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Photographs: Available from Hudson Sandler, as above

Research Now plc

Final Results – profits trebled

The Board of Research Now, the leading European online fieldwork provider to the market research industry, is pleased to announce its Final Results for the year to 31 October 2006.

“Fieldwork” is the collection of survey data via personal interviews – a process that Research Now undertakes online from its panel of over one million potential respondents in 20 countries – making Research Now the owner of one of the largest online research panels in Europe.

Highlights:

- Turnover nearly tripled to £9.6m (2005: £3.6m)
- Profit before tax more than trebled to £1.6m (2005: £0.5m)
- Strong cash generation – net cash of £2.4m at year end (2005: net cash £1.4m)
- Valued Opinions panels expanded to cover 20 countries
- Significant overseas expansion in the United States, Australia, Germany and France, all profitable at the year end

Commenting, Chris Havemann, Chief Executive, said:

“I am delighted to report the past year, our first as a public company, has been a tremendous success, bringing us to the forefront of the European marketplace and indeed our emergence as a global player with intent.”

“We look forward to leveraging our global capabilities and the favourable market environment for our online proposition continuing, with a view to delivering substantial profitable growth in 2007 and beyond.”

Notes to Editors:

ABOUT Research Now

- Research Now is the leading European online fieldwork and panel specialist
- “Fieldwork” is the collection of survey data via personal interviews – a process that Research Now undertakes via the Internet
- Research Now owns the “Valued Opinions” family of online panels across 20 countries (UK, Germany, France, Italy, Spain, Republic of Ireland, Austria, Sweden, Poland, Denmark, The Netherlands, Norway, Finland, Portugal, Russia, the Czech Republic, Hungary, Belgium, Greece and Australia.), comprising over a million active panellists globally
- Research Now’s online panels are used by leading research agencies and some of the world’s best known companies
- Research Now has 10 offices – London, New York, Chicago, San Francisco, Frankfurt, Hamburg, Paris, Athens, Sydney and Melbourne
- Research Now is an independent public company quoted on the AIM market of the London Stock Exchange

CHAIRMAN’S STATEMENT

Research Now plc celebrates its first full year as a public company with an outstanding set of results. Sales in the year ended 31 October 2006 increased to £9.6m from £3.6m in the preceding year and profit before tax more than trebled to £1.6m from £0.5m.

This level of sales growth has been driven by the continuing adoption by the market research industry of online fieldwork. Research Now has benefited both from this organic market growth and also from increasing its market share. We can now claim to be the leading provider of online fieldwork services in Europe. Having established ourselves as a market leader in Europe, we are now turning our focus to the rest of the world. The dramatic progress of our American business has been very encouraging – we have gone from a standing start at the beginning of the year to 20 people at the time of writing and see good opportunities in the US for our business model. During 2007 we also plan to expand our reach into other territories.

We have also been successful in our aim of continuing to broaden our client base. The number of clients for whom we worked in the year rose to around 300 from 100 in the previous year, and our largest client accounted for only 11% of our turnover.

It is particularly pleasing that we have delivered such strong organic growth at the same time as having implemented a number of key initiatives to drive the future growth of the company:

- we opened offices in USA, France and Germany and significantly expanded our Australian business. Furthermore, all our territories had moved into profit by the end of the financial year
- we established new online access panels in a further 12 countries, bringing our coverage to 20 with more than 1 million active members in total
- we continued to build a top-class management team beneath the executive directors

One of my mantras about our company is that we are first and foremost a people business. We have excellent people who are dedicated to building strong and mutually rewarding relationships with the clients with whom they work. At the time of writing we have 145 staff, compared to 46 in October 2005.

Delivering organic growth at the rate we are experiencing requires great management and a culture that puts clients first. This is one of the key values of our company. So my heartfelt thanks go to all our people across the world that have helped to deliver these outstanding results and make Research Now the great company it is.

We have begun the new financial year very strongly and we have a high level of confidence in the future. We are looking forward to another year of exciting growth.

Geoff Westmore
Chairman
10 January 2007

CHIEF EXECUTIVE'S REVIEW

Overview

The market research industry continues to undergo radical change. Online fieldwork offers researchers a faster, more cost-effective and generally higher quality route to conduct survey research – driving a worldwide trend towards internet-based research data collection.

Research Now was founded to capitalise on this emerging trend. I am delighted to report the past year, our first as a public company, has been a tremendous success, bringing us to the forefront of the European online fieldwork marketplace and indeed our emergence as a global player with intent.

Financial Highlights

Group turnover for the year to 31 October 2006 nearly tripled to £9.61m (2005: £3.63m) and profit before tax more than tripled to £1.63m (2005: £0.52m).

Cash generation before financing rose sharply to £0.89m (2005: £0.43m outflow) with the year end cash position at £2.38m (2005 £1.43m).

Group sales were driven by repeat business to existing clients, representing some 61% of turnover during the year, with the balance coming from new clients. Fuelled by international expansion, the Group also tripled the size of its client base to around 300 clients, from 100 last year. Around 80% of revenues in the year were derived from custom ad-hoc projects, with the remainder being contributed by continuous tracking or 'multi-wave' studies.

Client Service

Research Now prides itself on being a client-focussed company. We are fortunate to serve a wide array of market research agencies, both large and small, aiming to offer a complete solution to their online data collection needs. In line with our sales strategy, our business with small and medium sized MR (market research) agencies grew dramatically during the year, driven by the increasing need for clients in this segment to partner with online data collection specialists. Revenues from small and medium sized MR agencies represented some 55% of Group turnover during the year (2005: 50%).

In addition, we continued to build our business with non-MR agency clients (principally media agencies, advertising agencies, consultancies, international partners and end-corporate clients requiring pure fieldwork services). This segment grew to 20% of Group turnover in 2006 (2005: 12%).

Quality of client service remains a key success factor at Research Now. Our clients expect their fieldwork suppliers to deliver high quality results, on-time, every time. This remains our key operational focus.

International Growth

At the beginning of the year Research Now was essentially a European data collection business, with particular strength in our home UK market. During the past 12 months we have spread our wings internationally, opening client service offices in the US, Germany and France to complement our existing presence in the UK and Australia. By year end all of our new business units were profitable, serving a genuinely global client base from our delivery hubs in London, Athens, Sydney and San Francisco. We currently have 10 offices internationally.

Similarly, the Group expanded the scale and reach of its proprietary online access panels. At the beginning of the year, Research Now owned eight panels, spanning the “big five” European economies (UK, Germany, France, Italy and Spain) plus Austria, the Republic of Ireland and Australia. In response to client demand, the Group launched a further 12 panels during 2006, covering the Nordic Region and selected markets in Eastern Europe, Southern Europe and the Low Countries. Our 19 panels in Europe now provide us with greater reach than any of our quoted competitors – offering clients an unparalleled “one stop shop” solution for survey fieldwork across Europe.

People

In this business, as in any other, delivering superior financial results is built upon the hard work of many people. I would like to thank all our employees for their continued passion and commitment over the past year, enabling us to deliver quality service to our clients across the globe, around the clock. Rapid growth brings with it considerable challenges, but the team at Research Now is well set to build upon the progress made in the past year. I am proud to be the CEO of such a talented group.

Outlook

We look forward to leveraging our global capabilities and the favourable market environment for our online proposition continuing, with a view to delivering substantial profitable growth in 2007 and beyond.

Chris Havemann
Chief Executive
10 January 2007

FINANCIAL REVIEW

Results for operations

The Group achieved sales of £9,613,000 (2005: £3,639,000) and operating profits of £1,569,000 (2005: £510,000).

Sales growth in successive half years is as follows:

Half Year Ending	Unaudited £000
April 2005	1,259
October 2005	2,380
April 2006	3,531
October 2006	6,082

Gross margins improved to 80.7% (2005: 80.3%) due to the reduction in work commissioned from other panel providers and efficiency gains.

The main elements of administration expenses are as follows:

	2006 £000	2005 £000
Staff costs (excluding non-executive directors)	3,832	1,430
Depreciation and panel amortisation	774	319
Other overheads	1,580	664

Staff numbers have risen during the year and staff costs as a percentage of turnover have increased to 39.9% (2005: 39.3%).

During the year the Company invested £736,000 (2005: £543,000) in new panellists. Such amounts are written off over the first twelve months and the asset at year end of £388,000 (2005: £258,000) is treated as a current asset.

Other overheads as a percentage of turnover have fallen to 16.4% (2005: 18.2%). During the year there was an increase in trade marketing and costs associated with becoming and being a public company. The Group opened offices in Paris, Hamburg, Frankfurt, New York, San Francisco, Chicago, Sydney and Melbourne during the period. The board constantly seeks internal efficiencies consistent with the growth of the business.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

The company calculates EBITDA as follows:

	2006 £000	2005 £000
Operating profit	1,569	510
Add back:		
Depreciation and panel amortisation	774	319
EBITDA	2,343	829

As such the Company achieved an operating margin of 16.3% (2005: 14.0%) and an EBITDA margin of 24.4% (2005: 22.8%). Such margins reflect the higher margins being achieved by the UK business being offset by the costs of operations and panels in the start-up territories in which we operate.

Taxation

The Group had a taxation credit for 2006 of £151,000 (2005: £nil). This credit is comprised of an exceptional deferred tax credit of £248,000, partly offset by tax on UK profits of £15,000 and tax on overseas profits of £82,000. The low tax charge in the year is as a result of brought forward losses utilised against UK profits in the year. The Group has a further £2,019,000 of losses carried forward.

Working Capital

At 31 October 2006, the Company had cash of £2,381,000 (2005: £1,428,000). The Company has no debt. At the end of the financial year the Company had net current assets of £3,768,000 (2005: £2,260,000).

During the year the Company had cash inflows from operating activities of £1,366,000 (2005: £249,000 outflow). This inflow comes despite the investment in new panellists during the year of £736,000 (2005: £543,000). In addition there were capital expenditures principally on computer equipment and new office space of £538,000 (2005: £196,000).

Pensions

The Company does not operate a defined benefit pension scheme and therefore at present there are no circumstances in which the Company will face a future pension liability.

Financial Instruments

During the year, the Company's financial instruments comprised cash and various items such as trade creditors that arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations. The Company's policy is, and was throughout the year under review, not to trade in financial instruments.

Chris Havemann
Chief Executive
10 January 2007

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2006**

	Notes	2006 £000	2005 £000
Turnover	3	9,613	3,639
Cost of sales		(1,858)	(716)
Gross Profit		<u>7,755</u>	<u>2,923</u>
Administration expenses		(6,186)	(2,413)
Operating Profit		<u>1,569</u>	<u>510</u>
Interest receivable		58	15
Interest payable		-	(1)
Profit on ordinary activities before taxation		<u>1,627</u>	<u>524</u>
Taxation		151	-
Retained profit for the year		<u><u>1,778</u></u>	<u><u>524</u></u>
Basic earnings per share	4	13.7p	5.5p
Diluted earnings per share	4	12.9p	5.2p

The operating profit for the year arises from the Group's continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 OCTOBER 2006**

	Notes	2006 £000	2005 £000
Profit for the financial year		1,778	524
Currency translation losses on foreign currency net investments		(58)	-
Total recognised gains and losses		<u><u>1,720</u></u>	<u><u>524</u></u>

CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER 2006

	Notes	2006 £000		2005 £000
Fixed Assets				
Tangible assets		548		178
		<u>548</u>		<u>178</u>
Current Assets				
Stocks		43	37	
Debtors		3,977	1,663	
Cash at bank and in hand	7	2,381	1,428	
		<u>6,401</u>	<u>3,128</u>	
Creditors: Amounts falling due within one year		<u>(2,633)</u>	<u>(868)</u>	
Net current assets		3,768		2,260
Total assets less current liabilities		4,316		2,438
Capital and reserves				
Called up share capital		260		258
Share premium		1,895		1,772
Profit and loss account		2,185		465
Other reserve		(24)		(57)
Shareholders' funds		4,316		2,438

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2006**

	Notes	2006 £000	2005 £000
Cash flow from operating activities	5	1,366	(249)
Returns on investments and servicing of finance	6	58	14
Taxation		-	-
Capital expenditure and financial investment	6	(538)	(196)
Cash inflow / (outflow) before financing		886	(431)
Financing		125	1,797
Increase in cash in the period	6	1,011	1,366

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2006 £000	2005 £000
Increase in cash in the period	1,011	1,366
Other non-cash changes	(58)	-
Movement in net funds in period	953	1,366
Net funds at 1 November 2005	1,428	62
Net funds at 31 October 2006	2,381	1,428

NOTES TO THE ACCOUNTS

1. Publication of non-statutory accounts and basis for preparation

The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 Companies Act 1985. The figures for the years ended 31 October 2005 and 2006 have been extracted from the audited statutory accounts. The statutory accounts for 2006 will be delivered to the Registrar of Companies in due course. The accounts for both years ended 31 October 2005 and 2006 received an unqualified auditors' report which did not contain a statement under section 237 (2) or (3) Companies Act 1985.

2. Availability of accounts

Once finalised, a copy of the report and accounts will be circulated to all shareholders and copies of this report made available from the Company's head office, 66 South Lambeth Road, London SW8 1RL.

3. Segmental analysis

The Company's turnover and profit before taxation were all derived from its principal activity.

Analysis by geographical market:

	Net Assets		Turnover		Profit before taxation	
	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000
United Kingdom	4,410	2,438	7,951	3,639	1,620	524
USA	103	-	1,039	-	195	-
Other	(197)	-	623	-	(188)	-
	<u>4,316</u>	<u>2,438</u>	<u>9,613</u>	<u>3,639</u>	<u>1,627</u>	<u>524</u>

4. Earnings per share

	Profit for the year £000	Weighted average number of shares	2006	Profit for the year £000	Weighted average number of shares	2005
			Pence per share			Pence per share
Basic earnings per share	1,778	12,971,111	13.7p	524	9,481,584	5.5p
Earnings attributable to ordinary shareholders						
Dilutive effect of securities: Share options		781,253			560,705	
Diluted earnings per share		<u>13,752,364</u>	12.9p		<u>10,042,289</u>	5.2p
Adjusted basic earnings per share			11.8p			5.5p
Adjusted diluted earnings per share			11.1p			5.2p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, determined in accordance with the provisions of FRS 22: 'Earnings per share'.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all the potentially dilutive ordinary shares, these being share options granted where the exercise price is less than the average price of the Company's ordinary shares during the year.

Adjusting the 2006 profit attributable to shareholders for the exceptional tax deferred tax credit of £248,000 would result in a basic earnings per share of 11.8p and a diluted earnings per share of 11.1p. There is no adjustment to the prior period.

5. Reconciliation of operating profit to net cash flow from operating activities

	2006 £000	2005 £000
Operating profit	1,569	510
Depreciation	168	34
Amortisation of panel expenditure	606	285
Amortisation of share options	33	8
(Increase) in stocks	(6)	(34)
(Increase) in debtors	(1,936)	(1,150)
(Increase) in panel expenditure	(736)	(543)
Increase in creditors	1,668	641
Net cash flow from operating activities	<u>1,366</u>	<u>(249)</u>

6. Reconciliation of cash flows for headings netted in the cash flow

	2006 £000	2005 £000
Returns on investments and servicing of finance		
Interest received	58	15
Interest paid	-	(1)
Net cash inflow from returns on investments and servicing of finance	<u>58</u>	<u>14</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(538)	(196)
Net cash outflow from capital expenditure and financial investment	<u>(538)</u>	<u>(196)</u>
Financing		
Receipts from issue of equity shares	125	2,618
Equity share issue expenses	-	(756)
Purchase of own shares	-	(65)
Net cash inflow from financing	<u>125</u>	<u>1,797</u>

7. Analysis of net funds

	At 1 November 2005 £000	Cash flow £000	Other non cash changes £000	At 31 October 2006 £000
Cash in hand, at bank	1,428	1,011	(58)	2,381
Total	<u>1,428</u>	<u>1,011</u>	<u>(58)</u>	<u>2,381</u>

- ENDS -