

YouGov

Understanding People



Annual Report
and Accounts 2006

Companies House: 03607311

YouGov is a research company using online panels to provide research for public policy, market research and stakeholder consultation.

www.yougov.com

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A busy year for us

YouGov Middle East

The success of operations in the Middle East has led to £4.6m of revenues in its first 12 months of operation and a profit before tax of £2.0m.

Superbrands

YouGov undertook the research for the 2006 GB Superbrand Consumer Election study. More than 2,000 consumers were asked to evaluate Superbrands over several criteria including Superbrands that best represent Britain, favourite Superbrand and those which would be missed if no longer around.

BrandIndex

BrandIndex was launched in October 2005. The Board is pleased with the performance of BrandIndex since its launch and are considering internationalising the product.

YouGovExecution

YGX provides primary research for the investment community. The joint venture is profitable after 6 months of operation.

And for BrandIndex

Last year McDonalds' corporate reputation was suffering from concerns over childhood obesity and the effect of Morgan Spurlock's Supersize Me. However, BrandIndex shows that McDonalds' new emphasis on healthier options in their menus, offering salads, deli sandwiches and giving away free step-o-meters is gradually rehabilitating the fast food chain.

From a corporate reputation of minus 65 last November, McDonalds have significantly improved their corporate rating to minus 48. Fast food restaurants overall have low corporate ratings on BrandIndex, but McDonalds' new approach seems to be working.

Magners Irish Cider has come from nowhere. In the early months of BrandIndex Magners barely registered in the survey, with often less than 1% of people expressing an opinion on the brand.

In March the cider reached a tipping point as a major advertising campaign started and it began to be distributed outside London and Scotland, the two areas where it had initially launched in 2005. Suddenly people started talking about it. Magners' net 'buzz' has risen from +1 in March to +8 now. In a matter of months Magners has gone from obscurity to be a leading cider brand.

Carphone Warehouse's launch of free broadband internet access for customers of their TalkTalk telephone service earlier this year transformed the broadband market in the UK and sent prices tumbling.

From being just a minor player amongst the Telecoms brands, TalkTalk's 'buzz' rating shot up to +17, while their value rating rose from +1 to +10, far above their competitors.

Since then rivals like Orange and Sky have launched their own versions of 'free' broadband, but as yet TalkTalk continue to hold the reputation for value.

One of last year's biggest climbers on BrandIndex, Innocent, have benefited from the declining reputation of fizzy drinks and unhealthy snacks. Across the confectionery and non-alcoholic drink sectors brand perceptions have been falling amidst concern over health and obesity. At the same time, fruit drinks, bottled waters and organic snacks have all been rising.

One of the biggest stars was Innocent smoothies. Their index score had risen from +8 last autumn to +14 this spring, and a recent ad campaign has seen them continue to rise.

Financial Highlights

The key performance indicators used by the directors to manage the business and assess progress against their stated objectives and strategies are illustrated below.

Turnover £'000

Revenues have consistently grown since 2002. Revenue in 2003 includes a one-off contract with Endemol. 2006 saw a substantial increase because of the success of the Middle East operations and the continual growth of the UK operations.

Operating profit £'000

Operating profit has increased over the 5 year period. In 2003, the Endemol contract was highly profitable.

Headcount

Headcount has increased steadily over the last few years, but grew substantially in 2006. We have recruited aggressively over the last 12 months. The acquisition of Siraj added 7 additional employees on 30 July 2006.

Revenue per head £'000

Revenue per head is a key measure of cost control and margin maintenance as staffing is the single biggest cost to the Group. The steady state of this ratio is testament to good cost control and also the ability of the Company to generate additional revenues.

Earnings per share pence

Earnings per share is calculated by dividing profit on ordinary activities after taxation by the weighted average number of shares in issue during the period.

Flotation objectives

Introduction

The 2005/06 financial year has been an important one for YouGov. The UK business continues to perform well and we have seen our operations in the Middle East go from strength to strength. During the year we have delivered against the strategy of developing new products and growing the business through selective acquisitions and joint ventures that we set out at the time of our IPO in 2005. We have developed and launched the new and revolutionary brand tracker, BrandIndex, set up a profitable joint venture, YGX, with Execution Limited and completed our first acquisition, Siraj, a market research agency in Dubai.

Financial performance

The financial performance of the Group remains strong. Sales have more than tripled to £9.47m (£2.94m in 2004/05). Operating profit quadrupled from £0.96m to £3.86m, a growth rate of 302%, and profit before tax grew from £1.0m to £4.05m. The UK operations continue to grow strongly, with reported growth at 65% against the online research sector growth of approximately 25%. Middle East has performed strongly in the year, and has contributed more than half of the Group revenue and profit.

Bespoke revenue forms the largest element of our revenue at 78% (2005: 61%), with omnibus revenues at 20% (2005: 39%) and syndicated revenues at 2% (2005: 0%).

The business continues to be highly cash generative, and during the year operations generated £1.75m in cash. The cash position at the year end was £5.5m and net assets were £6.77m.

The directors are not recommending the payment of a dividend, which is consistent with statements made both at the time of flotation and in subsequent financial reports. This reflects the high-growth nature of the Group and the numerous opportunities that the Board has identified for further development.

Operational highlights

YouGov has achieved a great deal during the year and the speed and accuracy of the Group's full service online research offer continues to underpin YouGov's competitive advantage. This is reflected in the strength of client relationships, the high level of repeat business and the good new business performance during the year. What is perhaps most pleasing is that the growth in the UK, international expansion and new product development, all demonstrate the scalability of the YouGov model.

UK business

Continual track record for accuracy

YouGov maintained its record for producing accurate surveys when it predicted that David Cameron would defeat David Davis by 67% to 33% in December 2005 in the contest for the leadership of the Conservative Party. The actual result was Cameron 67.6%, Davis 32.4%. By continuing to maintain our reputation for accuracy we believe that we have not only advanced YouGov's cause, but gone further to extinguish scepticism towards well-constructed online research.

Chairman's Statement

Peter Kellner
Chairman

What is perhaps most pleasing is that the growth in the UK, international expansion and new product development, all demonstrate the scalability of the YouGov model.

Scottish Widows

'YouGov's research ensures that Scottish Widows is seen to be at the forefront of current thinking on pensions. The UK Pensions Report has particular credibility both because of the size of the sample for the survey and because of the amount of extra information and analysis that accompanies the Index and Ratio figures.'

Ian Naismith, Scottish Widows

Chairman's Statement continued

The Board is confident of the future of BrandIndex and is carefully considering the international roll-out of the offering.

UK trading

The UK operations have grown such that we now offer a daily omnibus service to customers. This means that customers can access a nationally representative sample of the UK population every working day.

Revenues from our omnibus operation have grown from £1.1m to £2.0m, reflecting the move in April from a twice weekly omnibus to a daily operation.

The growth of our bespoke revenue stream in the current year indicates our commitment to being a high-quality online full service agency. Key projects in the year were undertaken for P&O, Scottish Widows and Carphone Warehouse.

BrandIndex

The formal launch of BrandIndex took place on 24 October 2005. Presentations were held on 5 nights at the Audi Forum on Piccadilly, London. This allowed interested parties to see the BrandIndex product and to discuss the benefits with the BrandIndex team.

BrandIndex provides daily tracking of 1,149 consumer brands, in 32 sectors, across 7 different measures of brand perception. The product, which is available via an easy-to-use online tool, is aimed at CEOs, finance directors, brand managers and the research community as well as the financial community.

We are extremely pleased with our customers' response to BrandIndex. We have sold subscriptions to a number of household names. BrandIndex is based on YouGov's proprietary technology and panel expertise, and as such did not involve significant up front capital expenditure; it is also highly operationally geared. We have considered the other subscription-based offerings available in the market, and believe that BrandIndex is a unique product that offers its users a revolutionary service. The Board is confident of the future of BrandIndex and is carefully considering the international roll-out of the offering.

Panel expansion

Our proprietary panel continues to be at the heart of YouGov's work. Our respondents are recruited to enable YouGov to draw representative research samples. During the course of the year the number of panel members, for whom YouGov had extensive demographic information, grew to 107,000. We also increased the panel in the Middle East to 35,000 and are developing our other smaller panels in North America, Canada, and Germany. The Company has devoted, and will continue to devote, substantial resources to maintaining and expanding our panels.

YouGovExecution

One of the first sales of BrandIndex was to the stockbroking house, Execution Limited. Execution's analysts were convinced of the value of the data generated by BrandIndex, particularly in relation to equity prices and as a result, we established a 50:50 joint venture, called YouGovExecution Limited (YGX) in February. YGX provides primary research to the investment community. YouGov brings the market research know-how and consumer panel to Execution, who can then assess the consumer-facing strategies of CEOs of listed companies.

The business has performed strongly since the outset and has started to contribute to the Group's result.

YGX provides primary research to the investment community.

YouGov Middle East

YouGov Middle East FZ LLC has continued to perform strongly. Contracts have been secured with a range of clients including PR companies, governmental organisations, media partners and large multinational companies with operations in the area. We have continued to invest in our people in the Middle East and have increased the head count from 5 to 18 at 31 July 2006. The panel has increased substantially to 35,000 participants across the Middle East.

The move into the region was consistent with our prudent approach of entering new markets alongside an established client. We entered the Dubai market, having undertaken an ad-hoc project for a UK customer, HSBC, to build a specialist panel of businessmen and businesswomen across the Middle East to establish the first Middle East Business Confidence Index. On the back of our success in the local area, we established a subsidiary that was financially backed by local partners and of which YouGov holds 78%.

Siraj

Siraj, the Dubai based marketing and research boutique, was acquired by YouGov Middle East on 30 July 2006. Total consideration was £1.3m, of which £365,000 is deferred. Siraj is a traditional market research agency, offering qualitative and quantitative market research to a host of blue-chip clients. Siraj generated revenues of £0.56m in the 10 months to 31 July 2006 and profits of £0.11m.

This is a highly complementary acquisition, adding significantly to YouGov's position as the fastest growing market research agency in the Middle East. There is a clear strategic and logical rationale for this acquisition which will allow us to provide a full range of complementary services to the Group's growing client base in the region.

Future development

Products

Consistent with our organic growth strategy, YouGov has successfully launched BrandIndex and is working closely with YGX to generate new daily trackers. We are actively considering the global offering of the BrandIndex product and are seeking partners to support us in this venture.

Overseas expansion

YouGov continues to look at ways to grow the business internationally and are currently looking at a number of markets. We also seek to expand our presence in the Middle East and are considering setting up new offices in Saudi Arabia. We intend to launch BrandIndex into the Middle East within the next 12 months. Consistent with YouGov's historic approach to international expansion, any organic, joint-venture or acquisition driven expansion is subject to strict operational and financial criteria.

Acquisitions

The Board is continually assessing companies operating in the market research sector, to identify those with the most logical, commercial fit with YouGov. In addition to meeting our strict financial measures (payback within seven years, earnings enhancing in the first full year of ownership and positive net present value), any acquisition must meet the following three criteria:

1. Expertise and track record within specific sectors;
2. The Company will benefit from being part of a larger group; and
3. It will help YouGov Group continue to build a full service agency based on our core strength of online panel-based research.

P&O Cruises

'By adopting an online approach for our study of the UK cruise market we have been able to significantly improve our sample sizes, and thus the quality of the results, without a significant increase in cost. YouGov have handled this complex project very effectively.'

Christopher Gale, Planning Manager,
P&O Cruises

Chairman's Statement continued

Prospects and outlook

ESOMAR currently estimates that the global market for research market is worth \$23.3bn in 2006, an increase from 2005 of 5.7%. Of this, \$2.4bn arose in the UK, up 2.8% compared with 2005. The UK online market is valued at \$137m (36% growth compared to 2005).

The current financial year has started well across the business and trading is in line with the Board's expectations. In the UK, we continue to see strong demand for sensibly priced, accurate and timely online market research and the Board believes that we are well positioned to capitalise on this trend. The Middle Eastern business is going from strength to strength, the integration of Siraj is going to plan and we are already beginning to see the benefit of this acquisition coming through. YouGov's strategy is to continue to expand by a combination of organic growth and selective acquisitions. We will continue to grow our client base, expand our product offering, expand our geographical reach and grow our panel. As a result, the Board is confident of another successful year both financially and operationally.

Management and staff

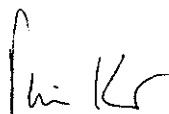
We continue to acknowledge that the success of our business relies heavily on the ability and dedication of our key staff. We have grown our staff numbers from 25 to 59 (of which 18 are in the Middle East operations). We regard our staff as one of our greatest assets, and are happy to report that staff turnover remains extremely low.

Board of Directors

YouGov is growing rapidly and as a result the Board and I believe that it is necessary to put in place a management structure that will support the capacity to drive and manage the Group's ambitions. It is proposed that the plc Board should be supported by an operational board made up of the executive management team and the heads of the UK and Middle Eastern operations. Over time, new country or regional heads could be added to the operational Board. We would also like to take this opportunity to make the plc Board more compliant with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice and as a result we have appointed head hunters to recruit an independent non-executive chairman.

Once a chairman has been appointed I shall assume the role of President and remain as a non-executive director. This will enable me to continue working with media, political and other clients, and to continue to represent YouGov in the media and at academic and other conferences. It will also allow me to take on the added responsibility of developing the Group's methodologies and output in the rapidly changing market research sector.

I believe this evolution of my role comes at the right time both for me and for the Company. YouGov has grown considerably in the last 5 years. Turnover has tripled in the last year and demand for online research continues to grow. To ensure that we are able to capitalise on the opportunities that are available to us the management structure must evolve too and I am delighted to accept the Board's invitation to become President and look forward to working with my colleagues to grow the business in the future.



Peter Kellner
Chairman

Operating and Financial Review

Operating review

The Board has had full regard to the requirements set out in the Operating and Financial Review Regulations 2005 in preparing this report.

The business, its objectives and strategy

YouGov plc carries out online research using proprietary software to produce accurate market research, political and media opinion polling, and stakeholder consultation. The use of internet-based research enables YouGov to provide accurate research using large sizes while keeping costs lower than traditional research companies that use telephone and face-to-face interview techniques.

Our business objectives are as follows:

- To continue to provide a reasonably priced, accurate, first-class service to our current customer base.
- To expand our offering to new clients within new business sectors.
- To roll-out new products and services.

This will be achieved by a constant commitment to our strategy. The Board believes that it is well positioned to make the YouGov Group a market-leading research agency by developing the existing business and creating new products. The directors will focus on increasing revenue streams in specific industry sectors. We will recruit the best minds, and apply cutting-edge technology to support this growth. The directors also plan to adopt a strategy of making targeted acquisitions of successful competitors, in particular where these companies have expertise and depth of knowledge within a specific industry area which will extend YouGov's capability in target areas for growth. Significant parts of the acquired businesses will be moved to YouGov's business model and the existing staff will be retained for their sector expertise.

Review of operations

YouGov's business performance throughout the year has been extremely strong.

During the period under review we have seen a substantial move by our more traditional competitors to an online methodology. We still retain competitive advantage as we are first to market and are the sector innovators. We also have lower overheads than our competitors.

The profile of the YouGov brand and trademark continues to obtain substantial media coverage. We are the most quoted market research agency. Our brand is strong and we strive to protect it.

YouGov has out-performed the FTSE SmallCap sector in the period since flotation, reflecting our increased profile and the expectations of the market, see diagram on page 9. YouGov has seen an increase in the share price since flotation from £1.35 to £1.70 at 31 July 2005 and to £4.90 at 31 July 2006, a 188% increase in the year.

A comparable calculation of earnings per share has been reflected in the financial statements and our earnings per share has increased from 5.8p per share to 22.4p per share since last year, reflecting a 286% increase, demonstrating the success of the Board's growth strategy.

Our business, as any other, faces substantial risks, which the directors work hard to mitigate and address. As a leading online market research business, we are dependent upon the success of our technological investment and our ability to adapt to technological change. In relation to our political polling, the high profile nature of this work requires us to stake our reputation on the work that we perform. We operate under the requirements of the British Polling Council and Market Research Society and maintain high standards in the work that we perform.

Katherine Lee
Chief Financial Officer

Operating and Financial Review continued

YouGov has a number of core competencies, including the talent of its leadership team, our corporate reputation and the prominence of our brand. We retain substantial intellectual capital, not only in terms of our unique technological solutions, but also in the patent which we so successfully preserve.

We maintain an ongoing programme of research and development and investment in the intellectual capital. We protect our intellectual capital by using copyrights and trademarks. The directors have agreed that research and development continue to be a priority.

Accounting policies

We apply a suite of regular accounting policies to assist us in reporting our financial position and results. Accounting policies are discussed in more detail on page 22.

Financial Review

At present our treasury policy is to maximise interest on deposits. We have recently renegotiated our rates with our bankers.

The business remains highly cash generative. In the current year, operations generated £1.75m in cashflow.

Turnover

Revenues have more than trebled from £2.9m to £9.5m in the year (a 227% increase). Growth has occurred across all segments with the UK exceeding prior year growth rates of 48%, by posting growth rates of 65%. The core UK operations have benefited from the launch of BrandIndex, an increase in average project size and the strong performance of the daily omnibus. The Middle East operations have exceeded management expectations at the commencement of the investment: sales of £4.6m have been posted in the last 12 months, with strong profit margins.

We are happy to report £95,000 of revenue arising from our joint venture, *YouGovExecution Limited*, which was constituted in February 2006.

The revenue increase between 2004/05 and 2005/06 has been driven by the constant application of our committed strategy, despite reports of changing market conditions in the market research sector. We estimate that online spend increased by up to 36% (compared with 2004/05) for bespoke research to approximately £150m (estimated). YouGov has capitalised on this pattern of growth by focusing on organic growth to maximise key revenue streams: Omnibus revenues have increased by 78% to £1.96m from £1.1m in 2005. We have seen an increase in the average value per project for bespoke work. We have continued to see clients commission a higher number of larger value projects through new clients including Costa Coffee, P&O Cruises, and McDonalds. The operating margins are 41% compared with 34% in 2004/05. This demonstrates that there is robust operation driving the successful growth in sales.

Costa Coffee

A monthly survey is undertaken to assess the 'Customer Satisfaction' levels of recent users of Costa and their key competitors.

'YouGov's methodology and approach has allowed us to track our position against our competitors on a more consistent level and much more regularly than ever before.'

David Hutchinson, Marketing Director,
Costa Coffee

Margins – profit before tax

YouGov continues to generate strong margins for all of its operations. The UK has improved margins from 33% to 39%, primarily because of the increased frequency of larger projects, and the careful management of our fixed costs.

In the Middle East, margins are 42% reflecting the high quality of contracts won by our talented team and the lower cost of operations in the Middle East.

YouGovExecution Limited showed a small profit of £9,000 or 10% margin after only 6 months of trading.

Overheads have increased on a like-for-like basis from £1.5m to £3.5m reflecting an increase in head count from 25 to 59 in the year.

Taxation

Taxation reflects charges at the effective rate of 30% for UK operations.

Balance sheet

Fixed assets have increased, reflecting an ongoing investment in infrastructure. Intangible fixed assets of £1.2m represents the goodwill paid for the acquisition of Siraj. The Group's share of net assets of YouGovExecution is £110k.

Trade debtors have increased substantially, contributing £3.5m to total Group debtors. This reflects the substantial year-on-year increase in revenues. Debts remain well managed and represent 90 debtor days (2005: 80 days) reflecting slower payment terms in the Middle East.

The cash position of the business has increased and the Group now has access to £5.5m.

Group creditors have increased by £1.9m which is indicative of the additional costs the business is incurring as it expands. The Group has a deferred liability of £365k in relation to the acquisition of Siraj.

Net assets

The UK operations have increased net assets from £3.7m to £4.9m. Middle East operations posted net assets of £1.9m. This results in Group net assets of £6.8m.

Cash flow

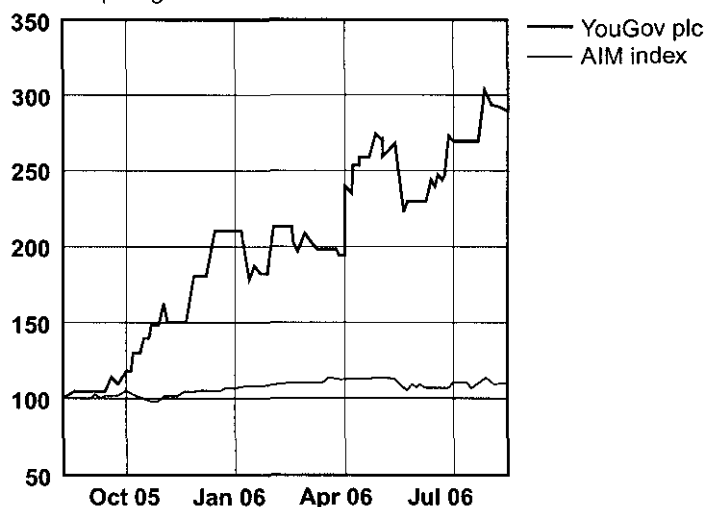
The business continues to be cash generative, and the Group generated cash flows of £1.75m from operating profits of £3.9m. We have invested in our working capital during the year, and have made a £0.8m cash payment to purchase the assets and trade of Siraj Marketing and Research Consultancy.

International Financial Reporting Standards

The directors are aware that the Company has passed the transition date for reporting comparative figures under International Financial Reporting Standards (IFRS). The audit committee has a carefully defined plan to manage the implementation of IFRS.

Shareholder return

YouGov plc is one of the best performers on AIM according to IBIS Capital, writing in Marketing Week. This is borne out by the outperformance of YouGov plc against the AIM index.



Katherine Lee
Chief Financial Officer
9 October 2006

Questions and Answers

Nadhim Zahawi
Joint Chief Executive Officer
and Co-founder

How would you summarise the achievements of 2005/06?

So much has happened this year! We've had a number of high profile achievements; the launch of BrandIndex, setting up our JV, YGX and the growth of the Middle East operations are key strategic moves for us, and reinforce the core offering of the UK operations. The acquisition of Siraj at the end of the financial year brings a wealth of qualitative Arabic experience to our team. We should not forget the success of the UK operations which have continued to grow substantially ahead of the market trend.

It has given us great confidence that the model translates well overseas and now has proven scalability.

What has been the most exciting development?

For me, BrandIndex is the defining development for the Group and for the industry as a whole. What we set out to do with YouGov 6 years ago was to replicate the current market offering, using an online methodology. What BrandIndex does is change this offering, going beyond that mere transference from a conventional to an online platform. This product does something that traditional market research agencies cannot offer: daily tracking data on 1,149 consumer brands, using 7 different measures. With its simple online reporting tool, BrandIndex puts meaningful, continuous data directly into the hands of those who need it most: CEOs, brand managers, corporate affairs directors, as well as the research department. BrandIndex changes the boundaries.

Stephan Shakespeare
Joint Chief Executive Officer
and Co-founder

How are you differentiating from the established businesses?

YouGov is true to its core premise, which is offering good value, accurate market research on a timely basis. We make sure that across the business, these principles are fiercely adhered to.

With daily tracking, we are now in the next phase of market research. We believe that we are at the forefront of innovation in the market research sector. We achieve this by employing smart people and smart technology.

Tell us more about your Dubai operation, how has it taken off?

Our Dubai operation started with substantial start-up costs, which it has repaid within the first few months of operation. Revenues and profits are of good quality and we are investing in high calibre staff members and also in panel development.

We have rolled out the YouGov model in the Middle East by securing strong media partners, with a key focus on brand development.

What can you tell us about your joint venture with Execution, YGX?

Both YouGov plc and Execution Limited contributed £100,000 to the joint venture. We seconded two of our best people, one from each venture. Their remit is to provide primary research to the investment community. The uptake from clients has been great and we have had to recruit more staff members. The operation became profitable in the first few months of operation. There aren't too many start-up operations with that achievement. We have put together 2 smart sets of individuals, allowed them the freedom to experiment and the result is a cash generative, profitable operation after only 6 months. We think the opportunities within this market place are of the highest significance.

What do you see as key market drivers?

Market research is driven by consumer confidence and the general strength of the economy. Some people see it as a 'nice-to-have' product, but others see it as critical to business decisions. The market research industry suffers like all businesses in recessions; however, we have found that when companies seek to commit to innovative strategies, a core foundation to any strategy is a good understanding of the market in which the Company operates. We aim to convert 'nice-to-have' into 'essential' with new products that constantly deliver actionable insight. In some ways, we believe that this makes us recession-proof.

How are the new projects progressing?

At YouGov we never rest in our search for more diverse ways to make our model a continual success. Current projects include further development of BrandIndex, organic growth and various different acquisitions. The key thing is to bring the strengths of our innovations and acquisitions together through our brand and a product stream that works across markets.

What is your outlook for the market research sector?

The sector is going through a seismic shift with online methodology becoming more dominant in quantitative research and new qualitative techniques are being developed. The new look giant of the industry in years to come will not look like the current giants. It will be a company with great technology and great research brains working within a brand that is strong both with the public and the commercial market. How do you access the guy sitting in a park on a device with VOIP in his ear talking to a friend in Beijing over Wimax. It will not be through a CATI centre. That is why you need great technology and great research brains. There will come a time when you will be able to log-on to a system and look at primary data in almost real-time. You can check economic confidence in Chile yesterday or assess Pepsi's brand versus Coca Cola in a region as of yesterday.

What can you tell us about your plans for 2006/07?

We are extremely excited about what the future holds for YouGov. We remain committed to our strategy of becoming *the* global market research agency, by recruiting the best brains and using the smartest technology to take market research to the next level. The next level is changing the frequency of the cycle of market research from monthly or quarterly, to daily, like running water. We consider all opportunities which enable us to achieve this objective.

Board of Directors

Peter Kellner **Chairman**

During the past 30 years Peter has been a columnist on a variety of newspapers, including the Times, Sunday Times, Independent, Observer, Evening Standard and New Statesman. He has also been a regular contributor to Newsnight (BBC2), A Week in Politics (Channel Four), Powerhouse (Channel Four), Analysis (Radio Four) and election night results programmes on television and radio. He has written, or contributed to, a variety of books and leaflets about politics, elections and public affairs. Peter takes an active interest in the day-to-day operations of the business and chairs all Board meetings. Peter graduated from Cambridge with a BA in Economics.

Nadhim Zahawi **Joint Chief Executive Officer and Co-founder**

Nadhim was educated at Kings College School and University College London (BSc.Chem.Eng.) and after graduating worked in Sales and Marketing. Nadhim has specific experience in planning and education consultation, panel recruitment and management. He co-founded YouGov in April 2000.

Katherine Lee **Chief Financial Officer**

Katherine is responsible for the day-to-day financial stewardship of Company resources and facilitates external and internal financial reporting. She previously worked at Grant Thornton UK LLP where she worked in Transaction Services, Corporate Finance. Prior to joining Grant Thornton, Katherine qualified as a chartered accountant with PricewaterhouseCoopers in Sheffield and Leeds before being seconded to Sydney, Australia. Katherine graduated from Sheffield University with a BSc. in Psychology.

Peter Bazalgette **Non-Executive Director**

Peter is Chief Creative Officer of The Endemol Group where he oversees the creation of content across the international television and multimedia production company. He sits on the Endemol Group executive board. He is a former non-executive director of Channel Four Television Corporation. Peter graduated with a BA in Law from Cambridge University in 1976.

Stephan Shakespeare**Joint Chief Executive Officer and Co-founder**

Stephan is responsible for developing new research methodologies. Stephan has an MA in English from Oxford University. He was a headmaster in Los Angeles and a head of special needs in a Lambeth comprehensive. He has written extensively on education policy for a variety of national newspapers. Immediately prior to setting up YouGov, he was a political campaigner.

Panos Manolopoulos**Managing Director**

Panos is responsible for business development and market research services. Panos is a client-focused market research professional, with an established track record in business development, key account and project management, and team leadership. He has previously worked for NOP, Taylor Nelson Sofres (TNS) and set up Lightspeed Research in Europe – the WPP online research agency. He has worked for clients in the Telecoms, IT, Financial, Travel & Leisure, FMCG, Media/New Media, Utilities, Automotive and Consumer Product verticals and has obtained an understanding of the business drivers in these industries.

Anthony Foye**Non-Executive Director**

Tony is Finance Director of T&F Informa plc having joined Taylor & Francis in 1987 as Group Chief Accountant. He was made Finance Director in 1994 and remained in the role following the merger with Informa. Anthony qualified as a chartered accountant with Haines Watts in 1986 and has a BA in Accountancy Studies from Huddersfield Polytechnic.

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 July 2006.

Principal activities

YouGov carries out online research using proprietary software to produce accurate market research, political and media opinion polling and stakeholder consultation. The use of internet-based research enables YouGov to produce accurate research using larger sample sizes while keeping costs lower than traditional research companies that use telephone and face-to-face interview techniques.

Financial summary

The financial summary is discussed on page 8 of the operating and financial review.

Future developments

Future developments are discussed in more detail in the Chairman's report.

Directors

Directors at any point during the year were:

Peter Kellner
Stephan Shakespeare
Nadhim Zahawi
Katherine Lee
Panos Manolopoulos
Peter Bazalgette
Anthony Foye

All directors served throughout the year.

Directors' interests in shares

The interests of the directors in the shares of the Company at 31 July 2006 and 31 July 2005 were as follows:

	31 July 2006 Number of shares	31 July 2005 Number of shares
Stephan Shakespeare ¹	2,691,552	3,340,000
Peter Kellner	229,734	497,125
Nadhim Zahawi ²	108,002	108,002
Katherine Lee	10,400	—
Peter Bazalgette	33,667	27,000
Anthony Foye	22,513	16,250
Panos Manolopoulos	—	—

1 Includes 1 Ordinary Share held by Stephan's wife, Rosamund

2 Includes 108,000 Ordinary Shares held by Nadhim's wife, Lana Saib.

Directors' interests in share options

Name	Number of ordinary shares under option	Exercise period	Exercise price
Peter Kellner	379,747	Until 4 June 2013	50p
Panos Manolopoulos	226,764	Until 31 December 2014	90p
Katherine Lee	140,000	Until 2015	170.5p and 147.5p
Total	746,511		

Further detail is provided in the remuneration report on page 16.

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Company's business.

Employee involvement

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Employee involvement and communication

Employees are encouraged to own shares in the Company, and 5 employees are shareholders and/or hold options under the Company's share option schemes. Information about the Company's affairs is communicated to employees through regular management meetings, our newsletter, intranet and social events.

Policy on supplier payments

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 July 2006 the number of days credit taken for purchases by the Company was 36 days (2005: 67 days).

Substantial shareholders

At 31 July 2005 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Name	Shareholding	%
Directors	3,095,838	23.16
Balshore Investments	2,509,520	18.77
Rathbones	650,000	4.86
Brewin Dolphin, stockbrokers	597,070	4.47
Liontrust Asset Management	511,205	3.82
Robur	479,750	3.59
Schroder Investment Management	450,000	3.37

Placing of shares

On 14 July 2006, Peter Kellner, Chairman, Stephan Shakespeare, co-CEO and Balshore Investments Limited, a company in which the family of Nadhim Zahawi, co-CEO, is interested, had on that day sold a total of 1,766,347 Ordinary Shares of 1p each at 440p as follows:

Peter Kellner	267,391
Stephan Shakespeare	668,478
Balshore Investments Limited	830,478

The share sales were executed to increase liquidity and satisfy demand for YouGov stock from a number of new and existing institutional investors.

Key performance indicators

Key performance indicators are discussed in more detail on page 2 in the Chairman's Statement.

Financial risks

The financial risks facing the Group are discussed in more detail on page 19.

Social responsibility

The Company recognises the importance of respecting and supporting the communities in which it operates and, thus, improving the positive impact of business in society.

Ethical behaviour

YouGov expects its employees to exercise high ethical and moral standards at all times whilst representing the Company.

The environment

The Company recognises that the wise use of resources delivers both environmental and financial benefits. As part of our overall approach to Corporate Responsibility we aim to promote the maintenance of a healthy environment through responsible and sustainable consumption and production.

Our operations are predominantly office based, and here we try to minimise our impacts where practicable. As part of this policy we:

- ensure that all waste is stored and disposed of responsibly, and recycled where possible;
- comply, where required, with the Packaging (Essential Requirements) Regulations and the Packaging Waste Regulations.

Health and safety

The Company takes all reasonable and practicable steps to safeguard the health, safety and welfare of its employees and recognises its responsibilities for the health and safety of others who may be affected by its activities.

Diversity in the workplace

The Company is committed to providing a working environment in which its employees are able to realise their potential and to contribute to business success irrespective of gender, marital status, ethnic origin, nationality, religion, disability, sexual orientation or age.

Charitable and political contributions

Donations to charitable organisations amounted to £5 (2005: £nil).

Donations to political organisations amounted to £nil (2005: £nil).

Insurance of Company officers

The Company has maintained insurance throughout the year for its directors and officers against the consequences of actions brought against them in relation to their duties for the Company.

Going concern

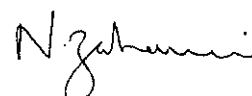
Having made enquiries, the directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors

Grant Thornton UK LLP were appointed auditors on 30 March 2005 in accordance with Section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting on 8 December 2006 to be held at Numis Securities Limited, 138 Cheapside, London, EC2V 6LH.

Annual General Meeting

The Annual General Meeting of the Company will be held on 8 December 2006 at Numis Securities Limited, 138 Cheapside, London EC2V 6LH.



Nadhim Zahawi
Chief Executive officer
On behalf of the Board
9 October 2006

Remuneration Report

The Remuneration Committee comprised at 9 October 2006 the two non-executive directors, Peter Bazalgette and Anthony Foye.

Remuneration Report

A resolution will be put to the shareholders at the Annual General Meeting to be held on 8 December 2006 inviting them to consider and approve this report.

Compliance

The constitution and operation of the Committee is in compliance with the principles and best practice provisions as set out in the Combined Code, and full consideration was given to these in determining the remuneration packages for the executive directors for 2006.

Policy on remuneration of executive directors

The Remuneration Committee reviews the performance of executive directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. In determining that remuneration the Remuneration Committee seeks to offer a competitive remuneration structure to maintain the high calibre of its executive board. The Committee believes that maintaining the Company's business growth and profit record requires an overall compensation policy with a strong performance-related element.

The main components of the executive directors' remuneration are:

1. Basic salary

Basic salary for each director is determined by the Remuneration Committee taking into account the performance of the individual and external market data. The Committee's policy is to review salaries annually.

2. Share options

The Company believes that share ownership by non business owner executive directors strengthens the link between their personal interests and those of the shareholders in respect of shareholder value.

Directors' service contracts

On 18 April 2005 the Company entered into a service agreement with Peter Kellner. The contract provides for Peter to act as the Chairman of the Company, working 4 days a week at a salary of £135,000 per annum. The contract has no fixed term and is terminable by 12 months' notice in writing by either party. Under the contract, Peter is entitled to 25 paid working days holiday each year. He is subject to non-competition covenants for a period of 6 months and non-solicitation covenants for a period of 12 months following termination of his employment with the Company and to a confidentiality undertaking that is without limit in time.

On 18 April 2005 the Company entered into a service agreement with Nadhim Zahawi on terms identical to those of Peter Kellner set out in the paragraph above save that Nadhim was appointed as the Joint Chief Executive Officer of the Company working 5 days a week on a salary of £125,000.

On 18 April 2005 the Company entered into a service agreement with Stephan Shakespeare on terms identical to those of Peter Kellner save that Stephan was appointed as the Joint Chief Executive Officer of the Company working 5 days a week on a salary of £125,000.

On 18 April 2005 the Company entered into a service agreement with Panos Manolopoulos on terms identical to those of Peter Kellner save that Panos was appointed as the Managing Director of the Company working 5 days a week on a salary of £98,777.04 and the contract is terminable by 6 months' notice in writing by either party.

On 25 July 2005 the Company entered into a service agreement with Katherine Lee on terms identical to those of Peter Kellner save that Katherine was appointed as the Chief Financial Officer of the Company. Katherine works 5 days a week on a salary of £85,000 and the contract is terminable by 6 months' notice in writing by either party.

Peter Bazalgette is engaged by the Company as a non-executive director on the terms of a letter of appointment dated 2 March 2005 for an initial fixed term of 3 years and terminable on 30 days' notice from either party. Peter receives a fee of £15,000 per annum.

Anthony Foye is engaged by the Company as a non-executive director on the terms of a letter of appointment dated 1 March 2005 for an initial fixed term of 3 years and terminable on 30 days' notice from either party. Anthony receives a fee of £15,000 per annum.

Save as set out above, there are no existing or proposed service contracts between any of the directors and the Company or any member of the Company.

The total aggregate remuneration (including benefits in kind and pension contributions) paid to the directors by all members of the Company for the year ending 31 July 2006 amounted to £741,000 (2005: £282,000).

No director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant in relation to the business of the Company and which was effected by the Company either: (i) during the current or immediately preceding financial year; or (ii) during any earlier financial year and which remains in any aspect outstanding or unperformed.

Policy on remuneration of non-executive directors

The remuneration of the non-executive directors is set by the Board as a whole.

Directors' emoluments

Directors' emoluments including benefits in kind and pension contributions paid by the Company during the financial year are disclosed below:

	2006 £'000	2005 £'000
Emoluments	741	282
	741	282

Peter Kellner, the Chairman of the Company has share options on 379,747 Ordinary Shares at an exercise price of £0.50 per share. These options were granted in 2003 with a 10 year period and can be exercised at any time within that period.

Panos Manolopoulos, the Managing Director of the Company, has share options over 226,764 Ordinary Shares at an exercise prices of £0.90 per share. The option became exercisable in 4 equal tranches of 56,691 Ordinary Shares. The first tranche became exercisable on 31 December 2004. The other 3 tranches become exercisable on 31 October 2005, 31 October 2006 and 31 October 2007.

Katherine Lee, the Chief Financial Officer of the Company, has share options over 140,000 Ordinary Shares at exercise prices of £1.70 and £1.475 per share. The option became exercisable on 31 October 2005. The other three tranches become exercisable on 31 October 2006, 31 October 2007 and 31 October 2008.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2006 £'000	2005 £'000
Emoluments	175	98

Corporate Governance Report

The Board

At 31 July 2006 the Board consisted of 5 executive directors and two non-executive directors, including a senior non-executive director. The names of the directors and their respective responsibilities are shown on page 16.

The Board operates both formally, through Board and committee meetings, and informally, through regular contact amongst directors. High level decisions on such matters as strategy, financial performance and reporting, dividends, risk management, major capital expenditure, acquisitions and disposals are reserved for the Board or Board committees. For its regular formal meetings, the Board receives appropriate information in advance from management.

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

The Board formally approves the appointment of all new directors. All directors are required to submit themselves for re-election at the first Annual General Meeting following their appointment and subsequent to this at the Annual General Meeting on a rotational basis, which ensures that each director is submitted for re-election approximately every 3 years. Proposals to re-elect directors are set out in the Notice of the Annual General Meeting on page 39.

Board committees

Remuneration Committee – The Remuneration Committee was established at the time of flotation. The composition of the Remuneration Committee is shown on page 16 and the statement of the remuneration policy developed by the Committee and details of each director's remuneration are given within the Directors' Remuneration Report set out on pages 16 and 17.

Audit Committee – The composition of the Audit Committee is shown below. The Audit Committee operates under terms of reference agreed by the whole Board and meets with the auditors to consider the Company's financial reporting in advance of its publication.

Board and committee attendance

The following table sets out the attendance of directors at Board and committee meetings during 2006.

Director	Board meetings	Remuneration Committee meeting	Audit Committee meetings
Maximum	7	1	2
Peter Kellner	7		
Nadhim Zahawi	7		
Stephan Shakespeare	7		
Katherine Lee	7		
Panos Manolopoulos	7		
Peter Bazalgette	6	1	1
Anthony Foye	7	1	2

Shareholder communications

The Board's assessment of the Company's position and prospects are set out in the Chairman's Statement on page 3 and the Operating and Financial Review on page 7.

The executive directors meet regularly with institutional shareholders to discuss the Company's performance and future prospects. At these meetings the views of institutional shareholders are canvassed and subsequently reported back to the Board. The Annual General Meeting is used as a forum for communication with private shareholders.

Compliance with the Combined Code

The Board considers that the Company has worked hard towards compliance with the Combined Code. Full compliance has not yet been achieved and the Board and Audit Committee monitor the Company's compliance on a regular basis. The directors have completed a detailed review of the effectiveness of the systems of internal control, including financial, operational, compliance and risk management. This assessment has resulted in a detailed action plan, which is partially implemented. We continue to work towards full compliance.

Audit Committee

The Audit Committee comprises the two non-executive directors, Anthony Foye (its Chairman) and Peter Bazalgette. All members of the Committee have relevant financial experience due to the senior positions they hold or have held in the past.

The Audit Committee reports to the Board on any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. In particular the Committee is responsible for:

- ensuring that the financial performance of the Group is properly monitored and reported;
- monitoring the formal announcements relating to financial performance;
- meeting the auditors and agreeing audit strategy;
- reviewing reports from the auditors and management relating to accounts and internal control systems; and
- making recommendations to the Board in respect of external auditor appointment and remuneration.

The effectiveness of the internal control systems is under constant review and a formal assessment of internal controls has commenced. The audit committee will monitor implementation of a series of detailed steps to improve the control environment. Although there was no formal internal audit during the year, the accounting functions were subject to periodic internal review.

Key control and procedures

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and delegation of authority.

The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Group and the media sector as a whole along with associated financial risks.

The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures include:

- Detailed budgeting programme with an annual budget approved by the Board;
- Regular review by the Board of actual results compared with budget and forecasts;
- Regular reviews by the Board of year end forecasts.
- Establishment of procedures for acquisitions, capital expenditure and expenditure incurred in the ordinary course of business;
- Detailed budgeting and monitoring of costs incurred on the development of new products;
- Reporting to, and review by, the Board of changes in legislation and practices within the sector and accounting and legal developments pertinent to the Company; and
- Appointing experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance.

Auditor independence

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- Confirmation of the auditors' objectivity and independence in the provision of non-audit services to the Company by the use of separate teams to provide such services where appropriate;
- Discussion with the auditors of a written report detailing relationships with the Company and any other parties that could affect independence or the perception of independence;
- A review of the auditors' own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- Obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Any analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 1 to the accounts.

Risk management

The Board reviews risks facing the business on a regular basis. The following paragraphs demonstrate the key areas of identified risk.

Early stage of development – Although the Company has grown substantially since it was formed 6 years ago, it remains a relatively small company in an early stage of development. The Company faces competition from both large established international companies as well as small local businesses operating in the same sector.

Middle East – We now undertake business in the Middle East region. This exposes the Group to currency risk, inflationary risk and political instability risk. In addition we have a concentration of revenue in a small number of high value contracts. We manage these risks by investing in the local currency of Dubai and by having influential local partners. We keep abreast of the local political situation.

Projected growth – The Company's plans incorporate substantial growth in the coming years. This growth will be in part dependent on the marketing and research budgets of target clients over which YouGov has little control.

Competition – YouGov has developed an internet-based research strategy which other large and established research organisations are also beginning to adopt. Some of these more established research organisations have well developed brands and substantial resources and may be able to use these to compete very effectively in developing online panels and competing software.

Staff – The success of YouGov will be influenced by the recruitment and retention of high calibre staff. Senior staff that manage key client relationships and those with software expertise are particularly important to the continuing development and smooth running of the Company. To mitigate this risk, YouGov is building account and project management teams for key clients and larger research projects. In this way the client relationship and project related knowledge are shared among a number of individuals rather than concentrated with one person.

Acquisitions – The directors plan to expand and develop the business through a strategy of targeted acquisitions. The risk exists that integration of any acquired business will be unsuccessful or that key employees or clients of the acquired business will be lost. Directors will attempt to mitigate this risk by careful due diligence and communication with the clients of target companies. The directors will also seek to communicate YouGov's strategy to staff and ensure that levels of remuneration and benefits are appropriate to retain key employees.

The Company may be unable to agree suitable terms with the shareholders of a target company and be forced to abandon an attempted takeover. This may happen after management have invested significant amounts of time and effort as well as accruing advisers' fees.

Technology and risk – A strong software platform is essential for carrying out online research. This software must be reviewed and updated on a regular basis to ensure that it does not become superseded by newer technologies in other companies. YouGov has sought to remain competitive in this area by recruiting an experienced team of software specialists with responsibility for developing the proprietary software systems. Employees in this area must provide 3 months notice on departure and YouGov has developed a succession planning document with sufficient detail on the structure of proprietary software applications and the IT infrastructure to assist in an orderly transition period in the event of staff leaving. A disaster recovery plan is in place.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors to the Members of YouGov plc

We have audited the Group and parent company financial statements (the 'financial statements') of YouGov plc for the year ended 31 July 2006 which comprise the principal accounting policies, the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

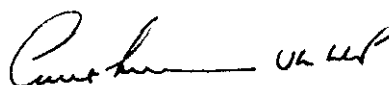
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 July 2006 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 July 2006.



Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London
9 October 2006

Principal Accounting Policies

Basis of preparation

The financial information has been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the Group have been applied consistently in dealing with items which are considered material in relation to the Group's financial information. The policies have remained unchanged from the previous year.

Consolidation policy

The Group reports its interests using the acquisition method of consolidation and combines all of the assets, liabilities, income and expense with the equivalent items in the consolidated financial statements on a line-by-line basis.

The minority interests in the net assets of the consolidated subsidiary are identified separately from the Group's equity and consist of the amount of those interests at the date of the original business combination plus their share of changes in equity since that date.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic and operating policy decisions require the unanimous consent of the parties sharing control. The arrangements the Group has entered into involve the establishment of a separate entity in which case each venturer has an interest. The Group reports its interest using the gross equity method.

Turnover

Turnover is the total amount receivable by the Group for services provided, excluding VAT and trade discounts. Revenue is recognised on the date on which the delivery of findings is presented to a customer.

Where a contract extends over an accounting period, revenue is recognised on a proportion of completion basis. Amounts invoiced in advance are recorded as deferred revenue and are released to revenue upon the stage of completion of the contract.

BrandIndex contracts are for a period of 12 months. Revenue is recognised in equal instalments over the contract.

Polling fees

The Company invites Polling Club members to fill out polls for a cash incentive. Although these amounts are not paid until a predetermined target value has accrued on a Polling Club member's account, an assessment of incentives likely to be paid is made and is recognised as a cost of sale in the period in which the service is provided.

Investments

Investments are included at cost less amounts written off. The carrying value is considered annually by the directors in comparison against the potential net realisable value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their estimated useful economic lives. The rates generally applicable are:

Improvements to leasehold property on a straight line basis	10%
Fixtures and fittings on a reducing balance basis	25%
Computer equipment on a straight line basis	33%
Motor vehicles on a straight line basis	25%

Leased assets – operating leases

Operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leased assets – finance leases

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the inception of the lease or contract. The total finance charges are allocated over the period of the lease or contract in such a way as to give a constant periodic charge on the outstanding liability.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax provision is held at its current value and not discounted.

Retirement benefits

The Company did not operate a pension scheme during the period.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Research and development

Research expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific projects are recognised to the extent that it complies with the requirements of SSAP 13 i.e. when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects. All other development costs are written off in the year of expenditure.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired.

The cost of acquisitions comprises the fair value of the initial consideration, deferred consideration paid or accrued and professional and other costs directly associated with the acquisition.

Amortisation of goodwill occurs over the period in which the investment will generate value. This has been estimated by the Board at 5 years.

Consolidated Profit and Loss Account

For the year ended 31 July 2006

	Note	2006 £'000	2005 £'000
Turnover: group and share of joint ventures		9,567	2,942
Less: share of joint ventures' turnover		(95)	–
Group turnover – continuing operations	1	9,472	2,942
Cost of sales	2	(2,153)	(476)
Gross profit		7,319	2,466
Other operating income and charges	2	(3,466)	(1,505)
Group operating profit – continuing operations		3,853	961
Share of operating profit in joint venture	1	9	–
		3,862	961
Interest receivable		192	51
Interest payable		(1)	(16)
Net interest	3	191	35
Profit on ordinary activities before taxation	1	4,053	996
Tax on profit on ordinary activities	5	(542)	(305)
Profit on ordinary activities after taxation		3,511	691
Minority interests – equity		(521)	–
Retained profit on ordinary activities after taxation and minority interests	20	2,990	691
Basic earnings per share	8	22.4	5.8
Diluted earnings per share	8	21.1	5.5

The Group has no recognised gains or losses other than the profit for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 July 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Intangible assets			
Goodwill	9	1,171	–
Tangible assets	10	158	63
Investment in joint venture			
Share of gross assets		123	–
Share of gross liabilities		(13)	–
	11	110	–
		1,439	63
Current assets			
Debtors	12	3,699	769
Cash at bank and in hand		5,546	3,796
		9,245	4,565
Creditors: amounts falling due within one year	13	(2,796)	(870)
Total assets less current liabilities		7,888	3,758
Creditors: amounts falling due after more than one year	14	(365)	–
Provisions for liabilities	16	(12)	(11)
Minority interests – equity		(743)	–
		6,768	3,747
Capital and reserves			
Called up share capital	17	134	133
Share premium account	18	2,943	2,913
Profit and loss account	18	3,691	701
Shareholders' funds	20	6,768	3,747

The financial statements were approved by the Board of Directors on 9 October 2006



Katherine Lee
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Balance Sheet

As at 31 July 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	10	108	63
Investments	11	106	—
		214	63
Current assets			
Debtors	12	1,534	769
Cash at bank and in hand		5,107	3,796
		6,641	4,565
Creditors: amounts falling due within one year	13	(1,928)	(870)
Net current assets		4,713	3,695
Total assets less current liabilities		4,927	3,758
Provisions for liabilities	16	(12)	(11)
		4,915	3,747
Capital and reserves			
Called up share capital	17	134	133
Share premium account	18	2,943	2,913
Profit and loss account	18	1,838	701
Shareholders' funds		4,915	3,747

The financial statements were approved by the Board of Directors on 9 October 2006



Katherine Lee
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities	19	2,896	1,149
Returns on investments and servicing of finance			
Interest received		181	51
Interest paid		(1)	(16)
Net cash inflow from returns on investments and servicing of finance		180	35
Taxation		(318)	(202)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(806)	—
Purchase of tangible fixed assets		(133)	(28)
Cost of investment in joint venture		(100)	—
Net cash outflow from capital expenditure and financial investment		(1,039)	(28)
Equity dividends paid		—	(436)
Financing			
Issue of shares		1	3,038
Premium on issue of shares		30	—
Cost of issue		—	(306)
Purchase of own shares		—	(167)
Repayment of loans		—	(264)
Net cash inflow/outflow from financing		31	2,301
Increase in cash	21	1,750	2,819

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

1 Turnover and profit on ordinary activities before taxation

Turnover is attributable to market research. An analysis of turnover by geographical market is given below:

	Turnover		Profit before taxation		Net assets	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000	2006 £'000	2005 £'000
UK	4,849	2,942	1,898	961	4,809	3,747
Middle East	4,623	—	1,955	—	1,698	—
Middle East acquisition	—	—	—	—	151	—
	9,472	2,942	3,853	961	6,658	3,747
Common costs			—	—		
Operating profit			3,853	961		
Share of turnover, operating profit and net assets of joint ventures	95	—	9	—	110	—
	9,567	2,942	3,862	961	6,768	3,747
Net interest			191	35	—	—
Group turnover	9,567	2,942				
Group profit before taxation			4,053	996		
Group net assets					6,768	3,747

The profit on ordinary activities before taxation is stated after:

	2006 £'000	2005 £'000
Auditors' remuneration:		
Audit services	29	26
Non-audit services	5	5
Depreciation and amortisation:		
Goodwill	—	—
Tangible fixed assets, owned	34	17
Assets under hire purchase	4	—
Other operating lease rentals:		
Plant and machinery	2	2
Land and buildings	83	53

2 Cost of sales and other operating income and charges

	2006 £'000	2005 £'000
Cost of sales	2,153	476
Other operating income and charges:		
Selling and marketing	347	43
Administrative expenses	2,941	1,367
Establishment costs	178	95
	3,466	1,505

3 Net interest

	2006 £'000	2005 £'000
On other loans	—	(16)
Interest on hire purchase	(1)	—
Other interest receivable and similar income	192	51
	191	35

4 Directors and employees

Staff costs during the year were as follows:

The Group	2006 £'000	2005 £'000
Wages and salaries	1,864	812
Social security costs	187	97
	2,051	909

The Company	2006 £'000	2005 £'000
Wages and salaries	1,614	812
Social security costs	187	97
	1,801	909

The average number of employees of the Group during the year was 42 (2005: 20).

Remuneration in respect of directors was as follows:

	2006 £'000	2005 £'000
Emoluments	741	282

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2006 £'000	2005 £'000
Emoluments	175	98

Notes to the Financial Statements

continued

5 Tax on profit on ordinary activities

The tax charge represents:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	4,053	996
Profit on ordinary activities multiplied by the standard rate of corporation tax in the year	1,216	299
Overseas earnings not assessable to UK corporation tax	(710)	—
United Kingdom corporation tax at 30% (2005: 30%)	506	299
Adjustment in respect of prior period	14	(23)
Expenses not deductible for tax purposes	17	22
Depreciation in excess of capital allowances	4	2
Marginal relief	—	(3)
Total current tax	541	297
Origination and reversal of timing differences	1	8
Adjustment to estimated recoverable amount of deferred tax assets	—	—
Total deferred tax	1	8
Tax on profit on ordinary activities	542	305

6 Profit for the financial year

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £1,680,000 (2005: £996,000).

7 Dividend

	2006 £'000	2005 £'000
Equity dividends:		
'A' Ordinary Shares of 1p	—	200
'B' Ordinary Shares of 1p	—	92
'C' Ordinary Shares of 1p	—	95
'D' Ordinary Shares of 1p	—	49
	—	436

8 Earnings per share

	2006			2005		
	Earnings £'000	Weighted average number of shares	Per share amount Pence	Earnings £'000	Weighted average number of shares	Per share amount Pence
Profit attributable to shareholders	2,990			691		
Basic earnings per share						
Earnings attributable to ordinary shareholders		13,358,157	22.4		11,998,561	5.8
Dilutive effect of securities						
Options		807,986			661,578	
Diluted earnings per share						
Adjusted earnings		14,166,143	21.1		12,660,139	5.5

9 Intangible fixed assets

	The Group		The Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Goodwill	1,171	—	—	—
	1,171	—	—	—

Goodwill

The Group	Goodwill on acquisition £'000	Total £'000
Cost		
At 1 August 2005	—	—
Additions	1,171	1,171
At 31 July 2006	1,171	1,171
Amortisation		
At 1 August 2005	—	—
Provided in the year	—	—
At 31 July 2006	—	—
Net book amount at 31 July 2006	1,171	1,171
Net book amount at 31 July 2005	—	—

No amortisation has been provided on the goodwill acquired in the current year due to the timing of the acquisition.

10 Tangible fixed assets

The Group	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Improvement to leasehold property £'000	Total £'000
Cost					
At 1 August 2005	26	33	—	32	91
Additions	26	63	22	22	133
At 31 July 2006	52	96	22	54	224
Depreciation					
At 1 August 2005	7	14	—	7	28
Provided in the year	9	19	4	6	38
At 31 July 2006	16	33	4	13	66
Net book amount at 31 July 2006	36	63	18	41	158
Net book amount at 31 July 2005	19	19	—	25	63

Included within the NBV of £158,000 was £18,000 (2005: £nil) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets was £4,000 (2005: £nil).

Notes to the Financial Statements

continued

10 Tangible fixed assets continued

The Company	Fixtures and fittings £'000	Computer equipment £'000	Improvement to leasehold property £'000	Total £'000
Cost				
At 1 August 2005	26	33	32	91
Additions	15	41	15	71
At 31 July 2006	41	74	47	162
Depreciation				
At 1 August 2005	7	14	7	28
Provided in the year	6	15	5	26
At 31 July 2006	13	29	12	54
Net book amount at 31 July 2006	28	45	35	108
Net book amount at 31 July 2005	19	19	25	63

11 Fixed asset investments

Total fixed asset investments comprise:

	The Group		The Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Interest in subsidiary	—	—	6	—
Interest in joint venture	—	—	100	—
	—	—	106	—

Interests in subsidiary

At 31 July 2006 the Company had interests in the following subsidiary:

	Subsidiary	Country of incorporation	Class of share capital held	Proportion held		Nature of business
				by parent Company	by the Group	
YouGovM.E. FZ LLC	Subsidiary	United Arab Emirates	Ordinary	78%	78%	Market research

Interests in joint ventures

At 31 July 2006 the Company had interests in the following joint venture:

	Joint venture	Country of incorporation	Class of share capital held	Proportion held		Nature of business
				by parent Company	by the Group	
YouGovExecution Limited	JV	England	Ordinary	50%	50%	Primary research for the investment community

The end of the joint ventures' first reporting period is 31 July 2007. The Group took the decision to include the joint venture in the current reporting period to provide a more accurate reflection of the Group as a whole as at 31 July 2006.

The Group's aggregate share in its joint ventures comprises:

	2006 £'000	2005 £'000
Fixed assets	1	—
Current assets	122	—
Liabilities due within one year	(13)	—
Liabilities due after one year or more	—	—

The Group's share of the results, assets and liabilities of YouGovExecution Limited was:

	2006 £'000	2005 £'000
Turnover	95	—
Profit before tax	9	—
Taxation	—	—
Profit after tax	9	—
Fixed assets	1	—
Current assets	122	—
Liabilities due within one year	(13)	—
Liabilities due after one year or more	—	—

If the investment in joint ventures had been included at cost, they would have been included at the following amounts:

	2006 £'000	2005 £'000
Cost	100	—
Amounts written off	—	—
	100	—

12 Debtors

	The Group		The Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Trade debtors	3,547	690	1,395	690
Amounts owed by Group undertakings	—	—	36	—
Amounts owed by joint ventures	3	—	3	—
Other debtors	37	52	16	52
Prepayments and accrued income	112	27	84	27
	3,699	769	1,534	769

13 Creditors: amounts falling due within one year

	The Group		The Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Deferred income	361	—	316	—
Trade creditors	122	142	105	142
Amounts owed to Group undertakings	—	—	6	—
Corporation tax	527	304	527	304
Social security and other taxes	291	115	291	115
Other creditors	75	—	75	—
Accruals	1,292	309	608	309
Pre-acquisition profit distribution	110	—	—	—
Amounts due under hire purchase contracts	18	—	—	—
	2,796	870	1,928	870

Notes to the Financial Statements

continued

14 Creditors: amounts falling due after more than one year

	The Group		The Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Deferred consideration	365	—	—	—
	365	—	—	—

Deferred consideration relates to a payment to be made in respect of the acquisition of the trade and assets of Siraj. The payment will be made on 30 July 2009.

15 Financial instruments

The Company uses financial instruments, other than derivatives, comprising cash, liquid resources and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The Company has no borrowings. The main purpose of these financial instruments is to raise finance for the Company's operations.

The main risks arising from the Group financial instruments are liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing this risk and they are summarised below. This policy has remained unchanged from previous years.

It is, and has been throughout the year under review, the Group policy that no trading in financial instruments shall be undertaken.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate profile

The financial assets at 31 July 2006 comprised £5.5m of cash accruing interest.

During the period 1 August 2005 to 31 July 2006 the rates applicable varied between 4.0% and 4.75%. At the year end the rate earned was per the Bank of England base rate (2005: 4.3%/2.7%).

In the U.A.E. interest has been earned at rates between 4.675% and 4.75% depending upon the length of the deposit term.

Currency risk

The Group does not hedge its exposure of foreign investments held in foreign currencies.

Functional currency of operation	Net foreign currency monetary assets/(liabilities)		Total £'000
	Sterling £'000	US dollar £'000	
31 July 2006			
Sterling	—	585	585
Other currencies	5	521	526
	5	1,106	1,111

16 Provisions for liabilities

The Group	Deferred taxation £'000	Total £'000
At 1 August 2005	11	11
Provided during year in profit and loss account	1	1
At 31 July 2006	12	12

The Company	Deferred taxation £'000	Total £'000
At 1 August 2005	11	11
Provided during year in profit and loss account	1	1
At 31 July 2006	12	12

The deferred tax charge in the current and prior period represents accelerated capital allowances on fixed assets acquired.

17 Share capital

	2006 £	2005 £
Authorised 20,000,000 Ordinary Shares of 1p each	200,000	200,000
Allotted, called up and fully paid		
At 1 August 2005 13,338,207 Ordinary Shares of 1p each	133,381	133,381
New shares allotted, called up and fully paid in respect of share options	314	–
13,369,557 Ordinary Shares of 1p each	133,695	133,381

31,350 Ordinary Shares of 1p each were issued in the period. The total nominal value of these shares was £313.50 and the total consideration received was £28,215.

Options have been granted for 1p Ordinary Shares

Name	Number of ordinary shares under option	Exercise period	Exercise price
Peter Kellner	379,747	Until 4 June 2013	50p
Panos Manolopoulos	226,764	Until 31 December 2014	90p
Katherine Lee	140,000	Until 31 December 2015	£1.70/£1.475
Employees	55,067	Until 31 December 2014	90p
Total	801,578		

Peter Kellner, the Chairman of the Company, has share options on 379,747 'A' Ordinary Shares at an exercise price of £0.50 per share. These options were granted in 2003 with a 10 year period and can be exercised at any time within that period.

Panos Manolopoulos, the Managing Director of the Company, has share options over 226,764 Ordinary Shares at an exercise price of £0.90 per share. The option becomes exercisable in 4 equal tranches of 56,691 Ordinary Shares. The first tranche became exercisable on 31 December 2004. The other 3 tranches become exercisable on 31 October 2005, 31 October 2006 and 31 October 2007 respectively.

Katherine Lee, the Chief Financial Officer of the Company, has share options over 140,000 Ordinary Shares at an exercise price of £1.70/£1.475 per share. The option becomes exercisable in 4 equal tranches of 35,000 Ordinary Shares. The first tranche became exercisable on 31 October 2005. The other 3 tranches become exercisable on 31 October 2006, 31 October 2007 and 31 October 2008 respectively.

Notes to the Financial Statements

continued

18 Share premium account and reserves

The Group	Share premium account £'000	Profit and loss account £'000
At 1 August 2005	2,913	701
Retained profit for the year	—	2,990
Premium on allotment during the year	30	—
Cost of issue of shares	—	—
At 31 July 2006	2,943	3,691

The Company	Share premium account £'000	Profit and loss account £'000
At 1 August 2005	2,913	701
Retained profit for the year	—	1,137
Premium on allotment during the year	30	—
Cost of issue of shares	—	—
At 31 July 2006	2,943	1,838

19 Net cash flow from operating activities

	2006 £'000	2005 £'000
Net cash inflow from operating activities		
Operating profit	3,862	961
Depreciation	38	17
(Increase) in debtors	(2,930)	(263)
Increase in creditors	1,926	434
Net cash inflow from operating activities	2,896	1,149

20 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit on ordinary activities after taxation	2,990	691
Dividends	—	(436)
Profit for the financial year	2,990	255
Premium on issue of shares	30	—
Net issue of share capital	1	2,732
Repurchase of own share capital	—	(170)
Net increase in shareholders' funds	3,021	2,817
Opening shareholders' funds	3,747	930
Closing shareholders' funds	6,768	3,747

21 Reconciliation of net cash flow to movement in net debt

	2006 £'000	2005 £'000
Increase in cash in the year	1,750	2,819
Repayment of loans	—	264
Movement in net cash in the year	1,750	3,083
Net cash at beginning of year	3,796	713
Net cash at end of year	5,546	3,796

22 Acquisition

On 30 July 2006 the Group acquired the assets and trade of Siraj Marketing and Research Consultancy (Siraj) for a consideration of £1.3m in cash and deferred consideration. Goodwill arising on the acquisition has been capitalised and will be written off over its useful estimated life. The purchase of Siraj has been accounted for by the acquisition method of accounting.

The assets and liabilities of Siraj acquired were as follows:

	Book value £'000	Revaluation £'000	Accounting policy adjustments £'000	Other adjustments £'000	Fair value £'000
Tangible fixed assets	2	—	—	—	2
Current assets					
Debtors	218	—	—	—	218
Bank and cash	68	—	—	—	68
Total assets	288	—	—	—	288
Creditors					
Other creditors	45	—	—	—	45
Accruals	92	—	—	—	92
Total liabilities	137	—	—	—	137
Net assets	151	—	—	—	151
Purchased goodwill capitalised					1,171
					1,322
Satisfied by:					
Cash					847
Deferred consideration					475
					1,322

The results of Siraj for the period from the beginning of the subsidiary's financial year to the date of acquisition and also the comparative year to 30 September 2005 are as follows:

	1 October 2005– 30 July 2006 £'000	Year ended 30 September 2005 £'000
Turnover	561	349
Operating profit	110	31
Profit before tax	110	31
Profit after tax	110	31

Notes to the Financial Statements

continued

23 Capital commitments

Neither the Group nor the Company had any capital commitments at 31 July 2006 or at 31 July 2005.

24 Leasing commitments

Operating lease payments amounting to £102,000 (2005: £55,000) are due within one year. The leases to which these amounts relate expire as follows:

	2006		2005	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	47	2	–	2
Between one and five years	53	–	53	–
In five years or more	–	–	–	–
	100	2	53	2

25 Post balance sheet events

There have been no significant post balance sheet events.

26 Transactions with directors and other related parties

There have been no transactions with directors during the year.

During the year sales were made to Endemol UK totalling £19,000. Endemol UK is a company which Peter Bazalgette, a non-executive director of YouGov plc, is a director. The sale was made at arm's length and on usual commercial terms. As at 31 July 2006 Endemol UK owed YouGov plc £22,325.

During the year goods and services were procured from Hawkshead Limited totalling £35,240. Hawkshead Limited is a company which Peter Bazalgette, a non-executive director of YouGov plc, is a director. The purchases were made at arm's length and on usual commercial terms. As at 31 July 2006 YouGov plc owed Hawkshead Limited £nil.

Notice of Annual General Meeting

Notice is hereby given that the 2006 Annual General Meeting of the Company will be held at the offices of Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH on Friday 8 December, 2006 at 10.00 am for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

Ordinary resolutions

Resolution 1

To receive the Annual Accounts and Report

THAT the report of the directors and auditors and statement of accounts of the Company* for the year ended 31 July 2006 be received, approved and adopted by the meeting.

Resolution 2

To re-appoint the auditors of the Company

THAT Grant Thornton be re-appointed as auditors of the Company* to hold office until the next general meeting at which accounts are laid.

Resolution 3

Re-appointment as director of Peter Kellner

THAT Peter Kellner, required to retire by rotation, be re-elected as a director of the Company.

Resolution 4

Re-appointment as director of Nadhim Zahawi

THAT Nadhim Zahawi, required to retire by rotation, be re-elected as a director of the Company.

Special business

To consider and, if thought fit, pass the following resolutions which, as to resolution 5, will be proposed as ordinary resolutions and as to resolution 6 as a special resolution.

Ordinary resolutions

Resolution 5

Authority to allot

THAT in substitution for all existing authorities to the extent unutilised, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ('the Act') to exercise all powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in the Act) up to an aggregate nominal amount of £44,565.19 to such persons, at such times and on such terms and conditions as the directors determine during the period expiring (unless previously renewed, varied or revoked by the Company in General Meeting) on the commencement of the Annual General Meeting of the Company held in 2007, but the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement.

Resolution 6

Share incentive scheme

THAT subject to the approval of HM Revenue and Customs, ('HMRC') the YouGov plc share incentive plan (the 'Plan'), a copy of the rules of which has been produced to the meeting and initialled by the Chairman for the purposes of identification only and a summary of the main provisions of which is set out in the notes to this resolution, be and is hereby approved and established and the Directors be authorised to make any further or consequential amendments as may be required by HMRC to ensure that the Plan is approved by it.

Special resolution

Resolution 7

Disapplication of pre-emption rights

THAT subject to the passing of Resolution 6 set out in the notice convening this meeting, the directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning 5.94 of the Act) of the Company for cash pursuant to the general authority conferred on them by such resolution as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

- a) the allotment of equity securities in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise), open for acceptance for a period fixed by the directors, to holders of Ordinary Shares on the register on any fixed record date in proportion (as nearly as practicable) to their holdings of Ordinary Shares, subject to such exclusions or other such arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory; and

Notice of Annual General Meeting continued

b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £6,684.76 of the current issued Ordinary Share capital of the Company.

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to Section 95 of the Act and shall expire on the commencement of the Annual General Meeting of the Company held in 2007, unless such power is renewed or extended prior to such expiry, except that the Company may before the expiry of any power conferred by this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board



Katherine Lee
Company Secretary
9 October 2006

Registered Office
YouGov plc
1 West Smithfield
London EC1A 9JU

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company. Completion and return of a proxy form will not preclude a member from attending and voting at the meeting in person should he decide so to do.
2. To be valid, forms of proxy should be completed and returned (together with the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of such power or authority) so as to reach the office of the Company's Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not less than 48 hours before the time appointed for the meeting.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the Company's register of members at 10 am on Wednesday, 6 December 2006 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after this time will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Copies of the following documents, which are available for inspection at the Registered Office of the Company during usual business hours on any weekday (public holidays excepted), will also be available for inspection at the place of the Annual General Meeting from 9.00 am on the day of the meeting until the conclusion of the meeting:

*The Company's Annual Accounts, the director's report, the director's remuneration report and the auditor's report on those accounts and that director's report and the auditable part of that director's remuneration report.

Explanation of special business at the Annual General Meeting

Explanation of ordinary resolutions

Resolution 5 (authority to allot) proposed as an ordinary resolution would give the directors authority to allot shares up to a maximum nominal amount of £44,565.19 representing one third of the Company's current issued share capital. The existing authority would be revoked and this new authority would expire on the date of the 2007 Annual General Meeting.

Resolution 6 (share incentive scheme) proposed as an Ordinary Resolution would adopt a new employee share incentive scheme to incentivise and encourage employees to contribute to the growth of the Company. Under the scheme shares can be awarded to employees over a period determined by the trustees. The dilutive impact of this scheme is likely to be minimal.

Explanation of special resolution

Resolution 7 (Disapplication of pre-emption rights) proposed as a special resolution, would renew the power of the directors to allot shares for cash as though the rights of pre-emption conferred by section 89 (1) of the Act did not apply:

- a) in respect of the whole of the authorised but unissued share capital in connection with an offer to existing shareholders in proportion to their existing holdings save that the directors are allowed to offer shares to existing shareholders otherwise than strictly in proportion to their holdings where, for example, overseas regulations make it difficult to offer shares pro rata to existing overseas shareholders or when dealing with fractions of shares, and
- b) up to a nominal amount of £6,684.76, of the current issued share capital of the Company (to give the directors some flexibility in financing business opportunities as they arise).

This power would expire on the date of the 2007 Annual General Meeting.

YouGov

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