ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS 2006

WORLD ESOMAR RESEARCH

MANAGEMENT REPORT

2006 MANAGEMENT REVIEW

ESOMAR has had a promising year in 2006. Our net result after tax for 2006 was a deficit of €43K in comparison to a budgeted deficit of €150K. This was achieved through tight cost controls and effective management. The result for 2006 was lower than the prior year surplus of €62K.

HIGHLIGHTS

Focused membership acquisition has led to an increase in membership numbers by 10.4% (target 10%) to 4,394, a 5 year high.
The revitalised Directory of Research Organisations led to above budget revenue of €1.4 million. There is great potential to develop this product further and it is a strategic asset in the Society's revenue generation going forward.
Events showed innovation in terms of format, content and location with a key focus on double digit growth markets, such as India and China.

Key projects linked to renewed business objectives with a focus on membership benefits and satisfaction were driven throughout 2006 with a complete communication plan for promoting the Industry, the enhancement of the website and a greater integration with the CRM System.

The Developing Talent Project continues to grow further with publications and master classes.
The enhanced ESOMAR Global Market Research Report, a significant initiative, was rolled out in 2006 with the cooperation of an independent body, KPMG Business Advisory Services, to provide trends, analysis and additional insights into global industry figures.
In addition, a Customer Satisfaction Survey was conducted in May 2006, assessing member satisfaction in terms of products, services and benefits and implementing recommendation.

A key project for ESOMAR was supported all year long , the revision of the ICC/ESOMAR Code and definition of Market Research for more transparency, simplicity and a better link to current Business Practice.

FINANCIAL REVIEW

In terms of total revenue, the Society saw a marginal decrease of €0 .1 million (1.5%) year on year to €6.3 million in comparison to 2005 (€6.4 million). Significant revenue increases in Membership, Directory and Publishing segments were partly offset by a decrease in revenue from Conferences and Education during 2006. Expenditure within all business segments and general overhead expenditure was managed very effectively and therefore was well below budgeted levels. This resulted in an overall gross surplus, slightly ahead of 2005.
Membership revenue increased by 6.4% to €1.3 million in 2006, due to the increase in the number of new members year on year. The net increase in the number of members was 413 (10.4%) to 4,394 from 3,981 as at the end of 2005. This increase represents a significant achievement and is considered a major milestone after a fairly static revenue stream for a number of years.

Whilst total revenue from Professional Development was lower than budgeted and in comparison to prior year, the annual congress held in London, welcomed over a thousand attendees and the Society realised a healthy financial result as per the budget and well above the result for 2005.
Conferences got off to a slow start during the first three months of 2006 and experienced difficulties in attracting projected number of delegates, which resulted in disappointing financial results. As a result of focused marketing efforts, enhanced content and tighter budgetary controls, the financial performance improved in this area from the second quarter through to the year end.

Publishing represents the publication of the monthly magazine Research World, sales of conference CD-ROMs and books. During 2006, further investments in this area resulted in much improved journalistic content and format of Research World. Also during 2006 a pilot was launched for a subscription model for Research World in order to enlarge the readership. As at 31 December 2006, the number of sold subscriptions was 90.

General overhead expenditure was also well below budget at €1.7 million and slightly higher than in 2005 (€1.6 million). This was due to a slight increase in the number of employees and investments in website restructuring, as well as the amortisation of the new CRM system which was implemented in the third quarter of 2005, partly offset by lower secretariat and other expenses.
The debtors' position at the end of the year was significantly lower than the previous year. The primary reason for this was the timing of the Billing Cycle 2007, which took place a month earlier and the improved set up of the online payments linked to the order processing in the back office. This resulted in a lower debtor's position and a significantly higher cash position at year end. Please refer to the cash flow statement and the notes to the balance sheet for more details.
Securities and bank deposits increased substantially at just above the benchmark at the end of 2006. The performance of the portfolio of securities was satisfactory and was positively influenced by developments in the financial markets, especially during the second half of 2006. ABN AMRO Asset Management (Netherlands) B.V. has been responsible for the management of ESOMAR's portfolio since the second half of 2005.
2007 Membership and Directory fees were invoiced in October 2006 and almost 85% of these receivables had been collected by February 2007. The 2007 Membership fee of €310, as determined by Council and approved by Members at the AGM2006 in London, became effective as of 1 January 2007.

OUTLOOK 2007

The global research industry is expected to continue at current healthy growth trend in the mid- single digit range for the mature markets with acceleration in Asia, Latin America, Eastern Europe and the Middle East.
Consolidation in the market research industry will continue with an increasing power of fewer companies, top 25 now representing 62% of the Industry Revenues. Leaders of the Industry share the belief that the top 10 companies (58% of total revenues) will increase their share of the traditional market research industry by 2-3% so that in five years those companies will represent two thirds of the market and in 10 years time, three quarters of the traditional market research industry.
Disruptive changes are re-shaping the market research industry due to rapid advances in technology, the emergence of new frontiers, as well as a change in the role of market researchers and the skills required.
2007 key areas of focus and investment for ESOMAR will be:

- Reinforce its authority in terms of representation, professional standards and self regulation on a global basis
- Pursue its promotion of the Global Market Research Industry and act as the facilitator of the Industry by demonstrating the role of Market Research in key societal debates to a wider audience reaching out to the general public, educators, politicians , legislators and the media
- Further develop new products and services linked to new business practice aiming for excellence in terms of content and innovation
- Play a key role in supporting the goal of improving the skills of the market researchers talent base
- Facilitate the understanding of the clients strategic development for a more efficient delivery of products and services
- Further improve customer relationships through more proximity and enhanced technological tools linked to business practice an enhanced website and CRM system
- Pursue the diversification of its source of revenues to be able to continue investing for its members and for the benefit of the Industry.

We are confident that our key activities will generate more diverse revenue streams and that 2007 will realise sustainable growth as budgeted and included in the 2007-2008 Business Plan.
Investment in training for improvement of the professional development of the current staff in the area of innovation, customer service and communication will be pursued.

Amsterdam, 26 March 2007
The Board of Management,

Véronique Jeannin
Director General

Abbreviated consolidated balance sheet as at 31 December 2006

	31 DECEMBER 2006		31 DECEMBER 2005	
(in thousands of euros)				
NON CURRENT ASSETS				
Intangible assets		176		293
Property, plant and equipment		69		123
Financial assets		6,535		6,195
TOTAL NON CURRENT ASSETS		6,780		6,611
CURRENT ASSETS				
Receivables				
Debtors	1,439		1,858	
Income tax receivable	35		162	
Prepaid expenses and other receivables	350		368	
		1,824		2,388
Cash				
Cash at bank and in hand		1,135		543
TOTAL CURRENT ASSETS		2,959		2,931
TOTAL ASSETS		9,739		9,542
CURRENT LIABILITIES				
Payables and accrued expenses	920		857	
Deferred income	2,901		2,724	
		3,821		3,581
TOTAL ASSETS LESS CURRENT LIABILITIES		5,918		5,961
FINANCED BY:				
Accumulated funds		5,918		5,961

Abbreviated consolidated income statement for the year 2006

	2006		2005	
(in thousands of euros)				
PROFESSIONAL STANDARDS & MEMBERSHIP				
Membership and entrance fees	1,334		1,254	
Membership expenditure	(307)		(324)	
		1,027		930
Directory entries	1,366		1,203	
Directory expenditure	(433)		(386)	
		933		817
Other corporate and representation expenditure (1)		(938)		(895)
		1,022		852
PROFESSIONAL DEVELOPMENT				
Congress and conferences revenue	2,835		3,232	
Congress and conferences expenditure	(2,612)		(2,946)	
		223		286
Education revenue	209		195	
Education expenditure	(167)		(116)	
		42		79
Publishing revenue	561		519	
Publishing expenditure	(594)		(664)	
		(33)		(145)
		232		220
GENERAL EXPENDITURE				
Overhead salaries and social charges (2)	(435)		(340)	
Secretariat expenses (3)	(579)		(646)	
Other expenses (4)	(580)		(557)	
Depreciation property, plant & equipment	(85)		(83)	
		(1,679)		(1,626)
OPERATING RESULT		(425)		(554)
FINANCIAL INCOME NET		331		545
NET RESULT BEFORE TAX		(94)		(9)
Income tax		51		71
NET RESULT (TO ACCUMULATED FUNDS)		(43)		62

Abbreviated consolidated statement of recognised income and expense

	2006	2005
(in thousands of euros)		
Net result directly recognised in accumulated funds	-	-
Net result for the period	(43)	62
TOTAL RECOGNISED FOR THE PERIOD	(43)	62
ATTRIBUTABLE TO THE MEMBERS OF THE SOCIETY	(43)	62

Abbreviated consolidated cash flow statement for the year 2006

	2006		2005	
(in thousands of euros)				
OPERATING RESULT	(425)		(554)	
Amortisation of intangible assets	117		59	
Depreciation property, plant and equipment	85		83	
Income tax	51		71	
Exchange differences	(8)		(1)	
	(180)		(342)	
Changes in working capital:				
• Debtors	418		(1,241)	
• Prepaid expenses and other receivables	19		9	
• Payables and accrued expenses	64		337	
• Income tax assets/liabilities	127		(170)	
• Deferred income	176		239	
NET CASH USED IN / (PROVIDED BY) OPERATIONS		623		(1,168)
Investments in intangible assets	-		(352)	
Investments in property, plant and equipment	(31)		(125)	
Interest and dividends received	291		204	
Divestments in financial fixed assets	-		650	
Reinvestments in financial fixed assets	(291)		(204)	
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(31)		173
NET MOVEMENT IN CASH		592		(995)
Cash at bank and in hand: 1 January		543		1,538
Cash at bank and in hand: 31 December		1,135		543

Notes to the abbreviated consolidated financial statements for the year 2006

GENERAL

ESOMAR is the world organisation for enabling better research into markets, consumers and societies.

With over 4,400 members in 100 countries, ESOMAR's aim is to promote the value of market and opinion research in illuminating real issues and bringing about effective decision-making.

To facilitate this ongoing dialogue, ESOMAR creates and manages a comprehensive programme of industry-specific and thematic-conferences, publications and communications, as well as actively advocating self-regulation and the worldwide code of practice.

ESOMAR was founded in 1948 as the European Society for Opinion and Marketing Research ('the Society'). The registered office of the Society is in Lausanne, Switzerland and was incorporated under art. 60 of Code Civil Suisse, in the Canton de Vaud, no. 133. Operations are managed from the office which is located at Vondelstraat 172, Amsterdam, the Netherlands. The Society has a 100% subsidiary: ESOMAR B.V. which is registered in the Netherlands.

SIGNIFICANT ACCOUNTING POLICIES

These abbreviated consolidated financial statements have been derived from the financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These standards are consistently applied throughout the group and previous year. Certain prior year amounts have been reclassified to correspond with current-year presentation. The financial statements are prepared by the Board of Management and issued on the 26th of March 2007. Assets and liabilities are shown at face value, unless otherwise stated.

Basis of preparation

The abbreviated consolidated financial statements are presented in euro thousands and rounded as such. They are prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: derivative financial instruments, financial instruments and assets held for trading.

The abridged consolidated financial statements have been derived from the unabridged consolidated financial statements which have been audited by our accountants, KPMG Accountants NV (KPMG), and for which we have been given an unqualified opinion. The abbreviated consolidated financial statements have been audited by KPMG and in their opinion, the abbreviated consolidated financial statements have been derived consistently, in all material respects, from the audited consolidated financial statements.

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

Basis of consolidation

The abbreviated consolidated financial statements include the accounts of the Society and its subsidiary ESOMAR B.V ("the group"), using the full consolidation method.
All material inter company income and expenses, balances, transactions and profits and losses resulting from intra-group transactions are eliminated on consolidation.

Reporting currency

The consolidated financial statements of the Society are presented in Euro's, since this is the most used currency for its activities.

Foreign currency translations

The balance sheet items in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. The transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. The resulting exchange differences are recorded in the income statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement using the straight line depreciation method with no residual value over the estimated useful life of the assets (3-5 years).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement using the straight line depreciation method with no residual value over the estimated useful lives of the assets mainly as follows:

Office renovation: 10 years
Office equipment and furniture: 2 to 5 years.

Financial assets

Securities are stated at fair value. Fair value is based on quoted bid prices at the reporting date. The gains or losses on revaluation to fair value are recognised in the income statement.

Receivables
Receivables are valued at amortised cost less a provision for bad debts where appropriate.

Cash
Cash at bank and in hand comprises cash balances and short term deposits and are stated at nominal value.

Impairment
An assessment is made at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate of the asset's recoverable amount is made. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Cash flow statement
The abbreviated consolidated cash flow statement, which has been prepared according to the indirect method, shows the cash flow from operating activities, investing activities and the cash position at the beginning and at the end of the year. Cash flow from operating activities is stated as operating result adjusted for non-cash operating items and working capital movements. Cash flow from investing activities comprises investments and divestments of (in) tangible and financial assets.

Revenue
This represents revenues from third parties, mainly members of the Society.
• Membership fees are invoiced once a year and recognised in the income statement in the period to which they relate. Membership entrance fee is invoiced to new members only, and recognised in the income statement in the period to which the membership fee relates to.
• Directory income is recognised as revenue at shipment date.
• Congress, Conferences and Education revenue is recognised in the income statement on the date when the event takes place.
• For joint events, 50% of the total of both revenue and expenditure is recognised.
• Publishing revenue is recognised in the income statement at shipment date.

Segment reporting
A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those or other segments.

Expenditure
Expenditure is directly allocated to business segments where possible, salaries are allocated based on the number of staff working for specific business segments.

Defined contribution plans
Commitments for defined contribution pension plans are recognised as expenditure in the income statement as incurred.

Financial income net
Interest income is recognised in the income statement as it accrues. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established. Furthermore the financial expenditure comprises interest payable and management fees for Asset Management.

Income tax
Income tax is calculated on the taxable result of the 100% subsidiary ESOMAR B.V. which is located in the Netherlands. The Dutch corporation tax rate is applicable. The charge or benefit in the income statement relates to the current year's taxable income or loss. No tax is due on the result of the Swiss society.

ABBREVIATED CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2006

Revenue
Total revenues decreased by 1.5% from €6.4 million in 2005 to €6.3 million in 2006. Revenues can be analysed as follows: Membership and entrance fees €1,334K (2005: €1,254K), Directory entries €1,366K (2005: €1,203K), Conferences and education €3,044K (2005: €3,427K) and Publishing €561K (2005: €519K)

(1) Other corporate and representation expenditure
The corporate and representation expenditure can be specified as follows:

	2006	2005
(in thousand euros)		
Governance (Council and committees)	144	103
PR & Representation	282	166
Self-regulation	83	116
Market Research & Development projects	130	94
Other Industry Initiatives	91	217
Allocated salaries	208	199
	938	895

These expenses relate to the development of projects and initiatives to protect and promote the interests of the Market Research Industry as a strategic tool for business decision making in both public and sectors alike.
Other Industry Initiatives relate for example to the ESOMAR World Industry Network (WIN). In 2005, Other Industry Initiatives also included expenses relating to monitoring and lobbying efforts such as The Alliance for Research.

(2) Overhead salaries and social charges
The overhead salaries and social security charges can be specified as follows:

	2006		2005	
(in thousands of euros)				
Salaries	1,638		1,549	
Sickness benefit	(27)		(36)	
		1,611		1,513
Social security charges	215		177	
Pension charges	141		171	
		356		348
		1,967		1,861
Salary cost allocated to events, publishing and other activities		(1,532)		(1,521)
		435		340

The total salary charges increased due to a higher number of staff on the payroll and related social security and pension charges.
The pension charges relate to a defined contribution plan. There were 28 employees at the end of 2006 (31 December 2005: 28).

(3) Secretariat expenses

The secretariat expenses can be detailed as follows:

	2006	2005
(in thousands of euros)		
General secretariat and personnel costs	136	168
Rental and lease costs	181	169
Telephone, internet and fax	49	44
Computer consultancy and licensee fee costs	113	172
Recruitment fees	59	49
Stationery	11	21
Cleaning	17	13
Electricity and gas	13	10
	579	646

(4) Other expenses

The other expenses can be specified as follows:

	2006	2005
(in thousands of euros)		
Web site, brand and advertising	232	259
CRM	199	120
Advisory costs: tax, legal, etc.	56	77
Audit costs	53	47
Training personnel	40	53
Other	-	1
	580	557

CRM expenses relate to the amortisation of the Intangible Assets and maintenance.

AUDITOR'S REPORT

Introduction

We have audited whether the accompanying abbreviated consolidated financial statements of ESOMAR, Lausanne, for the year 2006 have been derived consistently from the audited consolidated financial statements of ESOMAR, for the year 2006. In our auditors' report dated 26 March 2007 we expressed an unqualified opinion on these consolidated financial statements. Management is responsible for the preparation of the abbreviated consolidated financial statements in accordance with the accounting policies as applied in the 2006 consolidated financial statements of ESOMAR. Our responsibility is to express an opinion on these abbreviated consolidated financial statements.

Scope

We conducted our audit in accordance with International Standard on Auditing. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated consolidated financial statements have been derived consistently from the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated consolidated financial statements have been derived consistently, in all material respects, from the consolidated financial statements.

Emphasis of matter

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated consolidated financial statements should be read in conjunction with the unabriged consolidated financial statements, from which the abbreviated consolidated financial statements were derived and our unqualified auditors' report thereon dated 26 March 2007. Our opinion is not qualified in respect of this matter.

Amstelveen, 26 March 2007

KPMG ACCOUNTANTS N.V.

P. Mizrachy RA

GENERAL INFORMATION

BANKERS

ABN AMRO Asset Management (Netherlands) B.V.
Amsterdam, The Netherlands

AUDITORS

KPMG Accountants N.V.
Amstelveen, The Netherlands

LEGAL ADVISORS

Höcker Advocaten
Amsterdam, The Netherlands

REGISTERED OFFICE

(Siége Social)
Lausanne, Switzerland
Incorporated under Art. 60 of
Code Civile Suisse, in the
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