

8 October 2007



**YouGov plc**  
**Preliminary Results for the period ended 31 July 2007**  
**Organic growth drives turnover and profits; Acquisitions extend**  
**future growth opportunities**

**Highlights**

**Financial highlights**

- Group turnover increased 51% to £14.3m (2006:£9.5m)
- Profit before tax and goodwill up 39% from £4.1m to £5.7m
- Earnings per share increased 36% from 4.5p to 6.1p (restated for 5:1 share split)
- Net assets increased 56% from £6.8m to £10.6m
- Operations have strong cash generation, £4m cash on balance sheet

**Operational highlights**

- Core UK business grew turnover 63% to £7.8m
- UK headquarters relocated to a new office allowing for growth in revenue generating headcount
- BrandIndex and Omnibus have performed well and each has a dedicated sales team in place
- Middle East revenues increased 39% driven by a combination of the acquisition of Siraj and new clients across the enlarged business
- Siraj has now been fully integrated into the Group and a new office was opened in Jeddah to support our continued expansion in the Middle East
- YouGov's range of services increased with the establishment of the Organisational Consulting and Health teams
- Post year-end acquisitions extend geographic reach

Commenting on the results Nadhim Zahawi, Co-Founder and CEO of YouGov said;  
*"YouGov has again performed extremely well reflecting our strong organic growth during the year. This illustrates the continued success of our strategy, which has been accelerated by post year-end acquisitions which will drive our future growth opportunities*

*Ultimately we aim to provide a constant stream of primary data from strategic business hubs around the world, with a global panel and a global set of syndicated products "the YouGov screen". Since the year end we have completed three acquisitions which are a significant step towards that goal. Our focus is now on the integration of these businesses into our Group and the development and implementation of Group wide systems and products. The 2007/08 financial year has started well with trading in line with the Board's expectations. As a result we are confident that the current financial year will be another successful year for YouGov."*

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## **Chairman's Statement**

The financial year ended 31 July 2007, has been an excellent one for YouGov with organic development and acquisitions both leading to strong growth in turnover and profits.

Group turnover for the year has increased by 51% to £14.3 million (against: £9.5 million last year). Profit before tax and goodwill was up 39% at £5.7 million (£4.1 million last year). Our headline earnings per share grew 36% to 6.1 pence from 4.5 pence.

Consistent with our plans to reinvest our cashflow into ongoing developments, we are not proposing the payment of a dividend.

YouGov serves its clients by providing research insights ranging from changing consumer opinions towards brands to voting intentions in elections and attitudes towards social and commercial issues. Over the past twelve months we have increased our range of clients, broadened the number of services we have on offer and extended our geographical reach. YouGov has been one of the most successful pioneers of internet based research and this is reflected in the high demand for our products and services and by the interest shown by potential recruits.

Following our expansion during the last year and the recent post-balance sheet events we now operate through strong subsidiary companies in Europe, North America and the Middle East which will allow us to meet increasingly multi-national requirements of our clients.

### **Building a stronger business**

In the past year we have focused on international growth and strengthening our product offering.

We successfully integrated the Siraj business which we acquired on 30 July 2006. In December 2006, we acquired an initial 32% (£3.8 million) stake in our associate business Polimetrix, based in Palo Alto and Washington, USA.

In March 2007 we launched a new joint venture YouGovCentaur, a 50:50 joint venture with Centaur publishing, with 33 titles (including: The Lawyer, The Engineer etc) to create a new UK based market research agency with a focus on the business-to-business sector.

In April 2007 we announced YouGovStone, a 51% joint venture with London's "Queen of Networking" Carole Stone, weaving prominent social and industry commentators into specialist opinion leader panels.

In addition we announced the creation of YouGovAlpha, the vehicle we have created to service clients in the investment industry, following the mutually agreed disbanding of YouGovExecution by YouGov and Execution, the 50:50 joint venture partners.

On 27 July 2007 we announced the acquisition of psychonomics AG, a leading market research agency based in Cologne, Germany for €20.75 million.

We have made a number of significant new senior appointments in our core UK business to strengthen our team as the business continues to grow.

### **Board Changes**

I was appointed as non executive Chairman in January 2007 taking over from Peter Kellner who remains on the Board as President of YouGov plc and who continues in his executive role leading the development of our political and opinion research. I would like to thank Peter for handing over the non-executive Chairman's role at a time when the company is in such robust good shape and with such exciting prospects.

Panos Manolopoulos has taken on the role of Managing Director International Development and for the time being his position as Managing Director of YouGov UK is being filled by our CEO Nadhim Zahawi.

### **Recent Events**

On 27 July 2007 we announced the first in a series of transactions; our German expansion through the acquisition of psychonomics AG. This was followed, post year end, when we made the decision to acquire the remaining 68% stake in Polimetrix, our US associate and acquired Zapera, a business based in several countries in Scandinavia. These acquisitions have been funded through a share placing, which our shareholders approved on 3 September 2007. These acquisitions will allow us to accelerate our growth and are consistent with the strategy we outlined this time last year when we started the restructuring of the Group.

### **Future Prospects and Outlook**

Following the successful acquisitions in the USA, Germany and Scandinavia, our focus is on the integration of these businesses into our group, and the development of group wide systems and products.

We also have numerous organic growth opportunities to pursue across the enlarged Group and will continue to look at complementary acquisitions that meet our strict criteria.

The current financial year has started well, and trading is in-line with the Board's expectations. As a result we are confident that 2007/2008 will be another successful year for YouGov.

### **Conclusion**

We have many exciting opportunities ahead of us and we have a growing talented and energetic team of individuals driving and supporting the Group's development.

I take this opportunity on behalf of the Board to thank all our teams for their hard work and I look forward to our continued success in the year to July 2008.

**Roger Parry**  
**Chairman**  
**8 October 2007**

## **Chief Executive's Report**

### **The Business and its Objectives**

YouGov is a full service online research agency. YouGov uses proprietary methodologies to produce accurate, cost-effective and representative research. We constantly strive to achieve better quality research using experienced researchers and smart technology. We believe that the future leaders of this industry are companies with great research brains and great technology.

Our objectives are the following:

- To provide high quality accurate research to our customers
- To expand our offering to new clients within new business sectors
- To roll-out new products and services
- To internationalise our products and business, thus providing our clients with a facility to use YouGov in the major business hubs of the world where they operate

During the current financial year we operated in three distinct geographical areas; in the UK, the Middle East and North America, through our associate Polimetrix.

### **Review of Operations**

YouGov's business performance throughout the year has been strong. In the UK we have moved to new offices, quadrupling our capacity to allow for our growth in headcount in the forthcoming financial year. We are very pleased with the business performance in the UK and the Middle East.

The YouGov brand continues to obtain substantial media coverage in both the UK and the Middle East. We continue to be the most quoted market research agency in these territories. Our brand is strong and we strive to protect it.

YouGov retains substantial intellectual capital, not only in terms of our unique technological solutions, but also in our methodology.

We maintain an ongoing programme of research and development and investment in our intellectual capital. Research and development is a priority at YouGov hence its leadership by Stephan Shakespeare co-founder and Chief Innovations Officer.

Our UK operations have grown strongly with revenues growing by 65% from £4.8 million in the year ending 31 July 2006 to £7.9 million in the year ending 31 July 2007. This performance reflects our focus on our complementary range of products: BrandIndex, Omnibus and our bespoke offering.

At a time of ongoing investment in the business, we have seen no margin pressure in our business overall as clients have continuously valued the quality and depth of our research to meet their business needs.

In the Middle East operations revenues have grown by 39% from £4.6 million in the year ending 31 July 2006 to £6.4 million in the year ending 31 July 2007. This has been driven by the acquisition of Siraj in July 2006 and the good organic growth of our client base.

At the beginning of the last financial year, we established an Operational Board which is chaired by myself, and includes our Chief Financial Officer, Chief Innovations Officer and the country representatives. This reorganisation was vital to allow us to manage our business whilst delivering growth and greater internationalisation.

We launched two new businesses in the year, YouGovCentaur and YouGovStone, which are both contributing as expected.

YouGovCentaur will focus on the lucrative area of specialist panels from lawyers to engineers and marketeers. We will engage with these audiences so as to provide clients with an in depth research and product portfolio that meets their business needs.

YouGovStone focuses on opinion leader research. More and more companies and organisations are seeking ways of understanding how opinion leaders affect the world we live in.

Following the year end, we announced that we have concluded our joint venture with Execution, YouGovExecution, and launched YouGovAlpha, YouGov's 100% subsidiary to take primary research for the investment community forward.

We believe that companies are about people and I want to thank everyone who has worked so hard to make 2007 a success and look forward to a successful 2008.

### **Our future strategy**

We are well positioned to be the premier international provider of market and opinion research. We are focused on specific industry sectors such as media, financial services, brand, health, consumer, organisational and public sector research. We will continue to recruit the best minds and apply our technological development to support our growth.

We will roll out our syndicated research with BrandIndex being launched in the USA and other geographies. Post year end, we acquired psychonomics, a top 10 agency in Germany, and Zaper, the "jewel of the Nordic region", in Scandinavia and exercised our option to acquire Polimetrix in the USA. This gives us a presence in five of our target hubs around the world.

As well as in-depth knowledge within specific industry areas, the acquisitions will extend YouGov's capability in target geographies for growth. Significant parts of the acquired businesses will be moved to YouGov's model and the staff will be retained for their sector expertise.

Ultimately we aim to provide a constant stream of primary data from strategic business hubs around the world with a global panel and a global set of syndicated products: "The YouGov Screen". These acquisitions are a significant step towards achieving that goal.

## **Chief Financial Officer's report**

The financial year to 31 July 2007 has been busy in terms of organic expansion and corporate activity. Twelve months ago we operated in two jurisdictions, the UK and the Middle East, with a headcount of 59, at the time of writing, we now have significant operations in three additional jurisdictions, the USA, Germany and Scandinavia and 301 talented individuals driving our expansion strategy. This has been achieved by a commitment to our strategy of prudent organic growth, and careful acquisitions and opportunity-led joint ventures.

### **Results**

#### **Revenues**

Group revenues have grown strongly, increasing by 51% from £9.5 million to £14.3 million. The core UK business grew by 63% to £7.8 million from £4.8 million whilst the Middle East business grew by 39% from £4.6 million to £6.4 million.

YouGovStone contributed £68,000 to Group revenues and YouGovExecution contributed £270,000.

#### **Profit Before Tax**

YouGov continues to generate strong margins across all of our operations. The Group margin was 39% compared with 43% last year, reflecting the strategic investment in infrastructure and significant revenue generating headcount across all businesses.

#### **Taxation**

Taxation reflects charges at the effective rate of 30% for UK operations and zero for our Middle East operations, which operate in the Free Zone in Dubai. The effective Group taxation rate is 11% (2006: 13%).

#### **Assets**

Tangible fixed assets have increased by 250% from £0.2 million to £0.7 million reflecting an ongoing investment in infrastructure, such as our new survey platform, iPollster.

Intangible fixed assets including goodwill from our associate, has increased by 208% to £3.7 million from £1.2 million. This reflects a net increase of £2.5 million relating to goodwill and £0.3 million of technological infrastructure costs.

The Group's share of net assets of YouGovExecution, YouGovCentaur and Polimetrix is £111,000, £16,000 and £1.1 million respectively.

Group net assets have increased by 56% from £6.8 million to £10.6 million.

### **Working Capital**

#### **Debtors**

Trade debtors have increased by 40% from £3.5 million to £4.9 million reflecting increased activity and debtor days remain consistent at 94 debtor days (2006: 90 days)

#### **Creditors**

Group creditors have increased by 32% from £2.8 million to £3.7 million which reflects the additional costs being borne by the business as investment is made to the infrastructure.

#### **Cash**

The Group cash position has fallen 25% from £5.5 million to £4.1 million as a result of investments made during the period.

Cash generation remains strong and £4.8 million of funds were generated from operating activities during the period.

### **Facility**

We have an agreement in principal with The Royal Bank of Scotland for a facility of £11.5 million for working capital and acquisition finance.

### **Capital & Equity**

#### **Share Split**

On 10 April 2007 the company undertook a 5:1 share split to create greater liquidity for YouGov plc shares.

#### **Earnings Per Share**

Earnings per share for the year to 31 July 2007 is 6.1p, an increase of 36% from 4.5p (adjusted for the 5:1 share split on 10 April 2007) for the year to 31 July 2006. This demonstrates the success of the strategies the Board have implemented during the current year and have put in place for the future.

#### **Shareholder Return**

YouGov has seen its share price rise from £0.98 (adjusted for the 5:1 share split on 10 April 2007) at 31 July 2006 to £1.49 at 31 July 2007, an increase of 52%.

#### **Risks**

Our business, as any other, faces substantial risks, which the directors work hard to mitigate and address.

#### **Post Balance Sheet - Share Issue**

On 6 September 2007 we undertook a placing for cash of 19,285,714 new 0.2p ordinary shares to institutional investors at £1.40 share. In addition we issued shares and granted options of an aggregate value of £11.3 million. This was undertaken to fund the acquisitions outlined above.

#### **Accounting Policies**

We apply a suite of regular accounting policies to assist us in reporting our financial position and results.

#### **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.

In so doing we have considered the impact that IFRS will have upon our financial statements and the Board believes that this impact will not be material. A reconciliation from UK GAAP to IFRS will be presented with our interim report for the period to January 2008.

#### **Corporate Finance Activity**

During the period we launched two joint ventures, YouGovCentaur and YouGovStone. In March 2007 YouGov plc and Centaur plc took a 50% stake in YouGovCentaur, each contributing £30,000 capital and £70,000 in loans. YouGovStone was set up with Carole Stone, London's "Queen of networking", bringing YouGov's research expertise to Carole's existing panel of 30,000 contacts.

In December 2006 we acquired a 32% stake in a US based company, Polimetrix for a consideration of \$7.5 million with a conditional option to acquire the remaining share capital.

Post year end we have also been busy, announcing three acquisitions, Polimetrix, Zapera and psychonomics and have formed a 100% owned subsidiary; YouGovAlpha.

Following the year end, YouGov acquired the remaining 68% of the share capital of Polimetrix Inc for \$2.10 per share. The total consideration is \$24.1 million of which \$8.6 million was satisfied in cash with the remaining \$15.5 million being satisfied by the allotment of shares and by the grant of options (\$2.7 million).

At the same time we acquired 100% of the share capital of Zapera, a Scandinavian online research agency, for £5.3 million of which £4.9 million was satisfied in cash with the remaining £0.4 million being satisfied through the allotment of shares. A further £2 million was used to settle liabilities and a further £2.25 million may become payable to the sellers subject to certain financial hurdles for the 12 month period to 31 July 2008 being met. An earn-out has also been put in place for the two financial years ending 31 July 2010. Under this earn-out, based on financial targets being met, a maximum of £1.25 million will be payable, 50% in cash and 50% in Ordinary Shares.

On 27 July 2007 we announced the conditional acquisition of the entire issued share capital of psychonomics for €20.75 million of which €15.75 million was satisfied in cash and the remaining €5 million, being satisfied through the allotment of shares. The psychonomics sellers are entitled to be paid the pre completion profits of psychonomics for the current year capped at €1.5 million. An earn-out has also been put in place for the two financial years ending 31 December 2008. Under this earn-out, based on financial targets being met, a maximum of a further €3 million will be payable, either in cash or shares. The acquisition did not become unconditional until after the period end and so was not consolidated in the current reporting period.

YouGovAlpha rose from the cessation of YouGovExecution. YouGov plc has agreed to cover working capital requirements in the short term.

## Consolidated Profit and Loss Account For the year ended 31 July 2007

	Note	2007 £'000	2006 £'000
Turnover: group and share of joint ventures		14,573	9,567
Less: share of joint ventures' turnover		(270)	(95)
<b>Group turnover - continuing operations*</b>	1	<u>14,303</u>	<u>9,472</u>
Cost of sales	2	<u>(2,647)</u>	<u>(2,153)</u>
<b>Gross profit</b>		<b>11,656</b>	<b>7,319</b>
Other operating charges	2	<u>(6,061)</u>	<u>(3,466)</u>
Group operating profit before amortisation of goodwill		<b>5,595</b>	<b>3,853</b>
Amortisation of goodwill of subsidiary	8	(56)	-
Amortisation of goodwill of associate	10	(76)	-
<b>Group operating profit - continuing operations</b>		<b>5,463</b>	<b>3,853</b>
Share of operating (loss)/profit in joint ventures		(4)	9
Share of operating loss in associate		(172)	-
		<u>5,287</u>	<u>3,862</u>
<b>Other income</b>			
Management fee		10	-
	1	<u>5,297</u>	<u>3,862</u>
<b>Interest</b>			
Interest receivable		188	192
Interest payable		(2)	(1)
Net interest	3	<u>186</u>	<u>191</u>
Share of interest in joint ventures		1	-
Share of interest in associate		36	-
		<u>223</u>	<u>191</u>
<b>Profit on ordinary activities before taxation</b>	1	<u>5,520</u>	<u>4,053</u>
Tax on profit on ordinary activities		(623)	(542)
Share of tax in joint ventures		2	-
Share of tax in associate		(1)	-
	5	<u>(622)</u>	<u>(542)</u>
<b>Profit on ordinary activities after taxation</b>		<b>4,898</b>	<b>3,511</b>
Minority interests – equity		(794)	(521)
<b>Retained profit on ordinary activities after taxation and minority interests</b>	20	<u>4,104</u>	<u>2,990</u>
<i>Basic earnings per share**</i>	7	<u>6.1</u>	<u>4.5</u>
<i>Diluted earnings per share**</i>	7	<u>5.8</u>	<u>4.2</u>

\* All operations are continuing. The full integration of the trade and assets of Siraj Marketing and Research Agency means that acquisitions have not been reported separately.

\*\* Restated for the 5:1 share split on 10 April 2007

## Consolidated Statement of Total Recognised Gains & Losses For the year ended 31 July 2007

	Note	2007 £'000	2006 £'000
Exchange difference on translation of foreign operations		<u>(360)</u>	-
Net Loss recognised directly in equity		<u>(360)</u>	-
Profit for the year		<u>4,104</u>	2,990
Total recognised gains and losses for the period		<u>3,744</u>	<u>2,990</u>

## Consolidated Balance Sheet As at 31 July 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Intangible assets	8	1,177	1,171
Tangible assets	9	699	158
Investments general	10	685	-
Investment in joint ventures			
Share of gross assets		288	123
Share of gross liabilities		(161)	(13)
	10	<u>127</u>	<u>110</u>
Investment in associate	10	<u>3,651</u>	<u>-</u>
		<u>6,339</u>	<u>1,439</u>
<b>Current assets</b>			
Debtors	11	5,699	3,699
Cash at bank and in hand		<u>4,061</u>	<u>5,546</u>
		<u>9,760</u>	<u>9,245</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,665)</u>	<u>(2,796)</u>
<b>Total assets less current liabilities</b>		<u>12,434</u>	<u>7,888</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(334)</u>	<u>(365)</u>
<b>Provisions for liabilities</b>	15	<u>(56)</u>	<u>(12)</u>
Minority interests - equity	1	<u>(1,460)</u>	<u>(743)</u>
	1	<u>10,584</u>	<u>6,768</u>
<b>Capital &amp; reserves</b>			
Called up share capital	16	135	134
Share premium account	18	3,026	2,943
Profit and loss account	18	7,423	3,691
	20	<u>10,584</u>	<u>6,768</u>

## Company balance sheet As at 31 July 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Intangible assets	8	63	-
Tangible assets	9	603	108
Investments	10	820	106
		<u>1,486</u>	<u>214</u>
<b>Current assets</b>			
Debtors	11	6,758	1,534
Cash at bank and in hand		3,994	5,107
		<u>10,752</u>	<u>6,641</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,682)</u>	<u>(1,928)</u>
<b>Net current assets</b>		<u>5,070</u>	<u>4,713</u>
<b>Total assets less current liabilities</b>		<b>6,556</b>	4,927
<b>Provisions for liabilities</b>	15	<u>(56)</u>	<u>(12)</u>
		<b>6,500</b>	4,915
<b>Capital and reserves</b>			
Called up share capital	16	135	134
Share premium account	18	3,026	2,943
Profit and loss account	18	3,339	1,838
<b>Shareholders' funds</b>		<u>6,500</u>	<u>4,915</u>

## Consolidated Cashflow Statement For the year ended 31 July 2007

	Note	2007 £'000	2006 £'000
<b>Net cash inflow from operating activities</b>	19	<b>4,806</b>	2,896
<b>Returns on investments and servicing of finance</b>			
Interest received		234	181
Interest paid		(2)	(1)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>232</b>	180
<b>Taxation</b>		<b>(960)</b>	(318)
<b>Capital expenditure and financial investment</b>			
Purchase of intangible fixed assets		(168)	(806)
Purchase of tangible fixed assets		(682)	(133)
Cost of investment in subsidiary		(5)	-
Cost of investment in joint venture		(34)	(100)
Cost of investment in associate		(3,727)	-
Cost of investment completed post year end		(676)	-
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(5,292)</b>	(1,039)
<b>Financing</b>			
Issue of shares		1	1
Premium on issue of shares		102	30
Expenses offset against share premium account		(19)	-
<b>Net cash inflow from financing</b>		<b>84</b>	31
(Decrease)/increase in cash	21	<b>(1,130)</b>	1,750

## 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	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
UK	7,880	4,849	2,724	1,898	5,160	4,809
Middle East	6,423	4,623	2,825	1,955	1,646	1,698
Middle East Acquisition	-	-	-	-	-	151
	<u>14,303</u>	<u>9,472</u>	<u>5,549</u>	<u>3,853</u>	<u>6,806</u>	<u>6,658</u>
Common costs			-	-		
Operating profit			<u>5,549</u>	<u>3,853</u>		
Share of turnover, operating profit and net assets of joint ventures	270	95	(4)	9	127	110
Share of loss before tax and net assets of associate			(248)	-	3,651	-
	<u>14,573</u>	<u>9,567</u>	<u>5,297</u>	<u>3,862</u>	<u>10,584</u>	<u>6,768</u>
Net interest			223	191		
Unallocated assets					-	-
Group turnover and share of joint ventures	<u>14,573</u>	<u>9,567</u>				
Group profit before taxation, minority interests and extraordinary items			<u>5,520</u>	<u>4,053</u>		
Group net assets					<u>10,584</u>	<u>6,768</u>

All YouGov businesses are continuing operations. The old Siraj Marketing and Research business cannot be disaggregated from our operations in the Middle East as these have become fully integrated into our pre-existing Middle East business.

#### Barter Transactions

YouGov entered into barter transactions in the UK totalling £237,000 (2006: £nil). In YouGovSiraj barter transactions totalled £155,000 (2006: £54,000). Barter transactions involving advertising totalling £392,000 (2006: £54,000) have been included in turnover as per UITF 26.

The profit on ordinary activities before taxation is stated after:

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Fees payable to the group's auditors for the audit of the group accounts	<b>28</b>	27
Fees payable to the group's auditors for the audit of the subsidiary accounts	<b>3</b>	-
Fees payable to the group's auditors for the audit of the associate accounts	<b>1</b>	-
Fees payable to the group's auditors for the audit of the joint ventures' accounts	<b>1</b>	-
Fees payable to the group's auditors for tax compliance fees	<b>7</b>	1
Fees payable to the group's auditors for interim review fee	<b>4</b>	4
Fees payable to the group's auditors for other services	<b>7</b>	1
Audit work for the individual accounts of YouGovME FZ LLC	<b>-</b>	1
Depreciation and amortisation:		
Goodwill	<b>132</b>	-
Intangible fixed assets	<b>9</b>	-
Tangible fixed assets, owned	<b>114</b>	34
Assets under hire purchase	<b>12</b>	4
 (Profit)/loss on the disposal of fixed assets	<b>13</b>	-
Other operating lease rentals:		
Plant and machinery	<b>3</b>	2
Land and buildings	<b>243</b>	<b>83</b>
<b>2</b>		
<b>COST OF SALES AND OTHER OPERATING CHARGES</b>		
	<b>2007</b>	2006
	<b>£'000</b>	£'000
Cost of sales	<b>2,647</b>	2,153
Other operating charges:		
Selling and marketing	<b>1,501</b>	347
Administrative expenses	<b>4,117</b>	2,941
Establishment costs	<b>443</b>	178
	<b>6,061</b>	3,466
<b>3</b>		
<b>NET INTEREST</b>		
	<b>2007</b>	2006
	<b>£'000</b>	£'000
Interest on hire purchase	<b>(2)</b>	(1)
Other interest receivable and similar income	<b>188</b>	192
	<b>186</b>	191

#### 4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	<b>2007</b>	2006
<b>The group</b>	<b>£'000</b>	£'000
Wages and salaries	<b>3,596</b>	1,864
Social security costs	<b>275</b>	187
Share based payments	<b>37</b>	-
Other benefits	<b>126</b>	-
	<b><u>4,034</u></b>	<b><u>2,051</u></b>
	<b>2007</b>	2006
<b>The company</b>	<b>£'000</b>	£'000
Wages and salaries	<b>2,833</b>	1,614
Social security costs	<b>271</b>	187
Share based payments	<b>37</b>	-
Other benefits	<b>9</b>	-
	<b><u>3,150</u></b>	<b><u>1,801</u></b>

The average number of employees of the group during the year was 76 (2006: 42). The average number of employees of the company during the year was 54 (2006: 34).

Remuneration in respect of directors was as follows:

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Emoluments	<b><u>1,269</u></b>	<b><u>741</u></b>

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

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Emoluments	<b><u>276</u></b>	<b><u>175</u></b>

The aggregate gain made by Panos Manolopoulos on the exercise of his share options is set out below:

<b>Date of exercise</b>	<b>No. options</b>	<b>Exercise price</b>	<b>Market price</b>	<b>Gain £</b>
19 January 2007	283,455	£0.18	£1.875	480,456
10 April 2007	283,455	£0.18	£1.885	<b><u>483,291</u></b>
				<b><u>963,747</u></b>

Directors' emoluments include the amount of £52,246 paid to West Eight Investments Limited. This company is owned and controlled by Roger Parry, our non-executive Chairman.

## 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	<b>2007</b>	2006
	<b>£'000</b>	£'000
Profit on ordinary activities before tax	<b>5,520</b>	4,053
Profit on ordinary activities multiplied by the standard rate of corporation tax in the year	<b>1,656</b>	1,216
Overseas earnings not assessable to UK corporation tax	<b>(1,026)</b>	(710)
United Kingdom corporation tax at 30% (2006: 30%)	<b>630</b>	506
Adjustment in respect of prior period	<b>(19)</b>	14
Expenses not deductible for tax purposes	<b>12</b>	17
Depreciation in excess of capital allowances	<b>(45)</b>	4
Total current tax	<b>578</b>	541
Origination and reversal of timing differences	44	1
Total deferred tax	<b>44</b>	1
Tax on profit on ordinary activities	<b>622</b>	542

## 6 PROFIT FOR THE FINANCIAL YEAR

The parent company's profit for the year was £1,501,000 (2006: £1,680,000).

## 7 EARNINGS PER SHARE

	Earnings £'000	2007 Weighted average number of shares	Per share amount pence	Earnings £'000	2006 Weighted average number of shares *	Per share amount *
						pence
Profit attributable to shareholders	4,104			2,990		
<b>Basic earnings per share</b>						
Earnings attributable to ordinary shareholders		67,350,959	6.1		66,790,785	4.5
<b>Dilutive effect of securities</b>						
Options		3,461,575			4,039,930	
<b>Diluted earnings per share</b>						
Adjusted earnings		<u>70,812,534</u>	<u>5.8</u>		<u>70,830,715</u>	<u>4.2</u>
Adjusted profit attributable to shareholders	4,236			2,990		
<b>Basic earnings per share</b>						
Earnings attributable to ordinary shareholders		67,350,959	6.3		66,790,785	4.5
<b>Dilutive effect of securities</b>						
Options		3,461,575			4,039,930	
<b>Diluted earnings per share</b>						
Adjusted earnings		<u>70,812,534</u>	<u>6.0</u>		<u>70,830,715</u>	<u>4.2</u>

\* Restated for the 5:1 share split on 10 April 2007

The EPS calculation above does not take account of new shares issued as consideration by way of placing to satisfy the consideration on the three acquisitions of Zapera, Polimetrix and psychonomics.

<b>Reconciliation of profit and adjusted profit attributable to shareholders</b>	<b>2007 £'000</b>	2006 £'000
Profit attributable to shareholders	<b>4,104</b>	2,990
Add: amortisation of goodwill	132	-
Adjusted profit attributable to shareholders	<b>4,236</b>	<b>2,990</b>

## 8 INTANGIBLE FIXED ASSETS

### The group

	<b>Goodwill £'000</b>	<b>Panel acquisition costs £'000</b>	<b>Trademarks £'000</b>	<b>Total £'000</b>
Cost				
At 1 August 2006	1,171	-	-	1,171
Additions	16	124	28	168
Foreign exchange movement on retranslation	(97)	-	-	(97)
At 31 July 2007	<u>1,090</u>	<u>124</u>	<u>28</u>	<u>1,242</u>
Amortisation				
At 1 August 2006	-	-	-	-
Provided in the year	56	9	-	65
At 31 July 2007	<u>56</u>	<u>9</u>	<u>-</u>	<u>65</u>
Net book amount at 31 July 2007	<b><u>1,034</u></b>	<b><u>115</u></b>	<b><u>28</u></b>	<b><u>1,177</u></b>
Net book amount at 31 July 2006	<u>1,171</u>	<u>-</u>	<u>-</u>	<u>1,171</u>

### The company

	<b>Goodwill £'000</b>	<b>Panel acquisition costs £'000</b>	<b>Trademarks £'000</b>	<b>Total £'000</b>
Cost				
At 1 August 2006	-	-	-	-
Additions	-	41	25	66
At 31 July 2007	<u>-</u>	<u>41</u>	<u>25</u>	<u>66</u>
Depreciation				
At 1 August 2006	-	-	-	-
Provided in the year	-	3	-	3
At 31 July 2007	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>

Net book amount at 31 July 2007	<u>-</u>	<u>38</u>	<u>25</u>	<u>63</u>
Net book amount at 31 July 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The valuation method for intangibles is arms length purchase price (less fair value of assets acquired, in the case of goodwill) for goodwill, patent acquisition cost and trademarks.

9 TANGIBLE FIXED ASSETS

The group	Software development costs £'000	Fixture & fittings £'000	Computer software & hardware £'000	Motor vehicles £'000	Leasehold property & improvements £'000	Total £'000
Cost						
At 1 August 2006	-	52	96	22	54	224
Additions	133	138	194	28	189	682
Disposals	-	(5)	(17)	-	(17)	(39)
Reclassification	-	<b>30</b>	-	-	<b>(30)</b>	-
At 31 July 2007	<u>133</u>	<u>215</u>	<u>273</u>	<u>50</u>	<u>196</u>	<u>867</u>
Depreciation						
At 1 August 2006	-	16	33	4	13	66
Provided in the year	-	31	56	13	26	126
Disposals	-	(3)	(15)	-	(6)	(24)
Reclassification	-	<b>12</b>	-	-	<b>(12)</b>	-
At 31 July 2007	<u>-</u>	<u>56</u>	<u>74</u>	<u>17</u>	<u>21</u>	<u>168</u>
Net book amount at 31 July 2007	<u><b>133</b></u>	<u><b>159</b></u>	<u><b>199</b></u>	<u><b>33</b></u>	<u><b>175</b></u>	<u><b>699</b></u>
Net book amount at 31 July 2006	<u>-</u>	<u>36</u>	<u>63</u>	<u>18</u>	<u>41</u>	<u>158</u>

Included within the NBV of £699,000 was £33,000 (2006: £18,000) 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 £12,000 (2006: £4,000).

The company	Software development costs £'000	Fixtures & fittings £'000	Computer hardware & software £'000	Leasehold property & improvements £'000	Total £'000
Cost					
At 1 August 2006	-	41	74	47	162
Additions	133	135	160	177	605
Disposals	-	-	(17)	(17)	(34)
Reclassification	-	<b>30</b>	-	<b>(30)</b>	-
At 31 July 2007	<u>133</u>	<u>206</u>	<u>217</u>	<u>177</u>	<u>733</u>
Depreciation					
At 1 August 2006	-	13	29	12	54
Provided in the year	-	27	47	23	97
Disposals	-	-	(15)	(6)	(21)
Reclassification	-	<b>12</b>	-	<b>(12)</b>	-
At 31 July 2007	<u>-</u>	<u>52</u>	<u>61</u>	<u>17</u>	<u>130</u>
Net book amount at 31 July 2007	<u><b>133</b></u>	<u><b>154</b></u>	<u><b>156</b></u>	<u><b>160</b></u>	<u><b>603</b></u>
Net book amount at 31 July 2006	<u>-</u>	<u>28</u>	<u>45</u>	<u>35</u>	<u>108</u>

## 10 FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	The group		The company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Interest in subsidiaries (a)	5	-	10	6
Interest in joint ventures (b)	4	-	134	100
Interest in associate (c)	-	-	-	-
Interest in investment completed post year end	676	-	676	-
	<b>685</b>	<b>-</b>	<b>820</b>	<b>106</b>

The value of investments is determined on the basis of the cost to the Group.

Interest in investment completed post year end represents a non-refundable deposit paid to psychonomics shareholders.

### (a) Interests in subsidiaries

At 31 July 2007 the company had interests in the following subsidiaries:

	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
YouGovStone Limited	Subsidiary	England	Ordinary	51%	51%	Market research
YouGovAmerica LLC	Subsidiary	USA	Ordinary	100%	100%	Holding Co
YouGovEurope Holdings Limited	Subsidiary	England	Ordinary	100%	100%	Holding Co
YouGovAmerica Holdings Limited	Subsidiary	England	Ordinary	100%	100%	Holding Co
YouGovAlpha Limited	Subsidiary	England	Ordinary	100%	100%	Market Research

YouGovEurope Holdings Limited, YouGovAmerica Holdings Limited and YouGovAlpha limited were not active at 31 July 2007 and have therefore been excluded from the consolidated financial statements.

All subsidiaries have co-terminous year ends.

## (b) Interests in joint ventures

At 31 July 2007 the company had interests in the following joint ventures:

	Joint venture	Country of incorporation	Class of share capital held	Proportion held		Nature of business	Financial Year-end
				by parent company	by the group		
YouGovExecution Limited	JV	England	Ordinary	50%	50%	Primary research for the investment community Specialist business to business research	31 July
YouGovCentaur Limited	JV	England	Ordinary	50%	50%		30 June

Subsequent to the end of the financial year, the Board decided to cease trading in YouGovExecution. See note 25.

The group's share of the assets and liabilities of YouGovExecution Limited was:

	2007 £'000	2006 £'000
Fixed assets	6	1
Current assets	174	122
Liabilities due within one year	(69)	(13)
Liabilities due after one year or more	-	-

The principal place of business for YouGovExecution is 2<sup>nd</sup> Floor, Block D, The Old Truman Brewery, 91 Brick Lane, London, E1 6QL.

The group's share of the assets and liabilities of YouGovCentaur Limited was:

	2007 £'000	2006 £'000
Fixed assets	1	-
Current assets	107	-
Liabilities due within one year	(21)	-
Liabilities due after one year or more	(71)	-

The principal place of business for YouGovCentaur is 50 Poland Street, London, W1F 7AX.

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

<b>The group and the company</b>	<b>YouGov Execution £'000</b>	<b>YouGov Centaur £'000</b>	<b>Total £'000</b>
Cost or valuation			
At 1 August 2006	100	-	100
Additions	-	34	34
At 31 July 2007	<u>100</u>	<u>34</u>	<u>134</u>
Amounts written off			
At 1 August 2006	-	-	-
Provided in the year	-	-	-
At 31 July 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 31 July 2007	<u>100</u>	<u>34</u>	<u>134</u>
Net book amount at 31 July 2006	<u>100</u>	<u>-</u>	<u>100</u>

### **(c) Interests in associate**

At 31 July 2007 the company had interests in the following associate:

	Associate	Country of incorporation	Class of share capital held	Proportion held		Nature of business
				by parent company	by the group	
Polimetrix Inc	Associate	USA	Ordinary	0%	32%	Market research

At 31 July 2007 YouGov held an option to acquire the balance of Polimetrix' equity at an option price of \$2.10 per share.

The principal place of business is 364 University Avenue, Palo Alto, CA 94301, USA.

<b>The group</b>	<b>Share of net assets £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
Cost or valuation			
At 1 August 2006	-	-	-
Additions	1,132	2,595	3,727
At 31 July 2007	<u>1,132</u>	<u>2,595</u>	<u>3,727</u>
Amounts written off			
At 1 August 2006	-	-	-
Provided in the year	-	76	76
At 31 July 2007	<u>-</u>	<u>76</u>	<u>76</u>
Net book amount at 31 July 2007	<u>1,132</u>	<u>2,519</u>	<u>3,651</u>
Net book amount at 31 July 2006	<u>-</u>	<u>-</u>	<u>-</u>

## 11 DEBTORS

	The group		The company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade debtors	4,917	3,547	2,111	1,395
Amounts owed by group undertakings	-	-	4,012	36
Amounts owed by joint ventures	139	3	139	3
Other debtors	36	37	8	16
Prepayments and accrued income*	607	112	488	84
	<u>5,699</u>	<u>3,699</u>	<u>6,758</u>	<u>1,534</u>

\* Additional expenditure of £260,000 (2006: £nil) with respect to acquisition costs for investments acquired after the year end has been included within prepayments. Additional expenditure represents professional fees which will be capitalised as part of the investment on completion.

## 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Deferred income	548	361	338	316
Trade creditors	490	122	408	105
Amounts owed to group undertakings	-	-	2,727	6
Corporation tax	147	527	147	527
Social security and other taxes	377	291	372	291
Other creditors	162	75	162	75
Accruals	1,917	1,292	1,528	608
Pre-acquisition profit distribution	-	110	-	-
Amounts due under hire purchase contracts	24	18	-	-
	<u>3,665</u>	<u>2,796</u>	<u>5,682</u>	<u>1,928</u>

## 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Deferred consideration	334	365	-	-
	<u>334</u>	<u>365</u>	<u>-</u>	<u>-</u>

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.

## 14 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 2007 comprised £4.1 million of cash accruing interest.

During the period 1 August 2006 – 31 July 2007 the rates applicable varied between 4.75% and 5.75%. The rates vary in line with the Bank of England base rate (2006: 4.0% - 4.75%).

In the U.A.E. interest has been earned at rates between 4.375% and 5.0% (2006: 4.675% - 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			
	Sterling £'000	US Dollar £'000	Euro £'000	Total £'000
<b>31 July 2007</b>				
<b>Sterling</b>	-	1,514	1,462	2,976
<b>Other currencies</b>	-	2,036	-	2,036
	<u>-</u>	<u>3,550</u>	<u>1,462</u>	<u>5,012</u>

## 15 PROVISIONS FOR LIABILITIES

The group	Deferred taxation £'000	Total £'000
At 1 August 2006	12	12
Provided during year in profit and loss account	44	44
At 31 July 2007	<u>56</u>	<u>56</u>

<b>The company</b>	<b>Deferred taxation £'000</b>	<b>Total £'000</b>
At 1 August 2006	12	12
Provided during year in profit and loss account	44	44
At 31 July 2007	<u>56</u>	<u>56</u>

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

## 16 SHARE CAPITAL

	<b>2007 £</b>	<b>2006 £</b>
Authorised		
100,000,000 Ordinary share of 0.2p each	<b>200,000</b>	-
20,000,000 Ordinary Shares of 1p each	-	200,000
	<b>2007 £</b>	<b>2006 £</b>
Allotted, called up and fully paid		
At 1 August 2006 13,369,557 (2005: 13,338,207) Ordinary Shares of 1p each	<b>133,695</b>	133,381
New shares allotted, called up and fully paid in respect of share options	<b>1,150</b>	314
67,422,570 Ordinary shares of 0.2p each (2006: 13,369,557 Ordinary Shares of 1p each)	<u><b>134,845</b></u>	<u>133,695</u>

113,382 ordinary shares of 1p each were issued in the period in respect of the exercise of options by Panos Manolopoulos. The total nominal value of these shares was £1,133.82 and the total consideration received was £102,043.80. These shares were issued prior to the share split in April 2007

7,875 ordinary share of 0.2p each were issued in the period in respect of an employee exercising options. The total nominal value of these shares was £15.75 and the total consideration received was £1,417.50.

On 10 April 2007 the company undertook a 5 for 1 share split which reduced the nominal value of each share from 1p to 0.2p.

## 17 SHARE BASED PAYMENTS

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

<b>Approved share option scheme</b>	<b>2007</b>		<b>2006</b>	
	<b>No. *</b>	<b>WAEP £ *</b>	<b>No. *</b>	<b>WAEP £ *</b>
Outstanding at the beginning of the year	3,022,875	0.145	2,729,625	0.124
Granted during the year	121,510	1.645	293,250	0.341
Exercised during the year	(563,430)	0.180	-	-
Lapsed during the year	<b>(166,125)</b>	0.180	-	-
Outstanding at the end of the year	<u>2,414,830</u>	0.210	<u>3,022,875</u>	0.145
Exercisable at the end of the year	<u>2,146,665</u>	0.120	<u>2,802,940</u>	0.130

  

<b>Unapproved share option scheme</b>	<b>2007</b>		<b>2006</b>	
	<b>No *</b>	<b>WAEP £ *</b>	<b>No. *</b>	<b>WAEP £ *</b>
Outstanding at the beginning of the year	985,015	0.227	578,265	0.180
Granted during the year	21,346	1.645	406,750	0.295
Exercised during the year	(11,355)	0.180	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	<u>995,006</u>	0.258	<u>985,015</u>	0.227
Exercisable at the end of the year	<u>486,830</u>	0.228	<u>113,040</u>	0.283

Two schemes relating to employees are in place. The first covers 101,335 share options and are exercisable by employees at an exercise price of £0.18 until expiry. The second covers 142,856 share options which become exercisable in the following tranches; 47,620 on 10 April 2008, 47,618 on 10 April 2009 and 47,618 on 10 April 2010. The vesting of these shares is dependent upon specific targets being achieved. The exercise price of all 142,856 share options is £1.645.

Share options exercised in the current financial year were done so at prices between £1.875 and £2.025.

The profit and loss charge for share based payments is disclosed in note 4.

The options outstanding as at 31 July 2007 have the following average exercise prices and expire in the following financial years.

<b>Expiry</b>	<b>Exercise price £ *</b>	<b>2007 No. *</b>	<b>2006 No. *</b>
31 July 2013	0.180	57,000	231,000
31 July 2013	0.100	1,898,735	1,898,735
31 July 2015	0.180	611,245	1,178,155
31 July 2016	0.341	293,250	293,250
31 July 2016	0.295	406,750	406,750
31 July 2017	1.645	142,856	-
		<u>3,409,836</u>	<u>4,007,890</u>

The fair value of equity settled transactions is estimated at the date of grant. Fair values were determined according to the Black-Scholes option pricing model using the following:

<b>Scheme</b>	<b>2007</b> <b>EMI *</b>	<b>2007</b> <b>Unapproved *</b>	<b>2006</b> <b>EMI *</b>	<b>2006</b> <b>Unapproved *</b>
Number granted	121,510	21,346	293,250	406,750
Weighted average share price at grant	£1.885	£1.885	£0.341	£0.341
Weighted average share exercise price	£1.645	£1.645	£0.341	£0.295
Weighted average expected volatility	29.9%	29.9%	26.3%	26.3%
Average expected life (years)	5	5	5	5
Weighted average risk free rate	5.2%	5.2%	3.7%	3.7%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%

\* Restated for the 5:1 share split on 10 April 2007

## 18 SHARE PREMIUM ACCOUNT AND RESERVES

### The group

	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>
At 1 August 2006	<b>2,943</b>	<b>3,691</b>
Retained profit for the year	-	<b>4,092</b>
Other recognised gains and losses relating to the period	-	<b>(360)</b>
Premium on allotment during the year	<b>102</b>	-
Cost of issue of shares	<b>(19)</b>	-
At 31 July 2007	<b><u>3,026</u></b>	<b><u>7,423</u></b>

### The company

	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>
At 1 August 2006	<b>2,943</b>	<b>1,838</b>
Retained profit for the year	-	<b>1,501</b>
Premium on allotment during the year	<b>102</b>	-
Cost of issue of shares	<b>(19)</b>	-
At 31 July 2007	<b><u>3,026</u></b>	<b><u>3,339</u></b>

**19 NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2007</b>	2006
	<b>£'000</b>	£'000
<b>Net cash inflow from operating activities</b>		
Operating profit	<b>5,301</b>	3,862
Amortisation of intangible fixed assets	<b>141</b>	-
Depreciation of tangible fixed assets	<b>126</b>	38
Loss on disposal of fixed assets	<b>13</b>	-
(Increase) in debtors	<b>(2,000)</b>	(2,930)
Increase in creditors	<b>1,225</b>	1,926
	<b>4,806</b>	2,896

**20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2007</b>	2006
	<b>£'000</b>	£'000
<b>Profit on ordinary activities after taxation</b>	<b>4,898</b>	3,511
Minority interests - equity	<b>(794)</b>	<b>(521)</b>
Retained profit on ordinary activities after taxation and minority interests	<b>4,104</b>	2,990
Dividends	<b>(12)</b>	-
Retained profit for the financial year	<b>4,092</b>	2,990
Other recognised gains and losses relating to the period	<b>(360)</b>	-
Premium on issue of shares	<b>102</b>	30
Net issue of share capital	<b>1</b>	1
Offset expenses against share premium account	<b>(19)</b>	-
Net increase in shareholders' funds	<b>3,816</b>	3,021
Opening shareholders funds	<b>6,768</b>	<b>3,747</b>
Closing shareholders funds	<b>10,584</b>	6,768

**21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2007</b>	2006
	<b>£'000</b>	£'000
(Decrease)/Increase in cash in the year	<b>(1,130)</b>	1,750
Foreign exchange difference on the retranslation of overseas entities	<b>(355)</b>	-
Movement in net cash in the year	<b>(1,485)</b>	1,750
Net cash at beginning of year	<b>5,546</b>	3,796
Net cash at end of year	<b>4,061</b>	5,546

## 22 ACQUISITIONS

### Siraj

On 30 July 2006 the group acquired a 100% stake in the business the assets and trade of Siraj Marketing and Research Consultancy (Siraj), through our subsidiary YouGov ME FZ LLC, for a consideration of £1.3million in cash. Goodwill arising on the acquisition has been capitalised and will be written off over its useful estimated life. The purchase of has been accounted for by the equity method of accounting. We presented draft fair value estimates at 31 July 2006. No fair value adjustment was required. We have amended the value of acquisition costs capitalised. The impact of this was to increase the value of goodwill.

The assets and liabilities of Siraj acquired were as follows:

	Book value	Revaluation	Accounting	Other	Fair value
	£'000	£'000	policy	adjustments	£'000
			adjustments	£'000	
			£'000		£'000
Tangible fixed assets	2	-	-	-	2
Current assets					
Trade debtors	218	-	-	-	218
Bank and cash	<b>68</b>	-	-	-	<b>68</b>
Total assets	<b>288</b>	-	-	-	<b>288</b>
Other creditors	45	-	-	-	45
Accruals	92				92
Total liabilities	<b>137</b>	-	-	-	<b>137</b>
Net assets	151	-	-	-	151
Purchased goodwill capitalised					1,171
Costs of acquisition capitalised					<b>16</b>
Total goodwill					1,187
					<b>1,338</b>
Satisfied by:					
Cash					847
Deferred consideration					475
Working capital					16
					<b>1,338</b>

### Polimetrix

On 22 December 2006 the group acquired a 32% stake in Polimetrix for a consideration of £3.8m. Goodwill arising on the acquisition has been capitalised and will be written off over its useful estimated life. The purchase has been accounted for by the equity method of accounting. The stake held in Polimetrix was increased post year end. Full details of this are disclosed in note 25.

	<b>Book value</b>	<b>Accounting</b>		<b>Other</b>	<b>Fair value</b>
	<b>£'000</b>	<b>Revaluation</b>	<b>adjustments</b>	<b>adjustments</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Tangible fixed assets	32	-	-	-	32
Current assets					
Trade debtors	81	-	-	-	81
Other debtors	3	-	-	-	3
Bank and cash	<b>1,254</b>	-	-	-	<b>1,254</b>
Total assets	<b>1,370</b>	-	-	-	<b>1,370</b>
Trade creditors	15	-	-	-	15
Other creditors	42	-	-	-	42
Total liabilities	<b>57</b>	-	-	-	<b>57</b>
Net assets	<b>1,313</b>	-	-	-	<b>1,313</b>
Purchased goodwill capitalised					2,521
Costs of acquisition capitalised					<b>74</b>
Total goodwill					<b>2,595</b>
					<b>3,908</b>
Satisfied by:					
Cash					3,834
Working capital					<b>74</b>
					<b>3,908</b>

The results of Polimetrix for the period from the beginning of the subsidiary's financial year to the date of acquisition and also the comparative year to 31 December 2005 are as follows:

	<b>1 January</b>	Year ended
	<b>2006 – 21</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	<b>1,195</b>	349
Operating (loss)/profit	<b>(754)</b>	31
(Loss)/profit before tax	<b>(746)</b>	31
(Loss)/profit after tax	<b>(747)</b>	31

## 23 CAPITAL COMMITMENTS

The group and the company had an outstanding commitment to procure software to the value of £109,709 at year end. By 31 July 2007 £10,971 had been settled. Purchase orders of £115,590 have been approved but not accrued, where they relate to the period from 1 August 2007 onward. The balance will be settled in equal instalments in stage payments during the financial year ending 31 July 2008.

YouGov has committed to a non-refundable deposit to the shareholders of psychonomics of £2.1 million of which £676,000 had been paid by 31 July 2007. The balance was settled in August 2007. No capital commitments existed for the group or the company at 31 July 2006.

## 24 LEASING COMMITMENTS

Operating lease payments amounting to £320,000 (2006: £102,000) are due within one year. The leases to which these amounts relate expire as follows:

	2007		2006	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	14	3	47	2
Between one and five years	-	-	53	-
In five years or more	303	-	-	-
	<u>317</u>	<u>3</u>	<u>100</u>	<u>2</u>

## 25 POST BALANCE SHEET EVENTS

We announced on 7 August 2007 that we proposed to raise approximately £27 million by means of a placing for cash of 19,285,714 new ordinary shares to institutional investors at £1.40 share, and to issue shares and to grant options of an aggregate value of £11.3 million. Each of the psychonomics and Zapera Acquisition agreements contain earn-out provisions which, if met, will require YouGov to pay an estimated amount of £6.5 million by way of further consideration.

### Polimetrix

Under the terms of the pre-existing option, YouGov and YouGov America had the right to purchase the 68% of Polimetrix not currently owned by YouGov America. The merger resulted in the acquisition of such 68% at a price of \$2.10 per share. Agreement was reached on 7 August 2007. The total consideration payable to Polimetrix is \$24.1 million (approximately £11.7 million) of which \$8.6 million (approximately £4.2 million) was satisfied in cash. The remaining \$15.5 million (approximately £7.5 million) was satisfied by the allotment of shares and by the grant of options (to the value of approximately \$2.7 million (£1.3 million)). A proportion of the Acquisition Shares will only be issued one year following completion provided there are no claims made by YouGov under the merger agreement. The Acquisition Shares are subject to selling restrictions for a period of 12 months from the date of completion.

### Zapera

Zapera is an online research agency with offices in Denmark, Sweden and Norway and specialises in healthcare, pharmaceutical and brand research. The consideration payable on completion was £5.3

million (subject to a net working capital adjustment) and is to be satisfied by a mixture of cash (£4.9 million) and the allotment of 264,026 shares to the value of £400,000 (priced at 151.5 pence per Ordinary Share). In addition, YouGov applied £2 million towards the repayment of loan capital, the acquisition of bank debt and the payment of deferred consideration pursuant to a previous acquisition made by Zaper. Additional consideration of £2.25 million will become payable to the sellers subject to certain financial hurdles for the 12 month period to 31 July 2008 being met by Zaper. The two original founders are entitled to an earn-out payment of (in aggregate) £1.25 million depending on the financial performance for the 12 month periods to each of 31 July 2009 and 2010. Any such earn-out payment to the founders will be satisfied 50% in cash and 50% in Ordinary Shares. Agreement was reached on 7 August 2007.

### **psychonomics**

The acquisition of psychonomics was announced on 27 July 2007. psychonomics was incorporated in 1992 and has its head office in Cologne with offices in Vienna and Berlin.

The consideration payable on completion for the entire issued share capital of psychonomics was €20.75 million (approximately £14.0 million) and was satisfied by the issue of shares to the value of €5 million (approximately £3.4 million) with the balance being paid in cash. Of the initial cash consideration €3.2 million (approximately £2.1 million) was paid as a non-refundable deposit. The psychonomics sellers are entitled to be paid the pre completion profits of psychonomics for the current year calculated in proportion to the number of months elapsed prior to completion. Such amount is capped at €1.5 million (approximately £1 million.) An earn-out has also been put in place for the two financial years ending 31 December 2008. Under this earn-out, based on financial targets being met, a maximum of a further €3 million (approximately £2 million) will be payable, either in cash or shares (priced at the average price of trading over the 30 dealing day period following publication of the audited financial statements for the financial year ending 31 December 2008). In addition to the purchase price payable, Ordinary Shares to the value of €500,000 will be issued for a psychonomics employee incentivisation programme.

### **YouGovExecution Dissolved Amicably**

After 18 months of successful operations both YouGov and Execution have decided to amicably dissolve the YouGovExecution (YGX) joint venture with a view to each company independently pursuing aspects of the YGX business. We aim to complete the dissolution by the time we report our interim results for the period ended 31 January 2008.

Having established primary research services as a valuable resource for the investment community, both Execution and YouGov have agreed that it is no longer in the interests of either party to maintain an exclusive relationship with each other.

The two companies will continue to co-operate on certain existing YGX services, such as the YouGov/Execution Clothing Retail Index, and in the future where there is a relevant business opportunity for both.

### **YouGovAlpha**

YouGov created YouGovAlpha, the UK's only dedicated market research agency with services tailored to the specific needs of fund managers and investment professionals. Building on the recent success of YouGovExecution (YGX), YouGovAlpha provides a competitive advantage to its clients by using primary research to gain insights into the marketplace performance of sectors and companies ahead of trading statements and publicly available information. YouGovAlpha commenced trading on 1 August 2007.

## **EGM**

Further to the announcement, distribution of circular and notice of EGM by YouGov plc (the 'Company') on 7 August 2007 in connection with the cash placing to raise £27 million and the issue of £10 million of ordinary shares as part consideration for three acquisitions in the US, Germany and Denmark, the Board of the Company is pleased to announce that all resolutions required to effect the cash placing and acquisitions were duly passed at the EGM on 3 September 2007. 25,215,543 ordinary shares, being the placing shares and acquisition consideration shares, were admitted to trading on AIM on 6 September 2007. YouGov announced on 14 September 2007 that the psychonomics acquisition completed on 10 September 2007 whilst the Zapera and Polimetrix acquisitions completed on 11 September 2007.

## **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 £2,600 (2006: £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 arms length and on usual commercial terms. As at 31 July 2007 Endemol UK owed YouGov plc £nil (2006: £22,325).

During the year goods and services were procured from IIR Limited totalling £5,293 (2006: £nil). IIR Limited is a company which Anthony Foye, a non-executive director of YouGov plc, is a director. The purchases were made at an arms length and on usual commercial terms. As at 31 July 2007 YouGov plc owed IIR Limited £nil (2006: £nil).

During the year goods and services were procured from Hawkshead Limited totalling £nil (2006: £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 an arms length and on usual commercial terms. As at 31 July 2007 YouGov plc owed Hawkshead Limited £nil (2006: £nil).

During the year, YouGov plc provided research services totalling £480,236 (2006: £nil) to Privero Capital, a US based investment fund. A minority stake in this fund is partially owned by Stephan Shakespeare and Balshore Investments (the family trust of Nadhim Zahawi's family), each of whom control 18.75% of the fund. At 31 July 2007 Privero owed YouGov plc £480,236 (2006: £nil).

During the year sales were made to YouGovExecution totalling £315,654 (2006: £131,220). At 31 July 2007 YouGovExecution owed YouGov plc £52,122 (2006: £nil).

During the year sales were made to YouGovStone totalling £57,166 (2006: £nil). At 31 July 2007 YouGovStone owed YouGov plc £67,170 (2006: £nil).

Trading between YouGov plc and subsidiary companies is excluded from the related party note as this has been eliminated on consolidation.

## **27 NON STATUTORY FINANCIAL INFORMATION**

The financial information set out in the preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The summarised balance sheet at 31 July 2007, summarised profit and loss account, summarised cash flow statement and associated notes for the year then ended have been extracted from the

Group's financial statements. Those financial statements have not yet been delivered to the Registrar.