ESOMAR

WORLD RESEARCH

ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS 2010

MANAGEMENT REPORT

MANAGEMENT REVIEW

For the second consecutive year, 2010 represented a significant challenge for ESOMAR, as it implemented a programme designed to make it more efficient, within a global market that was recovering from significant economic challenges, as well as international instability. Despite these issues, ESOMAR attained its principal objectives for 2010, which were (a) to remain focused on providing services to members, (b) to maintain the value proposition of ESOMAR membership and (c) to arrest the downward slide in operating results; despite the continued weakness of the global financial market, the resultant depression in the research industry, and the associated reduction in conference attendances.

Notwithstanding this very testing environment, ESOMAR's net result after tax for 2010 is a positive result of EUR 191K (excluding exceptional charges) compared to a net deficit of EUR (308)K in 2009. However, based upon the current assessment of its potential Swiss obligations, ESOMAR has included an exceptional charge for 2010 reflecting the worst case scenario of a cash outflow of EUR 467K. Due to the inclusion of this exceptional charge, the positive result of EUR 191K changes into a deficit of EUR (276)K.

The 2010 result was achieved through a continuous focus on rigorous cost control, significant efficiency measures integrated in business processes, effective utilisation of previous technology investments, and a prioritisation process for key investments.

HIGHLIGHTS 2010

A renewed focus on membership acquisition has led to a 6% increase in membership numbers: now standing at 4,906 compared to 4,636 in 2009. The introduction of a rolling membership year in April 2010, which allowed members to join ESOMAR for a 12 month period at any time during the year clearly contributed to this figure, while the introduction of a new "Young Graduate" membership tier opened up a new recruitment platform for the Society.

Despite significant efforts being put behind the development and revitalisation of the Directory of Research Organisations, revenue from this service was slightly behind budget at EUR 1,269K. However, we believe there is great potential to develop this product further and that it is a strategic asset in the Society's revenue generation portfolio, going forward.

The Events offering was closely scrutinised throughout the year and a number of innovations - in terms of formats, content and location - were implemented. Notably, an increased focus on local events organized in cooperation with local associations and the ESOMAR representatives was applied, in order to allow our members to “see” and “meet” ESOMAR to a much greater degree in their local markets.

Key projects linked to renewed business objectives with a focus on membership benefit and satisfaction were driven throughout 2010 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 and Young Professional programs continued to grow further with publications and master classes, and a new “University Day” event was established, wherein representatives of both Market Research users and proponents were invited to extol the benefits of our industry to the next generation of MBA and Marketing Degree students.

The enhanced ESOMAR Industry Survey, a significant initiative, was rolled out in 2010 with the cooperation of an independent body, and continues to be the industry’s main reference point.

FINANCIAL POSITION AND OVERVIEW

In terms of total revenue, the Society recorded a marginal decrease of (1%) year on year to EUR 5.311K, compared with 2009 (EUR 5.371K). That said, there are a number of promising developments within that revenue pattern : (1) firstly, following the challenges of 2009, it is good to see that our events are now recording positive results again; (2) the growth of our Business to Business activities such as Sponsorship, Exhibition and Company presentations, and (3) reduced expenditure – not only across all the business segments, but also the general overhead expenditure was managed very effectively and was well below budgeted levels.

The membership revenue for 2010 – EUR 1,454K – is almost exactly as budgeted (EUR 1,459K) and is 1.2% higher than that achieved in 2009. ESOMAR Membership numbers showed a net increase of 270 members compared to year-end 2009 (from 4,636 to 4,906), and the minor difference in revenue is caused by the fact that resignations in 2010 were calculated against a full fee of EUR 310 whereas the membership fee of new ESOMAR members are only partially allocated to 2010 (due to the rolling membership scheme that was introduced in April 2010).

Whilst the total revenue from Professional Development was lower than budgeted for 2010 (EUR 2,587K vs. EUR 2,858K), it was nonetheless still slightly higher than the prior year (EUR 2,563K). Conferences at both the start and end of 2010 had some trouble attracting delegates and business partners, due to the tighter budgets within the (local) market research world, as well as unexpected natural circumstances (Iceland Volcano) and local instability (Bangkok), but the efforts of the organisers, local representatives and sponsors ensured that disruption was kept to a minimum.

The annual congress, held in Athens, welcomed 735 attendees and 54 exhibitors, sponsors, and other commercial partners. The Society realised a healthy financial result on the annual congress, significantly ahead of budget (EUR 130K vs. EUR 55K) and well above the result for 2009 (deficit of EUR -174).

Due to local unrest, the venue for the APAC conference had to be changed to Kuala Lumpur from Bangkok at the advice of the Asia Pacific representatives of ESOMAR. Despite the change of venue – effected within less than 10 working days – and notwithstanding the attendees needing to change travel and accommodation plans, the conference still welcomed 189 very supportive delegates. This is testament to ESOMAR's, the local associations and ESOMAR representatives' and sponsors collective efforts to ensure the change of venue did not impact on the quality of the conference.

Publishing represents, amongst others, the publication of the monthly magazine Research World. During 2010, further investments in this area resulted in much improved journalistic content and format of Research World, and operational expenditure was kept well below budget (EUR 3,778K vs. EUR 4,468K).

General overhead expenditure in 2010 was EUR 1,556K, which is slightly lower than the 2009 expenditure of EUR 1,663K. Costs of consultancy, tax and legal advisory decreased considerably, whereas investments in CRM and web increased in comparison with 2009.

As a result the actual operational result for 2010 standings almost at break-even (EUR -23K), compared to the budgeted deficit of EUR (-375)K and the deficit of over EUR (-900)K in 2009. This is a substantial improvement over the 2009 result.

The debtors' position at the end of the year was EUR 1,319K compared to EUR 821K at the end of 2009. Main reasons for the growth of this figure are; increased sales related to the following year (see note 15, deferred income), shift in payment behaviour due to which the amount of payment in transit increased from EUR 92K to EUR 210K and the percentage of outstanding Membership and Directory 2011 invoices as per year end increased in comparison to 2009. 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 2010. The performance of the portfolio of securities was satisfactory and was positively influenced by developments in the financial markets along the year 2010. ABN AMRO Asset Management (Netherlands) B.V. has been responsible for the management of ESOMAR's portfolio since the second half of 2005.

The ESOMAR investment portfolio (asset management portfolio plus cash portfolio) is built principally on Equity, Property, bonds and index trackers with a range of 12.5%-22.5%. The combination of the corporate bonds invested via index trackers and/or investments funds confirms the conservative capital management strategy followed by the ESOMAR Council since 2009.

The 2011 Membership fee of EUR 330, as determined by Council and approved by Members at the AGM 2010 in Athens, became effective as of 1 January 2011.

SWISS TAX RISKS 2010

In previous years, no accrual had been recognized based upon the information made available at that time. The risk of a future cash outflow was considered to be remote. However, based on currently available information, management concludes that the likelihood of a future cash outflow is probable. As a consequence, an accrual of EUR 467K has been recognized as at 31 December 2010, being the best estimate of the (expected maximum) future cash outflow based on the latest information in June 2011.

The table here below shows Operating results before and after the Swiss tax risks.

INDUSTRY OUTLOOK 2011

With a (continual) view to increasing our relevance and stabilizing our finances and with the learnings derived from the 2009 global crisis and slow recovery signals in 2010, the set of objectives put

	2010	2009
GENERAL EXPENDITURE		
Overhead costs, salaries and social charges	(454)	(388)
Office expenses	(501)	(727)
Other expenses	(462)	(431)
Depreciation property plant and equipment	(139)	(117)
TOTAL GENERAL EXPENDITURE	(1556)	(1663)
OPERATING RESULTS (BEFORE SWISS TAX RISKS)	(23)	(936)
OTHER TAX EXPENSES (SWISS TAX RISKS)	(467)	-
OPERATING RESULT (AFTER SWISS TAX RISKS)	(490)	(936)

forward by ESOMAR for 2011 we believe provide grounds for a secure, increasingly pertinent and appealing offer:

• To develop content in areas identified as relevant by external member feedback
• To offer a variety of different platforms to communicate to members;
• To provide an ESOMAR focus on the strategic regions (eg APAC);
• To synergise content with commercial opportunities for networking and revenue generating;
• To increase our relevance to, and engagement with, a younger audience;
• To minimize financial risks by running events which have performed solidly in the last 12 months and justify market demand.

Market and social researchers from all four corners of the globe belong to ESOMAR. These professionals benefit in many ways from the existence and the activities of ESOMAR which include professional standards, disciplinary procedures, public affairs, publications and both global and local events.

Our local meetings, conferences and debates, facilitate an exchange of knowledge through which ESOMAR improves (year–by-year), the professional standards and the quality of market and social research. In 2010, we doubled the number of local events that we had held the previous year, and the learning impact for both members and non-members was significant. That same emphasis on local events will continue in 2011 and beyond, which included an extensive series of meetings throughout the APAC region, during late March and early April, not least of which was a very interesting day-long conference in New Delhi.

The Professional Standards function is one of the most important in ESOMAR. It is in this area that ESOMAR reacts to the constant evolution in our industry and develops guidelines to cover new areas of research, ensuring compliance with the ICC/ESOMAR International Code:

• The Guideline on Research via Mobile Phone , issued in 2010, which covers contacts with respondents by voice or text message (SMS) and includes subjects such as respondent safety and confidentiality, calling times and duration of the interview.
• The Guideline on Online Research. This now also includes updated guidance on interviewing children, and requirements in dealing with issues such as remote data collection and data transfer, security issues and using online technologies in research.
• Additionally, ESOMAR is producing a Guideline on Social Media Research. The move from transactional to relational research is at the forefront of change in the Market Research industry, so ESOMAR has invited a further group of industry experts to form a Social Media Research team to develop guidelines for this quickly changing and expanding field.

These guidelines serve as an important protection for both the research professionals as well as for citizens. ESOMAR will continue to adopt a leading role in representing the industry and its respondents (citizens) on the topics of data protection and privacy, as legislative bodies increasingly try to regulate this area.

In 2011, the ESOMAR Public Affairs programme will continue to address the international policy and legislative changes that could potentially affect the market, social and opinion research industry globally. It is through the use of such collaborative relations, active listening, increased dialogue and observation, that market research as an industry can continue to monitor and assess its standing, and develop the diverse set of skills - both traditional and new - to meet the ever changing demands of users and practitioners of research.

ESOMAR has long recognised that the involvement of young researchers is essential to add a new perspective to current market research initiatives and to keep the industry in touch with the consumers today. Furthermore, the “thought leaders” of tomorrow are the young recruits of today, and it is one of ESOMAR’s fundamental objectives to facilitate and nurture new talent throughout the industry.

It was therefore a logical extension to our Developing Talent Initiative to introduce ESOMAR's Graduate / Young Professional membership tier, to further encourage participation in the industry amongst young researchers. This category now offers special subscription rates and a wide-range of benefits to assist our Graduate / Young Professional members in making those first steps into the industry and in keeping them informed and in the know.

Although ESOMAR has become a quality brand for market research worldwide, it too needs to evolve and modernize to keep up with the industry evolution. 2011 will see a strong approach being taken regarding the representation of ESOMAR to all public bodies and institutions. Closer collaboration with local associations and bodies will be progressed. The use of the ESOMAR logo will be approached in a way that it stands not only as a membership mark but also serves as a quality seal for market and social research. An improved integration of young academics in conferences and the Congress will also be implemented.

Market and social research are essential sciences for intelligent decision making. The increasing complexity of life needs guidance and trustworthy objective research. The year 2011 is seen as a milestone for the further development of ESOMAR, a milestone for bringing together and solving the satisfaction of both members' needs and respondents' needs, and as a milestone concerning the global representation of market research and the guardianship of highest professional quality standards.

Amsterdam, 22 June 2011

The Board of Management,

Finn Raben
Director General

Marie-Agnès Mourot de Lathyle
Director Finance & Services

Abbreviated consolidated balance sheet
As at 31 December 2010

In thousands of euro

	2010	2009
NON-CURRENT ASSETS		
Intangible assets	163	246
Property, plant and equipment	339	408
Financial fixed assets	6,240	5,905
TOTAL NON-CURRENT ASSETS	**6,742**	**6,559**
CURRENT ASSETS		
Inventory	15	8
Receivables		
Debtors	1,319	821
Income tax receivable	141	141
Prepaid expenses and other receivables	277	389
Accrued income	-	1
Total receivables	1,737	1,352
Short term deposits	-	250
Cash and cash equivalents	1,081	789
	1,081	1,039
TOTAL CURRENT ASSETS	**2,833**	**2,399**
TOTAL ASSETS	**9,575**	**8,958**
CURRENT LIABILITIES		
Payables and accrued expenses	1,531	817
Income tax payable	24	-
Deferred income	2,810	2,655
TOTAL CURRENT LIABILITIES	**4,365**	**3,472**
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,210**	**5,486**
FINANCED BY:		
accumulated funds attributable to the members of the Society	5,210	5,486

Abbreviated consolidated income statement
For the year ended 31 December 2010

In thousands of euro

	2010		2009	
PROFESSIONAL STANDARDS AND MEMBERSHIP				
Membership and entrances fee	1,454		1,436	
Membership expenditure	(351)		(345)	
		1,103		1,091
Directory entries	1,269		1,373	
Directory expenditure	(470)		(293)	
		799		1,080
Other corporate and representation expenditure		(714)		(919)
Subtotal gross margin professional standards and membership		**1,188**		**1,252**
PROFESSIONAL DEVELOPMENT AND EVENTS				
Congress revenue	994		922	
Congress expenditure	(864)		(1,096)	
		130		(174)
Conferences revenue	981		1,029	
Conferences expenditure	(780)		(1,066)	
		201		(37)
Education (workshops) revenue	153		171	
Education (workshops) expenditure	(127)		(163)	
		26		8
Publishing revenue	459		441	
Publishing expenditure	(471)		(763)	
		(12)		(322)
Subtotal gross margin professional development and events		**345**		**(525)**
Total gross profit		**1,533**		**727**
GENERAL EXPENDITURE				
Overhead costs, salaries and social charges	(454)		(388)	
Office expenses	(501)		(727)	
Other expenses	(462)		(431)	
Other tax expenses	(467)		-	
Depreciation property plant and equipment	(139)		(117)	
Total general expenditure		**(2,023)**		**(1,663)**
Operating result (carry forward)		**(490)**		**(936)**

Abbreviated consolidated income statement
For the year ended 31 December 2010

In thousands of euro

	2010	2009
OPERATING RESULT (CARRIED FORWARD)	**(490)**	**(936)**
Finance income	263	505
Finance expenses	(25)	(18)
Net finance income / (expense)	**238**	**487**
NET RESULT BEFORE TAX	**(252)**	**(449)**
Income tax	(24)	141
NET RESULT ATTRIBUTABLE TO THE MEMBERS OF THE SOCIETY	**(276)**	**(308)**

Abbreviated consolidated statement of recognised income and expense
For the year ended 31 December 2010

In thousands of euro

	2010	2009
Net result for the period	(276)	(308)
Total recognised income and expense for the period	**(276)**	**(308)**
ATTRIBUTABLE TO THE MEMBERS OF THE SOCIETY	**(276)**	**(308)**

Abbreviated consolidated cash flow statement
For the year ended 31 December 2010

In thousands of euro

	2010	2009
OPERATING RESULT	**(490)**	**(936)**
Amortisation of intangible assets	91	62
Disposal of property, plant and equipment	-	-
Depreciation property, plant and equipment	139	117
Bank charges	(1)	(4)
Income tax received	-	(426)
Interest paid	-	(1)
	(261)	(1,188)
Changes in inventory	(7)	39
Changes in debtors	(498)	62
Changes in prepaid expenses, other receivables and accrued income	113	166
Changes in payables and accrued expenses	714	(358)
Changes in deferred income	155	1,116
NET CASH FROM OPERATING ACTIVITIES	**216**	**(163)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	114	177
Dividends received	35	19
Asset management fee	(14)	(12)
Proceeds from sale of investments	460	1,775
Acquisitions of investments	(466)	(2,297)
Acquisitions of intangible assets	(8)	(125)
Acquisition of property, plant and equipment	(70)	(83)
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	**51**	**(546)**
NET CASH FROM/(USED) IN FINANCING ACTIVITIES	**-**	**-**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**267**	**(709)**
Cash and cash equivalents at 1 January	**3,944**	**4,653**
Cash and cash equivalents at 31 December	**4,211**	**3,944**

NOTES TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2010

1 REPORTING ENTITY

Activities

ESOMAR is the world organisation for enabling better research into markets, consumers and societies. With 4,906 members in 130 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 communication 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 (ESOMAR or "the Society"). The registered office of the Society is in Lausanne, Switzerland and was incorporated under art. 60 of Swiss Civil Code in the Canton de Vaud no. 133. Operations are managed from the office, which is located at Eurocenter 2, 11th floor, Barbara Strozzilaan 384, 1083 HN Amsterdam, The Netherlands. The Society has a 100% subsidiary: ESOMAR B.V. which is registered in the Netherlands.

2 SIGNIFICANT ACCOUNTING POLICIES

These abbreviated consolidated financial statements have been derived from the unabridged consolidated 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) as adopted by the European Union. These standards are consistently applied throughout the group and previous year. The unabridged consolidated financial statements are prepared by the Board of Management and issued on 22 June 2011. 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 auditors, KPMG Accountants NV (KPMG), and who have issued an unqualified opinion dated 22 June 2011. 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 unabridged 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 intercompany income and expenses, balances, transactions and profits and losses resulting from intragroup transactions are eliminated on consolidation.

Reporting currency
The abbreviated consolidated financial statements of the Society are presented in EUR's, since this is the currency of the primary economic environment of the Society.

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional

currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

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 amortisation 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: 3 to 5 years.

Change in estimates

During the year the ESOMAR conducted a review of the useful life of its fixed assets, which has resulted in changes in the expected useful life of computers and related software. Computers and related software, which management previously expected to have a useful life of two years, is now expected to have an useful life of three years from the date of purchase. As a result of this change, the depreciation expense in current year decreased with EUR 6K.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Inventory

Inventories are stated at the lowest of cost and net realisable value. The cost of inventory is based on the FIFO method.

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 highest of an asset has or cash generating unit's fair value less selling 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.

Recognition of Income, other than events

This represents revenues from third parties, mainly members of the Society.

- Membership fees are recognised in the income statement of the period to which they relate. Membership entrance fee is invoiced to new members only, and recognised at invoice date.
- Directory income is recognised in the income statement of the period to which the fees relate to.
- Publishing revenue is recognised in the income statement at shipment date.

Recognition of Income and expenses from events (Congress, Conferences and Education)

Congress, Conferences and Education revenue is recognised in the income statement on the date when the event takes place.

Expenditure

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

Defined contribution plans

Commitments for defined contributions to 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 on result is calculated by applying the current Dutch tax rate to the taxable result of the 100% subsidiary ESOMAR B.V. located in the Netherlands. No tax is due on the result of the Society, as these activities are tax exempt in The Netherlands.

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, financing 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 intangible, tangible and financial assets.

New standards and interpretations not yet adopted

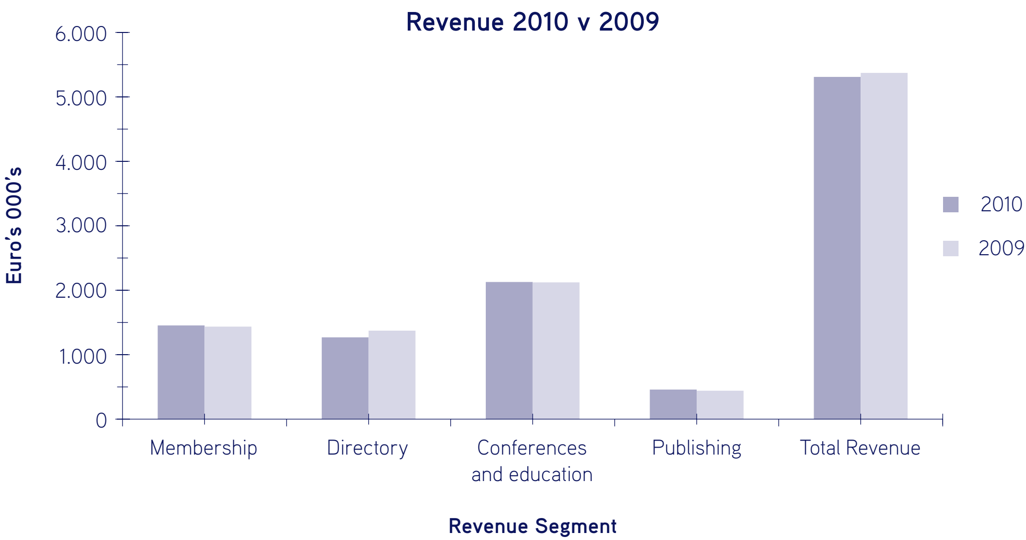
A number of new standards, amendments to standards and interpretations are not yet effective for the Year ended 31 December 2010, and have not been applied in preparing these abbreviated financial statements. None of these are expected to have a significant effect on the financial statements of ESOMAR.

ABBREVIATED CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2010

Revenue

Total revenues decreased by 1% from EUR 5,371K in 2009 to EUR 5,311K in 2010.

Revenues can be analysed as follows: Membership and entrance fees EUR 1,454K (2009: EUR 1,436K), Directory entries EUR 1,269K (2009: EUR 1,373K), Conferences and education EUR 2,128K (2009: EUR 2,122K) and Publishing EUR 459K (2009: EUR 441K)



Other corporate expenditure and representation

Corporate expenditure and representation can be specified as follows:

In thousands of euro

	2010	2009
Governance (Council and committees)	104	101
Public Relations and Representation	124	309
Self-regulation	122	98
Market Research and Development projects	84	136
Other Industry Initiatives	30	56
Allocated salaries	250	219
	714	**919**

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 private sectors alike.

Other Industry Initiatives relate for example to the strengthening of the relationship between ESOMAR and the International Associations, the World Industry Network (WIN), Round Tables, and monitoring and lobbying efforts such as The Alliance for Research.

Overhead costs, salaries and social charges

Overhead costs, salaries and social charges can be specified as follows:

In thousands of euro

OVERHEAD COSTS, SALARIES AND SOCIAL CHARGES	2010	2009
Salaries	1,712	1,818
Bonus	171	-
Sickness benefit	(23)	(17)
Salaries and sickness benefit	**1,860**	**1,801**
Social security charges	201	151
Pension charges	178	155
Insurances	49	35
Travel allowance	25	18
Other salaries related costs	**454**	**359**
Salary cost allocated to events, publishing and other activities	**(1,860)**	**(1,772)**
Total	**454**	**388**

The pension charges relate to a defined contribution plan. The insurances charges relate to insurance of ESOMAR staff. There were 33 employees at the end of 2010. (2009: 38)
The average number of employees during the year was 33 employees (2009: 38)

Office expenses

The office expenses can be specified as follows:

In thousands of euro

	2010	2009
General office and personnel costs	75	193
Rental and lease costs	220	220
Telephone, internet and fax	41	51
Computer consultancy and license fees	88	142
Recruitment fees	15	75
Stationary	1	10
Cleaning	17	15
Electricity and gas	44	21
Other	-	-
	501	**727**

Other expenses

The other expenses can be specified as follows:

In thousands of euro

	2010	2009
Brand/General Promotion	21	88
Website/CRM	309	129
Advisory costs: tax, legal, etc.	46	106
Audit fees	66	80
Training personnel	20	28
Provisions	-	-
	462	**431**

Other tax expenses

The other tax expense of EUR 467K relates to the accrual on Swiss tax obligations that was recognized in 2010. The amount of EUR 467K represents management's best estimate of the (expected maximum) future cash outflow.

Net finance income / (expense)

The net finance expense can be specified as follows:

In thousands of euro

	2010	2009
Interest income on bank deposits	5	8
Interest income on financial assets	132	193
Dividend income on financial assets	35	19
Net gain on disposal of financial assets	-	-
Change in fair value of financial assets	91	394
Finance income	**263**	**614**
Change in fair value of financial assets	-	-
Net loss of disposal of financial assets	(10)	(110)
Management fees	(14)	(12)
Bank charges	(1)	(4)
Interest paid		(1)
Finance expenses	**(25)**	**(127)**
Net finance income / (expense)	**238**	**487**

INDEPENDENT AUDITOR'S REPORT

To: the members and board of management of the Society of ESOMAR

The accompanying abbreviated consolidated financial statements, as set out on pages 10 to 25, which comprise the abbreviated consolidated balance sheet as at 31 December 2010 and the abbreviated consolidated income statement, abbreviated consolidated statement of recognized income and expenses and abbreviated consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information, are derived from the audited consolidated financial statements of the Society of Esomar for the year ended 31 December 2010. We expressed an unqualified audit opinion on those consolidated financial statements in our report dated 22 June 2011. Those consolidated financial statements, and the abbreviated consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The abbreviated consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union. Reading the abbreviated consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Society of Esomar.

Management's responsibility

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in note 2.

Auditor's responsibility

Our responsibility is to express an opinion on the abbreviated consolidated financial statements based on our procedures, which were conducted in accordance with Dutch Law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

Opinion

In our opinion, the abbreviated consolidated financial statements derived from the audited consolidated financial statements of the Society of Esomar for the year ended 31 December 2010 are consistent, in all material respects, with those consolidated financial statements, on the basis described in note 2.

Amstelveen, 22 June 2011

KPMG ACCOUNTANTS N.V.

R.W.G. van Teeffelen

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 Civil Suisse, in the
Canton de Vaud, No.133

Contact details

ESOMAR
Eurocenter 2
Barbara Strozzilaan 384
1083 HN Amsterdam
The Netherlands

Tel: +31-20-664.2141

Copyright © ESOMAR 2011

ESOMAR
WORLD RESEARCH

ESOMAR is the essential organisation for encouraging, advancing and elevating market research worldwide.

www.esomar.org