316,119	3
At 31 December 2009	12,932,645	129
Exercise of share options	143,709	2
Issue of shares	36,760	–
At 31 December 2010	13,113,114	131

During the year, 143,709 new Ordinary Shares were issued to satisfy the exercise of employee share options at a weighted average exercise price of 27 pence per share. The total proceeds were £38,675 of which £1,437 was recognised as share capital, and £37,238 as share premium. The weighted average share price at exercise date was 163 pence per share.

During the year, 36,760 shares were issued for services to the Company amounting to £64,800. £64,433 was recognised as share premium and £367 as share capital.

On 4 January 2010, the Company purchased 37,000 ordinary shares of 1 pence each in the Company into treasury at a price of 131.5 pence per share in accordance with the authority granted to it by shareholders at the Annual General Meeting held on 13 May 2009. 10,000 of the shares were transferred out of treasury to enable the exercise of options and 17,000 to award shares under the Company's Employee Share Incentive Plan.

On 22 April 2010, the Company purchased a further 650,000 ordinary shares into treasury at a price of 165 pence per share.

On 29 September 2010, the Company transferred 18,293 ordinary shares out of treasury to satisfy the exercise of employee share options. On the same day the Company purchased 18,293 ordinary shares into treasury at a price of 215 pence per share.

On 1 October 2010, the Company transferred 1,004 ordinary shares out of treasury to satisfy the exercise of employee share options. On the same day the Company purchased 1,004 ordinary shares into treasury at a price of 200 pence per share.

Following these transactions, at the end of the reporting period the number of ordinary shares amounted to 13,113,114 (2009: 12,932,645) of which shares held in treasury amounted to 660,000 (2009: Nil). The treasury shares will be used to help satisfy the requirements of the Group's share incentive schemes. During the year, 487,075 employee share options over ordinary shares with a weighted average exercise price of 106 pence per share were granted to Directors and employees.

Share options

Employee share option scheme

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

Generally the grant price for share options is equal to the mid-market opening quoted market price of the Company shares on the date of grant. Options vest evenly over a period of one to three years following grant date. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited in most circumstances if the employee leaves the Group before the options vest, unless otherwise agreed by the Group.

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

	2010		2009	
	Average exercise price per share p	Options No	Average exercise price per share p	Options No
Outstanding at 1 January	99.7	1,089,568	77.8	1,202,386
Granted	106.4	487,075	94.0	207,313
Lapsed	83.7	(11,442)	147.5	(4,012)
Exercised	38.5	(196,340)	11.9	(316,119)
Outstanding at 31 December	111.0	1,368,861	99.7	1,089,568
Exercisable at 31 December	114.1	699,331	83.7	663,584

The weighted average share price at date of exercise of options exercised during the year was 167.6 pence (2009: 94.0p). The weighted average fair value of options granted in the year was 89.3 (2009: 42.7p).

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 106.4p (2009: 94.0p) at the grant date, the exercise prices shown above, weighted average volatility of 35% (2009: 38%), dividend yield of Nil (2009: Nil), an expected option life derived from historic exercise multiples and an annual risk-free interest rate of 4.5% (2009: 4.5%).

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

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

	2010			2009		
Expiry date	Average exercise price per share p	Options No	Weighted average remaining contractual life Months	Average exercise price per share p	Options No	Weighted average remaining contractual life Months
2013	11.4	27,648	37.0	11.4	148,204	37.0
2014	43.5	104,843	57.0	43.3	105,673	56.9
2015	62.3	67,738	63.1	62.3	72,556	63.0
2016	62.3	42,155	76.5	62.3	90,326	78.4
2017	162.5	270,959	85.0	162.5	270,959	85.0
2018	147.5	181,490	99.0	147.5	194,537	99.0
2019	94.0	186,953	109.0	94.0	207,313	109.0
2020	106.4	487,075	122.6	–	–	–
At 31 December	111.0	1,368,861	99.1	99.70	1,089,568	80.8

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

11 Share capital (continued)

Share options (continued)

Long term incentive plan

During the year the Company established a long term incentive plan for senior executives. All awards vest on 30 April 2014, the Performance Date, if the Achieved Share Price is at least £3, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on the day prior to the relevant Performance Date. The method used to determine the number of ordinary shares that may be acquired through the exercise of options granted under the award is explained in the Remuneration Report on page 28.

During the year the Company granted 8,951 award units. The instruments were valued using a Monte Carlo simulation method using a weighted average share price at grant date of 183 pence, a share illiquidity discount factor of 10%, weighted average expected volatility of 28.17% (derived from the average of annualized standard deviations of daily continuously compounded returns on the Company's stock, calculated back from the date of grant to the date of float) a weighted average risk-free rate of 2.01% and a weighted average expected dividend yield of 1.36%

Share-based payment charge

The total charge for the year relating to equity settled employee share-based payment plans (for both the employee stock option plan and the senior executive long term incentive plan) was £308,000 (2009: £172,000),

Non-employee equity settled share-based payments amounted to £65,000 (2009: £Nil)

12 Provisions

	Dilapidation provisions £'000
At 1 January 2009	48
Provided in the year	6
Exchange differences	(1)
At 31 December 2009	53
Provided in the year	25
At 31 December 2010	78

Dilapidation provisions represent the Group's best estimate of costs required to meet its obligations under property lease agreements. At the balance sheet date £Nil (2009: £25,000) was included within current liabilities.

13 Trade and other payables

	2010 £'000	**2009 £'000**
Trade payables	769	757
Social security and other taxes	455	493
Accruals and deferred income	2,780	1,343
	4,004	2,593

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.

14 Commitments

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

	2010 £'000	**2009 £'000**
No later than 1 year	189	126
Later than 1 but no later than 5 years	390	163
	579	289

Included within the amounts disclosed above, the Group has the benefit of seven months rent free for the first three years of a lease with an annual rental commitment of £163,000. At the balance sheet date one rent free month was outstanding (2009: nil). The benefit of the rent free months has been spread over the period of the lease to the first break point in 2013.

15 Expenses by nature

	2010 £'000	**2009 £'000**
Changes in work in progress	35	(2)
Employee benefit expense	7,222	4,758
Depreciation and amortisation	154	232
Net foreign exchange losses	97	164
Other expenses	6,636	5,017
	14,144	10,169
Analysed as:		
Cost of sales	3,738	2,879
Administrative expenses	10,406	7,290
	14,144	10,169

16 Profit before taxation

Profit before taxation is stated after charging:

	2010 £'000	2009 £'000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	35	27
Fees payable to the Company's auditor for other services		
Other services supplied pursuant to such legislation	6	3
Taxation services	13	12
Other services	1	–
Operating lease expenses:		
Land and buildings	262	173
Depreciation and amortisation	154	232
Net loss on foreign currency translation	97	164

17 Employee benefit expense

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

	2010 No	2009 No
Number of administrative staff	91	70

The aggregate employment costs of the above were:

	2010 £'000	2009 £'000
Wages and salaries	5,715	3,839
Social security costs	704	405
Pension costs – defined contribution plans	219	155
Share-based remuneration	372	172
Medical benefits*	212	187
	7,222	4,758

The Directors have identified 6 (2009: 11) key management personnel, including Directors.

*Comparatives have been restated to disclose medical benefits.

Compensation to key management is set out below:

	2010 £'000	2009 £'000
Wages and salaries	610	1,119
Social security costs	75	96
Pension costs – defined contribution plans	25	43
Share-based remuneration	180	112
	890	1,370

Details of Directors' emoluments are given in the Remuneration Report on page 26 and 27.

18 Investment income

	2010 £'000	2009 £'000
Bank interest receivable	1	13

19 Income tax expense

	2010 £'000	2009 £'000
Current tax	789	498
Deferred tax	(52)	(25)
	737	473

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

Profit on ordinary activities before taxation	2,217	1,658
Profit on ordinary activities multiplied by standard rate of tax of 28% (2009: 28%)	621	464
Difference between tax rates applied to Group's subsidiaries	24	4
Expenses not deductible for tax purposes	127	41
Other temporary differences	(47)	(24)
Adjustment to current tax in respect of prior years	19	(12)
Credit on exercise of share options taken to income statement	(7)	–
Total tax	737	473

20 Deferred tax

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

	2010 £'000	2009 £'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	159	85
– Deferred tax assets to be recovered within 12 months	6	–
Deferred tax liabilities:		
– Deferred tax liability to be recovered within 12 months	(68)	(44)
Deferred tax asset (net):	97	41

The gross movement in deferred tax is as follows:

	2010 £'000	2009 £'000
At 1 January	41	61
Income statement credit	52	25
Tax credited/(charged) directly to equity	4	(45)
At 31 December	97	41

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

Deferred tax assets

	Other provisions £'000	Share option scheme £'000	Dilapidation provisions £'000	Total £'000
At 1 January 2010	–	74	11	85
Charged to income statement	6	67	3	76
Charged directly to equity	–	4	–	4
At 31 December 2010	6	145	14	165

Deferred tax liabilities

	Accelerated capital allowances £'000	Total £'000
At 1 January 2010	(44)	(44)
Charged to income statement	(24)	(24)
At 31 December 2010	(68)	(68)

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 UK employee share options.

21 Earnings per share

(a) Basic

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

	2010 £'000	2009 £'000
Profit attributable to equity holders of the Company	1,480	1,185
Weighted average number of ordinary shares in issue	12,604,214	12,923,663
Basic earnings per share	11.7p	9.2p

(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.

	2010 £'000	2009 £'000
Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share	1,480	1,185
Weighted average number of ordinary shares in issue	12,604,214	12,923,663
Share options	496,991	183,422
Weighted average number of ordinary shares for diluted earnings per share	13,101,205	13,107,085
Diluted earnings per share	11.3p	9.0p

22 Dividends per share

	2010 £'000	2009 £'000
Dividends paid on Ordinary Shares		
Interim, 0.6p per share (2009: 0.6p per share)	78	77
	78	77
Final dividend relating to 2009, 1.3p per share (2009: 1p per share)	169	130
Total ordinary dividends paid in the year	247	207

A dividend in respect of the year ended 31 December 2010 of 1.8p per share, is to be proposed at the AGM. These financial statements do not reflect this dividend payable.

23 Related party transactions

The Group made sales to companies connected to Unilever UK Holdings Limited, a significant shareholder, during the year totalling £1,735,721 (2009: £1,909,286). The balance outstanding at the year end was £485,035 (2009: £805,545).

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 £9,550 (2009: £Nil). There was no balance outstanding at the year end (2009: £Nil).

24 Cash generated from operations

	2010 £'000	2009 £'000
Profit before taxation	2,217	1,658
Depreciation	127	113
Amortisation	27	119
Interest received	(1)	(13)
Share-based payment expense	374	172
(Increase)/decrease in inventory	(35)	2
Increase in receivables	(567)	(867)
Increase in payables	1,374	524
Exchange differences	20	(63)
Net cash generated from operations	3,536	1,645

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2010

25 Business combinations

On 7 January 2010 the Group entered into a share purchase agreement to acquire the entire issued share capital of HighLevel Research Inc., a company incorporated in Canada.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£'000
Cash consideration	47
Cash and cash equivalents	4
Property, plant and equipment	1
Trade receivables (fair value and gross contractual amount)	79
Payables	(7)
Accruals	(36)
Net identifiable assets acquired	41
Goodwill	6
	47

The acquired business contributed revenues of £468,000 and net profit of £55,000 to the Group for the period from 7 January 2010 to 31 December 2010. Had the company been acquired on 1 January 2010 its contribution to revenues and profit would have been the same. Acquisition costs of £6,000 are included in the income statement.

26 Seasonality of revenues

Based upon prior experience, Group revenues tend to be higher in the second-half of the financial year than in the first six months.

For the year ended 31 December 2010, revenues for the second half of the year represented 56% of total revenues compared to 59% for the year ended 31 December 2009.

Company Balance Sheet

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	3	1,787	834
Investments	4	669	623
		2,456	1,457
Current assets			
Debtors due within one year	5	176	1,003
Cash at bank		1,057	600
		1,233	1,603
Creditors – amounts falling due within one year	6	(838)	(345)
Net current assets		395	1,258
Total assets less current liabilities		2,851	2,715
Capital and reserves			
Share capital	7	131	129
Share premium account	8	1,549	1,447
Retained earnings	8	1,171	1,139
Equity shareholders' funds		2,851	2,715

Registered Company No. 5940040

These financial statements were approved by the Directors on 24 March 2011 and are signed on their behalf by:

John Kearon
Director

James Geddes
Director

Notes to the Company Financial Statements

for the year ended 31 December 2010

1 Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Investments

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

Debtors

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

Related party transactions

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

Share-based payments

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

2 Profit for the year

The Company has made full use of the exemptions as permitted by Section 408 of the Companies Act 2006 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent Company profit for the year to 31 December 2010 of £1,121,000 (2009: £1,006,000) is included in the Group profit for the financial year. Details of executive and non-executive Directors' emoluments and their interest in shares and options of the Company are shown within the Remuneration Report on pages 27 and 28.

3 Fixed assets

Cost	**Plant and machinery £'000**	**Furniture and equipment £'000**	**Assets in the course of construction £'000**	**Total £'000**
At 1 January 2010	2	–	832	834
Additions	72	145	772	989
At 31 December 2010	74	145	1,604	1,823
Accumulated depreciation				
At 1 January 2010	–	–	–	–
Provided in the year	14	22	–	36
At 31 December 2010	14	22	–	36
Net book amount				
At 31 December 2010	60	123	1,604	1,787
At 31 December 2009	2	–	832	834

Assets in the course of construction represent amounts capitalised in respect of the new software platform for delivering our research. No depreciation was charged during the year as the platform was not ready for use.

4 Investments

Cost	Other investments £'000	Group companies £'000	Total £'000
At 1 January 2010	133	490	623
Share-based payment charge in respect of subsidiaries	–	45	45
Additions	–	1	1
At 31 December 2010	133	536	669
Net book amount			
At 31 December 2010	133	536	669
At 31 December 2009	133	490	623

Subsidiary undertakings

Details of subsidiary undertakings at 31 December 2010 are as follows:

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

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

5 Debtors

	2010 £'000	2009 £'000
Amounts due from group undertakings	56	966
Prepayments	104	37
Corporation tax recoverable	16	–
	176	1,003

Notes to the Company Financial Statements continued

for the year ended 31 December 2010

6 Creditors – Amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	182	82
Amounts owed to group undertakings	–	40
Accruals and deferred income	656	223
	838	345

7 Share capital

Allotted, called up and fully paid:

	Number	£'000
At 1 January 2010	12,932,645	129
Exercise of share options	143,709	2
Issue of shares	36,760	–
At 31 December 2010	13,113,114	131
At 1 January 2009	12,616,526	126
Exercise of share options	316,119	3
At 31 December 2009	12,932,645	129

8 Reserves

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2010	129	1,447	1,139	2,715
Share-based remuneration charge	–	–	308	308
Profit for the financial year	–	–	1,121	1,121
Dividend paid	–	–	(247)	(247)
Share options exercised	1	37	–	38
Share Incentive award	1	65	–	66
Purchase of own shares	–	–	(1,150)	(1,150)
At 31 December 2010	131	1,549	1,171	2,851

The comparatives have been restated to combine Other reserve (being adjustments to equity in respect of share-based payments) with retained earnings.

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