

YouGov[®]

Admission to AIM



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. This document which comprises a prospectus has been drawn up in accordance with the POS Regulations and the AIM Rules. If you are in any doubt about the contents of this document and what action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. An investment in YouGov plc involves a high degree of risk and particular attention is drawn to the risk factors set out in Part III of this document. All statements regarding the Company's business should be viewed in the light of these risk factors. The whole text of this document should be read.

This document is a prospectus in relation to the Alternative Investment Market of the London Stock Exchange plc ("AIM") and has been delivered to the Registrar of Companies in England and Wales for registration in accordance with paragraph 4(2) of the POS Regulations.

The Directors of YouGov plc (the "Company"), whose names and details are set out on page 5 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information. All of the Directors accept responsibility accordingly. In connection with this document and/or information contained in it, no person is authorised to give any information or make any representation other than is contained in this document.

APPLICATION WILL BE MADE FOR THE WHOLE OF THE ISSUED AND TO BE ISSUED ORDINARY SHARE CAPITAL OF YOUNGOV PLC TO BE ADMITTED TO TRADING ON AIM. AIM IS A MARKET DESIGNED PRIMARILY FOR EMERGING OR SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED THAN TO LARGER OR MORE ESTABLISHED COMPANIES. AIM SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE UNITED KINGDOM LISTING AUTHORITY. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH AN INDEPENDENT FINANCIAL ADVISER. THE RULES OF AIM ("THE AIM RULES") ARE LESS DEMANDING THAN THOSE OF THE OFFICIAL LIST. IT IS EMPHASISED THAT NO APPLICATION IS BEING MADE FOR ADMISSION OF THESE SECURITIES TO THE OFFICIAL LIST. THE LONDON STOCK EXCHANGE PLC HAS NOT ITSELF EXAMINED OR APPROVED THE CONTENTS OF THIS DOCUMENT. THE ORDINARY SHARES ARE NOT DEALT IN ON ANY OTHER RECOGNISED INVESTMENT EXCHANGE AND NO OTHER SUCH APPLICATIONS HAVE BEEN MADE.

YouGov plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 3607311)

Placing of 4,472,222 Ordinary Shares of 1 pence each at 135p per share

and

Admission to trading on the Alternative Investment Market

Nominated Adviser and Broker

Noble & Company Limited



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SHARE CAPITAL

Authorised		immediately following the Placing	Issued and fully paid	
Amount	Number		Amount	Number
£200,000	20,000,000	Ordinary Shares of 1 pence each	£133,382.07	13,338,207

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Share Capital of the Company and will rank *pari passu* in all respects with all other Ordinary Shares which will be in issue after the Placing.

Noble & Company Limited, which is authorised and regulated by the Financial Services Authority, is acting exclusively for YouGov plc as the nominated adviser and broker, for the purpose of the AIM Rules in connection with the Placing and Admission. Noble & Company Limited will not be responsible to anyone other than YouGov plc for providing the protections afforded to customers of Noble & Company Limited nor for providing advice to any other person in connection with the Placing or Admission and the contents of this document. No representation or warranty, express or implied, is made by Noble & Company Limited as to any of the contents of this document for which the Directors are solely responsible.

This document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

It is expected that dealings in the Ordinary Shares on AIM will commence on 25 April 2005. Copies of this document will be available free of charge during normal business hours from the offices of Noble & Company Limited, 120 Old Broad Street, London, EC2N 1AR for the period of one month from the date of Admission.

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DEFINITIONS AND GLOSSARY

Definitions

“Act”	the Companies Act 1985, as amended;
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	AIM, a market operated by the London Stock Exchange;
“the AIM Rules”	the rules published by the London Stock Exchange from time to time governing the admission to and operation of AIM;
“Articles”	the articles of association of the Company adopted on 11 April 2005, subject to Admission;
“Audit Committee”	the audit committee established by the Board;
“Board” or “Directors”	the directors of the Company;
“the Combined Code”	the revised combined code on the principles of good governance and code of best practice as appended to, but not forming part of, the Listing Rules of the UK Listing Authority;
“Company” or “YouGov”	YouGov plc, registered number 3607311 and having its registered office at 1 West Smithfield, London, EC1A 9JU;
“Completion”	completion of the allotment and issue of the New Ordinary Shares and the transfer of the Sale Shares pursuant to the Placing;
“CREST”	the electronic share settlement system operated by CRESTCo Limited in accordance with which securities may be held and transferred in uncertificated form;
“EIS”	the Enterprise Investment Scheme and related reliefs as detailed in Chapter III, Part VII of the Income and Corporation Taxes Act 1988 and sections 150A to 150C and Schedule 5B and 5BA of the Taxation of Chargeable Gains Act 1992 (as amended);
“IPO”	an initial public offering of the Company’s Ordinary Shares;
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	2,250,000 Ordinary Shares to be issued pursuant to the Placing;
“Ordinary Shares”	ordinary shares of 1 pence in the Company including the New Ordinary Shares;
“Noble”	Noble & Company Limited, incorporated in Scotland (registered number SC127487) and having its registered office at 76 George Street, Edinburgh EH2 3BU and authorised and regulated by the Financial Services Authority;

“Placing”	the placing of 2,250,000 New Ordinary Shares and a further 2,222,222 Sale Shares to be sold by the Selling Shareholders at the Placing Price details of which are set out in this document;
“Placing Agreement”	the conditional agreement dated 18 April 2005 between Noble, the Company, the Selling Shareholders and the Directors relating to the Placing, details of which are set out in paragraph 8 of Part V of this document;
“Placing Price”	135 pence per Ordinary Share;
“Remuneration Committee”	the remuneration committee established by the Board;
“Sale Shares”	the 2,222,222 Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing;
“Selling Shareholders”	Balshore Investments Limited, Neil Bruce Copp, Stephan Shakespeare and Peter Kellner, existing Shareholders in the Company who have agreed to sell Ordinary Shares in the Placing;
“Shareholders”	holders of Ordinary Shares at the date of this document;
“Statutes”	the Act and every other act, statute, statutory instrument, regulation or order for the time being in force and effecting the Company;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as a competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 including where the context so permits any committee, employee or servant of such authority to whom any function of the UK Listing Authority may from time to time be delegated; and
“VCT”	a venture capital trust for the purposes of section 842AA and Schedule 28B of the Income and Corporation Taxes Act 1988.

Directors, Secretary and Advisers

Directors:	Peter Jon Kellner (Chairman) Nadhim Zahawi (Joint Chief Executive) Stephan Shakespeare (Joint Chief Executive) Panayiotis Manolopoulos (Managing Director) Jonson Wycliffe William Arthur Helps (Finance Director) Peter Lytton Bazalgette (Non-Executive) Anthony Martin Foye (Non-Executive)
	all of: 1 West Smithfield London EC1A 9JU
Secretary:	Stephan Shakespeare
Registered Office and Directors' business address:	1 West Smithfield London EC1A 9JU
Nominated Adviser:	Noble & Company Limited 76 George Street Edinburgh EH2 3BU
Broker:	Noble & Company Limited 120 Old Broad Street London EC2N 1AR
Solicitors to the Company:	Olswang 90 High Holborn London WC1V 6XX
Solicitors to the Nominated Adviser:	Dechert LLP 2 Serjeants' Inn London EC4Y 1LT
Auditors and Reporting Accountants:	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Bankers:	National Westminster Bank plc 130 Commercial Road Portsmouth Hants P01 1ES
Financial Public Relations	Financial Dynamics Holborn Gate 26 Southampton Buildings London WC2A 1PB
Receiving Agents and Registrars:	Neville Registrars Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

PLACING STATISTICS

Placing Price	135p
Number of Ordinary Shares in issue prior to the Placing	11,088,207
Number of Ordinary Shares being offered pursuant to the Placing	2,250,000
Number of Sale Shares being offered in the Placing	2,222,222
Number of Ordinary Shares in issue immediately following Admission	13,338,207
Market capitalisation of the Company at the Placing Price following the Placing	£18,006,579
Estimated net proceeds of the Placing of New Ordinary Shares receivable by the Company after expenses	£2,737,500

EXPECTED TIMETABLE

Publication of Admission Document	18 April 2005
Admission and commencement of dealings in the Ordinary Shares on AIM	25 April 2005
CREST accounts credited	25 April 2005
Despatch of definitive share certificates (where applicable)	2 May 2005

PART I

KEY INFORMATION

The following information is derived from and should be read in conjunction with the full text of this document. You should read all of this document and not rely solely on the key information set out below.

1.1 YouGov plc

YouGov is a company that 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 more accurate research using larger sample sizes while keeping costs lower than traditional research companies that use telephone and face-to-face interview techniques.

The business was founded in May 2000 by the joint chief executive officers, Nadhim Zahawi and Stephan Shakespeare. YouGov built its initial panel of online respondents through joint projects with Freeserve between 2000 and 2004. The Company now has a panel of over 89,000 registered respondents in Great Britain.

The quality of YouGov's panel and methodology has been demonstrated by its results. YouGov was more accurate, save for one measure, than any other polling organisation in predicting the outcome of seven elections in the last four years as well as the result of the 2002 Pop Idol contest.

The Company has grown strongly since it was founded in 2000 with turnover growing from just under £750,000 in the year to 31 July 2002 to nearly £2,000,000 in the year to 31 July 2004. In the six months to 31 January 2005 turnover has reached £1.3 million.

The Company's management team has a range of experience in market research, polling and the media.

1.2 Strategy

The Directors intend to position YouGov as a market-leading research agency by developing the existing business and creating new products. YouGov will also focus on increasing revenue streams from specific industry sectors that the Directors have identified as online research growth areas.

The Directors also plan to adopt a strategy of making selective acquisitions of small, successful competitors employing traditional research techniques, particularly where these companies have expertise in areas that would extend YouGov's capability in target areas for growth. Significant parts of the acquired businesses will be moved onto YouGov's higher margin business model of online surveys while the existing staff will be retained for their sector expertise.

1.3 The Placing

The Placing comprises 4,472,222 Ordinary Shares at the Placing Price of 135 pence per Ordinary Share. Of these 4,472,222 Ordinary Shares:

- 2,250,000 are New Ordinary Shares to be issued by the Company; and
- 2,222,222 are Sale Shares to be sold by the Selling Shareholders.

The Company will raise gross proceeds before expenses (assuming full subscription of the New Ordinary Shares under the Placing) of £3,037,500. The Company will not receive any proceeds from the sale of the Sale Shares. The stamp duty attaching to the purchase of the Sale Shares will be paid by the Selling Shareholders. Noble is acting as agent of the Company and the Selling Shareholders in respect of the Placing.

The Directors intend to use the proceeds of the placing of the New Ordinary Shares for:

- further development of the YouGov brand in market research;
- development and implementation of new online research and reporting tools;
- launching and marketing a new syndicated (subscription-based) research product;
- part funding of the acquisition strategy.

The Inland Revenue has provided provisional approval that, based on the information disclosed, the Company and its activities should qualify under the Enterprise Investment Scheme and Venture Capital Trust Scheme legislation.

PART II

INFORMATION ON THE COMPANY

2.1 Background and General Information

YouGov is a company that carries out online research using proprietary software to produce accurate market research (that is, data on consumer decision-making), political and media opinion polling (data on attitudes to social, political or cultural issues) and stakeholder consultation (between decision-makers and those affected by the decision). The Company uses a panel of over 89,000 registered respondents in Great Britain who have been recruited for surveys.

While some of the biggest market research companies have developed or are developing their own online capability, YouGov has attempted to differentiate itself by combining all of the following:

- using exclusively online panels;
- creating online samples that represent the national population;
- recruiting high-earners and high-level decision-makers;
- regularly predicting real outcomes and thereby developing a reputation as the most accurate polling company in the UK;
- consistent marketing and promotion of the single 'YouGov' brand.

The use of internet-based research enables YouGov to use larger sample sizes and thereby provide more accurate research using larger sample sizes while keeping costs lower than traditional research companies. Further details of the advantages of YouGov's approach to research are included in Section 2.5.

The Directors believe that other research companies in the UK lag behind YouGov in the adoption, development and sophistication of online research techniques and that the Company has a strong competitive advantage from its proprietary panel.

The majority of the Company's revenues are ascribable to market research work, not to political and media polling. However, the widely reported political and media polling carried out by YouGov provides an additional opportunity for recruiting panel members to its consumer panel through the website. In this way YouGov has been able to recruit a panel with a significant proportion of well educated, high earning individuals who can constitute bespoke samples. In addition, YouGov's panel benefits from a response rate to questionnaires of nearly 60 per cent. and the Directors believe that it has lower attrition rates than its UK competitors.

YouGov is now conducting a growing proportion of its research across Europe, the Middle East and the US.

2.2 History

The business was founded in May 2000 by Nadhim Zahawi and Stephan Shakespeare. The founders had met three years earlier and worked together while running the Jeffrey Archer London mayoral bid. In that role they were consumers of conventional polling, which they found slow, expensive and lacking in depth. Furthermore, having close experience of local government, they understood that there would be an increasing market for consultation and that the government's e-strategy would mean this would eventually have to include an online facility. They believed that there was an opportunity because other research agencies had either the wrong business strategy or the wrong methodological approach.

Among those they recruited to their advisory board was Peter Kellner, well known as a media polling commentator and respected within the academic community.

The Company's first client was the Hotel & Catering International Management Association for whom YouGov completed an e-consultation project.

YouGov built its initial panel of online respondents through joint projects with Freeserve (now called Wanadoo) between 2000 and 2004. YouGov provided a news, comment and interaction site which became a channel on the Freeserve portal. Freeserve also emailed a portion of its subscribers to invite them to register with YouGov's panel for paid survey work. This arrangement gave YouGov the opportunity to recruit panel members whilst providing research to Freeserve.

YouGov's first political polling project was as the online component of the British Election Study for the Economic and Social Research Council (BES/ESRC) of the 2001 election. The BES/ESRC has conducted one of the longest academic studies of electoral behaviour. The leaders of this academic project were keen to gain experience with online research, but could only include it as an experiment, parallel to the core surveys which were being conducted face-to-face and by telephone. YouGov's work in 2001 was conducted for no payment. YouGov has now won the contract, and will receive a fee, for the online element of the main BES/ESRC study for the UK general election in 2005.

As a result of YouGov's 2001 BES/ESRC work, a YouGov survey was published in The Business on the Sunday before the election in 2001, with the final prediction updated the day before the election. YouGov's final poll showed Labour 10 per cent. ahead of the Conservatives, while all other pollsters showed a bigger lead for Labour. The actual result was a 9.3 per cent. lead.

YouGov won respect for its methodology in this poll and followed this up with new work for the Daily Telegraph and additional work for The Sunday Times. YouGov has now been commissioned by a large number of the major media outlets, including The Observer, Channel 4 News, The Mail on Sunday, the BBC, ITV News, The Evening Standard, Scotland on Sunday, The Sun, The Daily Mirror, Sky News, The Economist, The Sunday Times and The Daily Telegraph as well as for the current affairs programmes such as the Dimbleby Programme. Contractual arrangements mean that YouGov can now only work on a regular basis for (among national news media) The Sunday Times, The Daily Telegraph, The Economist and Sky News.

YouGov's first public sector client was the Mayor of London, for whom YouGov conducted major consultations and research for 'London Remade', a recycling project, and for the development of the Mayor's Green Procurement Code in 2001.

YouGov's first commercial research client was Lilly Industries, for whom YouGov carried out surveys in 2001 as part of a reputation audit. YouGov's first client for product-based testing was Compass plc, for whom YouGov conducted research in the US, the UK and Spain, on chicken restaurant concepts in 2002.

By the year ended 31 July 2002, YouGov had a turnover of £746,000 and was profitable. By 31 July 2004 the Company had continued to win new clients including KPMG, Sainsburys, Sage and M & C Saatchi. Turnover reached nearly £2 million for the year to July 2004.

While YouGov is best known amongst the public as a political and media pollster, because this is its most public activity, market research has been the largest component of turnover and is the main focus for future development.

In 2004 YouGov began work for HSBC Bank Middle East, building a Middle East panel of business men and women across the region to be surveyed three times a year for the HSBC Middle East Business Confidence Index (MEBCI). The MEBCI is published through the Middle East Economic Digest Magazine, a highly respected economic magazine with a circulation of 70,000 across the Middle East.

YouGov has been approached and is in discussions for the establishment of a joint venture market research operation and online panel across the Middle East.

2.3 Operations

Client Base and Revenue Profile

The Company has more than 120 active clients on its books.

YouGov has three categories of revenue stream, namely market research, opinion polling and stakeholder consultation. Each of these is described in more detail below:

Market Research

Market research studies are commissioned by commercial companies and public sector clients that would like to learn more about consumer usage and attitudes to and satisfaction with existing or planned products and services.

Typically, studies of this type carried out by YouGov are targeted at specific respondents. They are chosen because their demographic profile or overall behaviour as a consumer meet criteria that make them relevant for the product, service or subject covered by the research itself. YouGov uses the demographic and other profiling information that it already holds on its panellists to select the relevant respondents to participate in each research project. Respondent profiles for this type of work may not necessarily be nationally representative, instead focusing on a subset of the population e.g. those that wear dentures. In undertaking this work YouGov will advise clients on:

- the most appropriate method for the research based on its understanding of the client business and information requirements;
- how many respondents should be interviewed;
- how the respondent sample should be structured in terms of demographic and other quota controls;
- what questions to include and in which order should they be asked;
- how the answers should be analysed;
- the implications of the survey for the client's product or service; and
- recommendations moving forward.

In the course of carrying out a project YouGov will:

- produce the survey questionnaire and program this into YouGov's system;
- set up the survey operation and monitor the fieldwork;
- provide progress updates to the client;
- co-ordinate with third party suppliers to the client as necessary;
- produce the relevant survey outputs, for example data file, statistical data tabulations and a report or presentation; and
- manage the whole project overall from start to finish in accordance with the agreed specification of supplier tasks and responsibilities.

The main buyers of market research surveys and services are private sector and public sector organisations that target the end-consumer directly. Public sector clients include non-governmental organisations, utilities, government departments, academic institutions and not for profit organisations. Private sector clients include companies from the consumer goods and services, financial, utility, IT & telecoms, automotive, travel & leisure and professional services sectors. YouGov's client base has representatives from most of these sectors including ASDA, Alliance & Leicester, Scottish Widows, Abbey National, South West Water, British Gas, Direct Line, International Flavours and Fragrances (IFF), Camelot, OneTel and MOTO (motorway service stations).

In the six months to 31 January 2005, YouGov's sales from market research represented approximately 65 per cent. of total turnover. Of this, approximately two-thirds came from private sector clients and one-third from public sector clients.

YouGov sees opportunities for further sales growth in both private and public sectors and is seeking to recruit specialist staff and develop new products and services to maximise revenue opportunities in these areas.

Political & Media Opinion Polling

Political & media opinion polls are commissioned by newspapers, political organisations and current affairs television programmes. These studies may include questions on how respondents intend to vote in elections or their views on current affairs issues. This category also includes studies on issues in the entertainment industry such as predicting the likely Pop Idol winner or views on sporting events such as the 2012 Olympic Games bid.

The media polling work in particular tends to have a higher media profile than market research work as it is published by the end client. The amount of work carried out on political and media polling tends to vary depending on the timing of elections or around major world events such as the Iraq war. This work accounted for approximately 25 per cent. of turnover in the six months to 31 January 2005.

Stakeholder Consultation

Stakeholder consultation studies may be commissioned by, for example, local government or health authorities to examine the attitudes of people who use the services they provide. Private sector employers also use stakeholder consultation studies to canvas the views of their employees.

Stakeholder consultation is on the increase in a number of areas. The Directors believe consultation carried out online can be more efficient and more effective than other forms. YouGov conducts stakeholder consultations for clients such as Lewisham Borough Council, BVCA, WHICH?, South West Water as well as several Strategic Health Authorities and hospitals. Sales in this area represented approximately 10 per cent. of total turnover in the six months to 31 January 2005.

Products

Market research and opinion research surveys carried out by YouGov come in two formats: omnibus and bespoke studies. Stakeholder consultation generally employs another format: branded consultation platforms.

Bespoke studies are carried out in accordance with the specific needs of the client. YouGov may be asked to conduct surveys with a nationally representative sample or to target specific demographic cross sections of the population (women, younger people, people personally investing in the stock market, people who wear dentures, etc) depending on the characteristics of the client's customer base. These studies are often detailed and complex in design.

YouGov also carries out omnibus studies which are designed for clients carrying out a more limited survey with fewer questions. The omnibus draws together questions from a number of clients, typically 3–5 per study, into the same survey and this is issued to a nationally representative sample of the population.

YouGov may contract directly with the end user of the information or it may be approached to carry out work as part of a wider study by, for example, a strategy agency for the end-client.

A stakeholder consultation, by its nature, advertises who is the client for the consultation, and such work is therefore usually carried out on client-branded or co-branded online platforms. These may be 'open', in the sense that anyone in the stakeholder group can take part, or the universe for the consultation may be defined by, for example, an email list supplied by the client.

The Panel

Every member of the YouGov panel has actively registered to receive e-mail notification of surveys. Panel members receive a payment for each completed survey that builds up in a virtual account. This is then paid to the panel member in cash when they reach £50. While some surveys are prize-based, the great majority carry a defined payment. The Directors believe that this approach is different to that used by other online research companies that may advertise very large panel sizes, but have low response rates.

The only way that accuracy of attitudinal research can be demonstrated is by comparing predictions with actual outcomes. In the seven political polls which YouGov has conducted since 2001 its predictions had an average error of one per cent. and were more accurate, save for one measure in a single contest, than any other pollster.

The Company's opinion poll research also predicted – by the exact percentage – the winner of the 2002 Pop Idol contest between Will Young and Gareth Gates.

At 14 March 2005, YouGov's active UK panel consisted of approximately 89,000 members who have provided basic demographic information. Panel membership is defined as those who have registered with demographic information, and who have not unsubscribed, been removed from the list for having failed to respond to any surveys within the previous 12 months, or been removed for breaching YouGov's terms and conditions. Of the total panel membership, 75,000 have provided the full demographic information required for drawing nationally representative samples such as those used for political surveys.

YouGov's panel churn – defined by YouGov as the rate at which panel members are lost through non-participation in the previous 12 months – is below 15 per cent., which the Directors believe is considerably below the typical level for the industry (when the equivalent definition is applied). As YouGov's active panel is constantly growing, replenishment rates are well above 100 per cent. Average response rate defined as the proportion of those who complete a survey having received an email inviting them to participate is nearly 60 per cent., which the Directors believe is significantly higher than is typical for the market research industry as a whole.

The panel is constantly expanding in size and its demographic profile is being extended to meet the developing research needs of the Company. The Directors believe that YouGov's high media profile from its work in political and social opinion polls gives it a competitive advantage in recruiting new members to the panel. As research becomes more narrowly targeted on certain demographic groups, the Directors believe that clients will place ever greater value on YouGov's ability to attract and retain a high-quality panel.

Each new panel member, before being selected for nationally-representative surveys, is required to register with the following details on the Company registration platforms:

- Name and address
- Contact e-mail
- Gender
- Age
- Household type
- ITV region
- Voting history
- Educational details
- Employment details
- Income bracket
- Religion and ethnic origin
- Marital status
- Newspaper readership

These details give an indication of which demographic group the panel member belongs to and allows the Company to target the appropriate respondents for each survey.

When the Company wants to invite a panel member to complete a questionnaire, an e-mail will be sent including a web link to the relevant study on the YouGov platform. Panel members provide unique log in details to identify themselves before completing a questionnaire. The respondent is usually given (depending on the demands of the research) between one and three days to complete the questionnaire before it closes. Panel members are usually paid between 50 pence and £1.50 for completing each questionnaire, or for some surveys are given a chance to win a larger sum such as £500 in a prize draw. The cash is only paid when the total balance accumulated by a respondent has reached £50. Panel members can view their current account total online.

Development of Data on the Panel

Responses to questions asked in previous surveys can be used to enrich the detailed demographic profile held on all panel members to allow the Company to offer specialist sample selection. In this way, if respondents indicate in one survey that they do or do not have satellite television in their homes, this will allow YouGov to build up a panel that might be of interest to a broadcaster examining views on pay TV.

In order to increase the level of demographic and other information held about each respondent, YouGov runs a monthly prize survey (known as the 'Oracle' survey) to all the panel in which data is systematically collected to allow targeted sample selection later. Areas already covered in detail include data needed for research into products in the financial, technology, health and leisure sectors.

YouGov also uses questions on the omnibus surveys to gain background details for samples selection for subsequent bespoke work.

Acquisition of Panel Members

Panel members are recruited from a variety of sources through carefully targeted marketing exercises. Respondents are encouraged to participate in surveys offering cash prizes on subjects of special interest to them, for example a survey of favourite soap stars on a TV site. In this way YouGov can ensure it maintains the breadth and quality of the panel, varied in its background, focus of interest and motivation. The Company makes use of partnerships with other websites and companies, and existing databases compiled by other companies. YouGov may conduct a survey at the request of a client organisation using the client's own database of e-mail addresses. YouGov may then, by agreement, include a question at the end of the survey inviting the respondent to join the YouGov panel.

YouGov also pays third party organisations to attract new panel members. These third party companies will try to attract visitors to the YouGov website through direct mailing or e-mails and are paid a sum of money based on the number of people targeted that register with YouGov.

Panel members are also recruited on the YouGov website when people hear of YouGov in the media. Respondents recruited in this way are included in the consumer panel for market research projects. They are not however used for political and media polling as they are self selected.

2.4 Current Trading

The Company has grown strongly since it was founded in 2000 with turnover growing from just under £750,000 in the year to 31 July 2002 to nearly £2,000,000 in the year to 31 July 2004. In the six months to 31 January 2005 turnover has reached £1.3 million.

	2002	2003	2004	HY 2005
	£	£	£	£
Turnover	746,335	1,887,446	1,992,309	1,324,017
Gross profit	684,782	1,823,694	1,770,766	1,237,078
Operating profit	3,701	1,117,116	670,155	607,096
Profit before tax	3,484	1,107,965	677,756	601,586

When looking at YouGov's pattern of growth it is important to note that the year ended 31 July 2003 included a very large, one-off project with a sales value of £623,000.

The use of the internet rather than expensive field forces means the Company has a much lower cost base than research agencies using traditional polling techniques. This is reflected in very high margins. Gross margins for the year ending 31 July 2004 were 88 per cent., while profit before interest and tax margins was 34 per cent.

2.5 Market and Competition

The worldwide market research industry was worth approximately USD19 billion in 2003, around half of which comprised survey work and bespoke research. Approximately USD1 billion of the market research market was accounted for by online research in 2003 and was expected to grow by 20 per cent. in 2004 to USD1.2 billion.

The UK share of global online research was expected to reach £160 million in 2004, double the total figure recorded for 2003. This is estimated to be roughly 10 per cent. of the UK's total market research spend in 2004, although online research is believed to account for around 25 per cent. of all bespoke studies. The market for online bespoke studies is expected to double in size in 2005 and again in 2006, reflecting a move away from more traditional techniques as well as growth in the bespoke survey market as a whole.

An independent study indicates that leading UK market research agencies expect online research work to account for 40 per cent. of all UK research work within the next two years.

The research market is highly fragmented with the top ten players accounting for around 50 per cent. of the market, the remainder being shared between a large number of smaller companies. The vast majority of work is still done using traditional face to face or telephone interviews.

Competitors

YouGov subdivides its competitors into four categories:

Market Research Giants

Global market research companies such as Millward Brown Limited, Research International Limited (both part of WPP Group plc), Taylor Nelson Sofres plc (TNS) and NOP World Limited have each built their own proprietary online access panels.

Although these companies have begun to move from a traditional model onto an online business model, the Directors believe, they face the challenge of running both study methods at the same time. In YouGov's view cheaper online services put price pressure on traditional survey methods which have higher overheads as a result of labour intensive nature of the work.

'Access to Sample' Services

Companies offering 'access to sample' services sell access to their online panel of respondents to market research agencies. The client agencies may not have their own online panel or may have a small panel that does not include enough respondents for the study being conducted.

'Access to sample' service providers invite potential respondents to complete a questionnaire by e-mail. This part of the online research market is focused on data collection only and does not include analysis and consultancy services. In YouGov's view this market is maturing rapidly and has become a price-led, commodity product with lower margins than those experienced by research agencies that also provide consultancy services.

The Directors believe that 'access to sample' services experience low margins, and therefore operators in this sector need to have a substantial database of respondents, spread across a wide geographic area to have the critical mass necessary to carry out large projects with higher sales values.

Companies offering these services do not normally provide market research and consultancy services. Companies in this sector include Ciao!, Greenfield and Survey Sampling International. In addition, companies such as Experian, the credit reference agency, also provide these services, making use of their extensive databases.

Traditional Full Service Agencies

In the UK there are a large number of full service market research and opinion polling agencies. These organisations predominantly rely on traditional telephone and face-to-face interview techniques. This group is fragmented and includes well known companies such as MORI Limited as well as around 320 independent privately owned agencies with revenues below £50 million.

Online Research Agencies

YouGov also competes against other 'pure' online research business model operators like HI Europe and WPP's Lightspeed Research Limited. Both are originally US businesses that have now been established in the UK.

Characteristics of online research

The use of internet-based research techniques, such as those used by YouGov, has a number of advantages over traditional techniques that are driving the transition to online research:

Lower Cost – It is not necessary to retain large numbers of staff to carry out the time consuming activity of contacting interviewees and canvassing their views.

Quicker – Response times are kept short as a large number of people can be contacted for their views simultaneously.

Larger sample sizes – Low marginal costs permit a large number of potential respondents to be contacted. This allows for more accurate, detailed data. The proportion of interviewees responding is also high as a relationship with the panel members can be established.

Considered response – Online surveys allow respondents to undertake surveys at a time of their own choosing rather than being interrupted by the phone when they may be busy. Online surveys also present questions and information in a format that is easier to understand as opposed to having to listen to often wordy multiple choice questions spoken over the telephone. The Directors believe that these factors contribute to the accuracy of the data obtained from online questionnaires and allow surveys to be more complex and experimental.

Although most of the major players in the market research industry have begun to provide in-house panels, or are building that facility, smaller companies (with turnover under £50 million) have not made the move to internet panels. The Directors believe that this is due to the cost of developing the necessary software and building a representative panel as well as the disruption this would bring to a small organisation.

Despite the fact that the research market is increasingly adopting online methodologies, the Directors believe that YouGov will continue to have competitive advantages:

Track record – YouGov has already established a track record for the credibility of its research with more accurate predictions than any other polling organisation in seven political polls with verifiable results.

Profile – The Directors believe that YouGov's high media profile and perception as being authoritative and a leading-edge innovator will continue to make it attractive to clients, and will help it to continue to acquire the best-quality panel.

Scientific – YouGov has a large database of regular respondents whose demographic profile is known in detail. The Company can therefore select suitable consumer groups from this database in order to include the desired profile of interviewee characteristics. Furthermore, YouGov is developing the sampling and weighting methods required for accurate, nationally representative surveys.

Real time feedback – When necessary, because of YouGov's proprietary software, clients can view the results of their survey online as the results come in.

The Directors believe that YouGov is well placed to become the brand leader in the field of online research. The Directors also believe that the high cost of developing the research software and building an online panel represents a barrier to entry for new companies, while the slow process of conversion in large competitors continues to give YouGov the opportunity to develop its business.

2.6 Operational Strategy

Organic Growth

YouGov seeks to position itself as a full service consultancy based on market research and opinion research using primarily online data collection methods. The Directors' strategy is to position YouGov as a market-leading research agency by developing the existing business and creating new products. YouGov will also focus on increasing revenue streams from specific industry sectors that the Directors have identified as online research growth areas. YouGov is further seeking to become the leader in developing new products and new sectors for online research.

The Directors intend to maintain organic growth as the strength of the YouGov brand increases. In particular, the Company is considering the following areas:

Expansion of the 'Omnibus' – YouGov will expand its offering of the omnibus format, the research format which is currently providing the highest profit margins so that it becomes a daily survey rather than twice-weekly. This will allow YouGov to offer a faster service on average, with interim results deliverable same-day.

Team expansion – As part of the overall strengthening of the team discussed in Section 2.8 below, YouGov intends to expand its team by three people over the next six months to provide additional research and analysis expertise, develop client contacts, oversee expansion and develop the website.

Brand extension – The Directors intend to take advantage of YouGov's strong media profile further to extend the brand into sectors of research in which YouGov has developed some foothold but not yet the success achieved in media polling – including financial, fast moving consumer goods and public sector work.

YouGov will also concentrate on the development and introduction of the following new products:

Syndicated research – YouGov has been working for about a year developing a new product which will regularly supply data of value to a large number of brands across many consumer sectors. The product will be subscription-based and will be reported in a new online format. It will also be scalable internationally. The Directors believe that this product will not only generate income but will create profile and relationships in the consumer marketing field. YouGov intends to become a leading player in this area as it has already done in the media field.

In-Hospital patient surveys – YouGov has developed a new interactive TV-format survey tool for bedside use in NHS hospitals. YouGov has signed a contract with Patientline plc to install this research platform. This will allow YouGov to expand its offering in the health sector.

Online qualitative research tools – YouGov has developed two new online research tools which aid qualitative research. Qualitative research tends to be carried out with smaller numbers of respondents and be more open-ended and exploratory in nature, whereas quantitative research emphasises larger samples with limited 'closed' options. The first of these tools can be used for assessing response to TV advertising; it is an online version of a tool already used widely in the research industry. Given the working title 'the worm' because of the visual output of a graph moving across a screen, it asks respondents to move a mouse so as to register approval or disapproval (alternatively, positive and negative feeling) towards a streamed video in real-time. This version of the tool was developed by YouGov for use in assessing, for example, response to party political broadcasts for Sky's coverage of the 2005 general election. It can be used equally well for exploring response to consumer products or brands (eg television advertisements).

The second newly developed tool has been designed to provide insight into respondents' views through the use of open-ended responses rather than limiting answers to a set of predefined options. The intention is that panel members will be able to view responses of other panel members and react to them, through a process of continuous feedback. The Directors believe that this process of continuous feedback, which will prompt people to explore popular ideas further, will mimic the workings of a focus group, while the use of the internet will allow the views of many more people to be assessed, thus bridging the gap between qualitative and quantitative research.

Each of these products has been sold to one customer and active marketing will begin shortly.

Acquisition strategy

The Directors also plan to adopt a strategy of making selective acquisitions of small, successful competitors employing traditional research techniques, particularly where these companies have expertise in areas that would extend YouGov's capability in target areas for growth. Significant parts of the acquired businesses will be moved onto YouGov's higher margin business model of online surveys while the existing staff will be retained for their sector expertise.

Market research is one of the fastest growing sub-sectors within the media industry but, as described in Section 2.5 above, the UK market is fragmented with a large number of small independent agencies. The majority of these companies continue to use traditional face-to-face or telephone interview methods and the Directors believe are unlikely to be able to afford to invest in their own online panel and methodology, but will tend to use online fieldwork agencies.

The Directors also believe that the fragmentation of the market coupled with the difficulty and expense of moving to an internet based business model, presents an opportunity for consolidation among the smaller, niche research agencies.

The Directors believe that competitors will be attracted to a takeover approach from YouGov by the Company's prominent media profile and the academic credibility of its research. The Directors further believe that YouGov's desire to integrate and retain key personnel and expertise will make it a more attractive partner than some larger organisations that may be perceived as trying only to buy the customer base. YouGov will seek to reduce or cut superfluous face-to-face or telephone interviewing facilities and staff. Efficiencies will come from moving a proportion of their work to higher-margin online studies, not through cutting key research staff which will continue to be a valuable resource.

The Directors believe that YouGov will enhance acquired companies by increasing their service and product offering, developing their staff expertise in the new methodology, and providing them with more cost-effective fieldwork. Target companies will already be using some online fieldwork agencies so there are efficiencies here as well as by moving some work from offline to online, where that is appropriate.

The Directors believe acquired companies will enhance YouGov's staff expertise through greater experience of target sectors and by extending YouGov's product and service offering, as well as their by their client relationships.

The Directors have identified certain sectors that they believe present the best opportunities for growth and development in the coming years and plan to acquire competitors with strength in these fields. The areas of most interest to YouGov are fast moving consumer goods, public sector consultation, financial services and the health sector.

Joint Venture

Having undertaken work for HSBC in the Middle East, in order to further develop business opportunities there, the Company is in discussions with a third party regarding the operation of a joint venture company in the Dubai Technology, Electronic, Commerce and Media Zone.

A non-binding (other than in respect of certain provisions relating to the use of YouGov's intellectual property prior to a formal licence being granted) letter of intent has been signed and the Company is currently negotiating a shareholders agreement to govern the joint venture. It has been agreed in principle that in return for the grant of a licence of certain of its trademarks to the joint venture, YouGov will hold at least 52 per cent. of the entire issued share capital of the joint venture. The other joint venture investors will receive a 48 per cent. shareholding in the joint venture for a consideration of, in aggregate, US\$1,000,000. It is expected that the shareholders agreement and trade mark licence will be entered in to shortly following Admission.

2.7 Use of Proceeds

The Company intends to issue 2,250,000 New Ordinary Shares by way of the Placing in order to raise gross proceeds before expenses (assuming full subscription under the Placing) of £3,037,500. In addition, a further 2,222,222 Sale Shares will be sold pursuant to the Placing.

Details of the sale of Sale Shares by the Selling Shareholders is set out in the table below:

Selling Shareholder	Current Holding	No. of Sale Shares	Subsequent Holding
Balshore Investments Limited	4,237,400 ¹	897,402	3,339,998
Stephan Shakespeare	4,237,402 ²	897,402	3,340,000
Peter Kellner	632,913	135,788	497,125
Neil Bruce Copp	1,250,000	291,630	958,570
	<u>10,357,915</u>	<u>2,222,222</u>	<u>8,135,693</u>

¹Balshore Investments Limited is a company beneficially owned by Nadhim Zahawi's parents.

²Includes 1 Ordinary Share held by Stephan's wife, Rosamund Shakespeare.

Noble is acting as agent of the Company and the Selling Shareholders in respect of the Placing.

The Directors intend to use the proceeds of the placing of the New Ordinary Shares for:

- further development of the YouGov brand in market research
- development and implementation of new online research and reporting tools
- launching and marketing a new syndicated (subscription-based) research product
- part funding of the acquisition strategy

2.8 Directors & Key Employees

Executive Directors

Peter Kellner Chairman

Peter, 58, has been Chairman of YouGov since December 2001. He was previously a journalist and political commentator for more than 30 years, for the Sunday Times, Independent, New Statesman, Evening Standard, BBC Newsnight, BBC election programmes and Channel Four News. He has also been a visiting fellow at Nuffield College, Oxford, and the Policy Studies Institute, London. He has been an adviser on polls and public opinion to the Bank of England, Foreign Office, Corporation of London, National Westminster Bank plc and Trades Union Congress. He has an MA in economics and statistics from Cambridge University.

Nadhim Zahawi Joint CEO

Nadhim, 37, is responsible overall for the corporate direction of YouGov, and has operational control for both organic growth and the prospective acquisition strategy. Before founding YouGov, Nadhim was European Marketing Director for Smith & Brooks Limited with responsibility for merchandising brands such as Warner Bros, Disney and Barbie. He has been a councillor with the London Borough of Wandsworth since 1994 and has in-depth experience of public sector consultation and research within local government. He was campaign manager for Jeffrey Archer's Mayoral bid. He has a BSc in Chemical Engineering from University College, London.

Stephan Shakespeare (formerly Stephan Kukowski) Joint CEO

Stephan, 47, is responsible for YouGov's commercial development and strategy. He played the key role in inventing and implementing the YouGov model. He is also in charge of research and development and creating new business tools. Stephan has been an educationalist, writer and political campaigner. Stephan was also founding Principal of Landmark West Preparatory school in Los Angeles. Stephan has written extensively on education policy for the national press, has had research published in academic and Think Tank journals, and was a policy director for Jeffrey Archer's Mayoral bid before founding YouGov in 2000. He has an MA in English Language and Literature from Oxford University.

Panos Manolopoulos
Managing Director

Panos, 39, is responsible for the business development strategy and the research operations in the UK that support the organic growth of the business. Panos has worked in market research for nearly 14 years. Before being appointed by YouGov, Panos worked in senior positions at NOP World Limited, Taylor Nelson Sofres plc, and Lightspeed Research Limited, the online research agency of WPP Group plc, working for blue-chip clients and across survey methods. He is a member of the Market Research Society and European Society for Opinion and Marketing Research and speaks at industry conferences and seminars. Panos has a BSc(Econ) from the London School of Economics.

Jonson Helps
Finance Director

Jonson, 53, is responsible for the financial integrity of the Company. He joined YouGov in October 2003 as their Financial Controller, and was appointed Finance Director in February 2005. Before joining YouGov, Jonson ran the finance function at Gabrielle Shaw Communications Limited (Public Relations), Watson Woods Partnership (Architectural Practice), GW Limited (Amanda Wakeley Ladies fashion) and Colebrand Limited (specialist manufacture of materials for defence, security and building construction). Prior to this, he was based in Ireland with S.J. Filhol (Precision Instrument manufacture) and John Atkins (Dunmanway) Builders Providers and General Merchants. Jonson has a diploma in Irish Accounts and Taxation.

Non-Executive Directors

Peter Bazalgette

Peter, 51, 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. He was appointed Non-Executive Director of YouGov on 2 March 2005. Peter is Chairman of the Remuneration Committee and a member of the Audit Committee.

Anthony Foye

Anthony, 42, 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 1996 and has a BA in Accountancy Studies from Huddersfield Polytechnic. He was appointed Non-Executive Director of YouGov on 1 March 2005. Anthony is Chairman of the Audit Committee and a member of the Remuneration Committee.

Team expansion

YouGov intends to expand its team in the next six months by the addition of, *inter alia*:

- a sector specialist, to provide additional research and analysis expertise, as well as client contacts;
- a business development manager, to oversee expansion of ‘off-the-shelf’ product sales (that is, the new subscription-based product and the daily omnibus); and
- a ‘webmaster’, with responsibility for improving the public-facing website, which will be used to communicate products and services on the corporate side, recruit new panel for consumer research, and experiment with new research products.

2.9 Banking Facilities

YouGov banks with National Westminster Bank plc but has no loan or overdraft facilities in place.

2.10 Details of the Placing

The Placing

The Placing comprises 4,472,222 Ordinary Shares at the Placing Price of 135 pence per Ordinary Share. Of these 4,472,222 Ordinary Shares:

- 2,250,000 are New Ordinary Shares to be issued by the Company; and
- 2,222,222 are Sale Shares to be sold by the Selling Shareholders.

The Company will raise gross proceeds before expenses (assuming full subscription of the New Ordinary Shares under the Placing) of £3,037,500. The Company will not receive any proceeds from the sale of the Sale Shares. The stamp duty attaching to the purchase of the Sale Shares will be paid by the Selling Shareholders.

Details of the sale of Sale Shares by the Selling Shareholders is set out in the table below:

Selling Shareholder	Current Holding	No. of Sale Shares	Subsequent Holding
Balshore Investments Limited	4,237,400 ¹	897,402	3,339,998
Stephan Shakespeare	4,237,402 ²	897,402	3,340,000
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Total	<u>10,357,915</u>	<u>2,222,222</u>	<u>8,135,693</u>

¹Balshore Investments Limited is a company beneficially owned by Nadhim Zahawi's parents.

²Includes 1 Ordinary Share held by Stephan's wife, Rosamund Shakespeare.

The Placing is conditional, *inter alia*, upon Admission taking place by 31 May 2005. The New Ordinary Shares allotted pursuant to the Placing, following allotment, will rank *pari passu* in all respects with the existing Ordinary Shares of the Company. Further details of the Placing are set out in paragraph 8 of Part V of this document.

Allocation and Pricing

All New Ordinary Shares will be issued and all Sale Shares will be sold at the Placing Price. The 2,250,000 New Ordinary Shares and the 2,222,222 Sale Shares represent approximately 33.5 per cent. of the issued ordinary share capital of the Company immediately after Admission and the Placing.

2.11 Dealing Arrangements

The Placing is subject to the satisfaction of conditions contained in the Placing Agreement, including the absence of any breach of warranty made by the Company and the Directors and Admission occurring on or before 25 April 2005 (or such later date that may be agreed between Noble and the Company and not being later than 31 May 2005). Certain conditions are not capable of waiver. Further details of the Placing Agreement are set out in paragraph 8 of Part V of this document.

Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on AIM on 25 April 2005.

2.12 Corporate Governance

The Directors recognise and value the importance of high standards of corporate governance and intend to observe the requirements of the Combined Code to the extent that they consider appropriate in the light of the Company's size, stage of development and resources.

The Company will comply with Rule 21 of the AIM Rules regarding dealings in the Company's shares and will ensure compliance by the Directors and applicable employees. The Company will adopt a share dealing code appropriate for a company admitted to trading on AIM.

Following Admission, the Company will have two non-executive Directors.

The Board has carefully considered the independence of the non-executive Directors for the purpose of the Combined Code and has determined that Peter Bazalgette and Anthony Foye are independent. In considering the independence of the non-executive Directors, the Board took into consideration that Endemol UK plc, a company of which Peter Bazalgette is a director, paid YouGov approximately £623,000 in connection with the development of a television format, a single project in the year ended 31 July 2003. YouGov also intermittently carries out research projects for television game shows for Endemol UK plc. All of these contracts are carried out on an arms length basis. The Board considers that the large contract was one-off in nature and neither it, nor the continuing work carried out for Endemol UK plc, compromises the independence of Peter Bazalgette as a non-executive Director. Anthony Foye will be the senior independent non-executive Director.

The Board has established the Audit Committee and Remuneration Committee, each with formally delegated duties and responsibilities.

The Audit Committee will receive and review reports from the management and the Company's auditors relating to annual and interim accounts and the accounting and internal controls in place in the Company. The Audit Committee will have unrestricted access to the Company's auditors. Upon Admission, the members of the Audit Committee will be Peter Bazalgette and Anthony Foye (Chairman).

The Remuneration Committee will review the scale and structure of the Executive Directors' and the Executive Committee's remuneration and the terms of their service contracts.

The remuneration and terms of appointment of the non-executive Directors will be set by the Board. The Remuneration Committee will also approve the issue of share options under the Share Schemes. Upon Admission, the members of the Remuneration Committee will be Anthony Foye and Peter Bazalgette (Chairman).

2.13 Dividend Policy

The Directors do not propose to pay a dividend in the near future but will review this policy in due course when the development of the business permits.

2.14 Share Options

The Company operates two Enterprise Management Incentive Arrangements. Details of these are set out in paragraph 6 of Part V of this document.

2.15 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced other than by a physical certificate and transferred other than by written instrument. The Board has resolved that the Company's Ordinary Shares may be held and transferred both in certificated form and in uncertificated form in accordance with the CREST Regulations and the Articles contain provisions implementing this. Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. CREST is a voluntary system and accordingly, settlement of transactions in the shares following Admission may take place within the CREST system if the relevant shareholders so wish.

It is expected that CREST accounts will be credited on 25 April 2005 and that share certificates will be dispatched by first class post to those shareholders whose entitlements are to be dealt with outside CREST at the sole risk of the shareholder on or before 2 May 2005.

2.16 EIS and VCT Qualifying Investment Status

The Inland Revenue has provided provisional approval that, based on the information disclosed, the Company and its activities should qualify under the Enterprise Investment Scheme and Venture Capital Trust legislation. Any person who is in any doubt as to their taxation position should consult his or her professional taxation adviser.

2.17 Lock-in Arrangements

The Directors, who hold shares and options as at the date of this document, Balshore Investments Limited and Neil Bruce Copp have agreed, subject to certain exceptions (including, for example, in the case of a take-over offer for the Company), not to dispose of any of their Ordinary Shares (or interest therein) (other than in the case of the Selling Shareholders' transfer of the Sale Shares pursuant to the Placing) until twelve months after Admission without the prior consent of Noble. For the period of twelve months to twenty four months following the date of Admission, the Directors, who hold shares and options as at the date of this document and Balshore Investments Limited have further agreed not to dispose of more than 50 per cent. of their holdings without the consent of Noble and to make any transfer of shares through Noble. More details on these arrangements are provided in paragraph 8 of Part V of this document.

2.18 Further Considerations

Your attention is drawn to the risk factors set out in Part III of this document.

PART III

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, in addition to all other information set out in this document, prospective investors should carefully consider all the specific risk factors described below before making a decision to subscribe for Ordinary Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. If any of the following risks actually materialise the business of the Company, its financial position and its results or operations could be adversely and materially affected and investors could lose all or part of their investment in the Ordinary Shares.

The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in YouGov and additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business. In particular, the Company's performance may be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements.

Early stage of development

Although the Company has grown substantially since it was formed five 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.

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. Additionally, while political polling activity is a relatively minor proportion of current and expected revenue, it should be noted that variations within the political cycle will mean some variation in this part of YouGov's revenue.

Competition

YouGov has developed a wholly 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 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, the 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 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 three 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.

Trading on AIM and Liquidity

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company. It may be the case that the market price of the Company's shares does not fully reflect the underlying net asset value of the Company.

Although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in Ordinary Shares may be difficult to realise and the share price may be subject to greater fluctuations than may otherwise be the case.

The Ordinary Shares will be quoted on AIM rather than on the Official List of the London Stock Exchange. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may not recover their original investment.

EIS and VCT Status

The Company has received provisional approval from the Inland Revenue confirming that its activities and the shares to be issued should qualify under the EIS and under the VCT legislation. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will be available or that, if given, such relief or status will not be withdrawn.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status claimed by any shareholder.

Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

If the Company ceases to carry on the business outlined in this document during the three year period from the last allotment of Ordinary Shares, this could prejudice the qualifying status of the Company under the EIS and VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

AN INVESTMENT IN YOUNGOV MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. POTENTIAL INVESTORS ARE ACCORDINGLY ADVISED TO CONSULT A PERSON AUTHORISED UNDER FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN INVESTMENTS OF THIS KIND BEFORE MAKING A DECISION.

PART IV

ACCOUNTANT'S REPORT ON THE COMPANY

The Directors
YouGov plc
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EC1A 9JU

and

The Directors
Noble & Company Limited
76 George Street
EDINBURGH
EH2 3BU

Grant Thornton 
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

18 April 2005

Dear Sirs

YOUGOV PLC (THE "COMPANY")

1 INTRODUCTION

- 1.1 We report on the financial information set out in paragraphs 3 to 7. This financial information has been prepared for inclusion in the AIM Admission Document of the Company dated 18 April 2005, relating to the proposed admission to AIM, a market of the London Stock Exchange plc.

BASIS OF PREPARATION

- 1.2 The financial information set out in paragraphs 3 to 7 below is based on the audited financial statements of YouGov plc for the three years ended 31 July 2004 and the six month period to 31 January 2005 and has been prepared on the basis set out in paragraph 3.1 after making such adjustments as we considered necessary.

RESPONSIBILITY

- 1.3 Such financial statements are the responsibility of the directors of YouGov plc who approved their issue.
- 1.4 The directors of YouGov plc are responsible for the contents of the AIM Admission Document dated 18 April 2005 in which this report is included.
- 1.5 It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

BASIS OF OPINION

- 1.6 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.
- 1.7 We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

OPINION

- 1.8 In our opinion the financial information gives, for the purposes of the AIM Admission Document dated 18 April 2005, a true and fair view of the results and cash flows of the Company for the periods ended 31 January 2005 and the state of affairs of the Company at the end of each of those periods.

CONSENT

- 1.9 We consent to the inclusion in the AIM Admission Document dated 18 April 2005 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2 STATUTORY INFORMATION

- 2.1 The Company was incorporated on 30 July 1998 as Haldeen Limited and changed its name to YouGov Dot Com Limited with effect from 25 February 2000. The Company changed its name again to YouGov Limited with effect from 5 June 2002. On 12 April 2005 the Company converted from a Limited Company to a Public Limited Company.
- 2.2 Details of changes to and the Company's current share structure are set out in note 7.12.

3 PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

- 3.1 The financial information has been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.
- 3.2 The principal accounting policies of the Company have been applied consistently in dealing with items which are considered material in relation to the Company's financial information.

TURNOVER

- 3.3 Turnover is the total amount receivable by the Company for services provided, excluding VAT and trade discounts. Revenue is recognised on the date on which the delivery of findings are presented to a customer. Where the Company has entered into a long term contract revenue is recognised turnover over the life of the contract as and when the right to consideration under that contract has been earned.

INVESTMENTS

- 3.4 Investments are included at cost. The carrying value is considered annually by the directors.

TANGIBLE FIXED ASSETS AND DEPRECIATION

- 3.5 Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.
- 3.6 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 property	10% on straight line basis
Fixtures and fittings	25% on a reducing balance basis
Computer equipment	33% on straight line basis
Website costs	10% on a straight line basis

LEASED ASSETS

- 3.7 All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

DEFERRED TAXATION

- 3.8 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 date.

FINANCIAL INSTRUMENTS

- 3.9 Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the foreign exchange rates ruling at the balance sheet date. The Company does not use financial instruments to manage exposures to fluctuations in exchange rates.

RETIREMENT BENEFITS

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

WEBSITE DEVELOPMENT

- 3.11 Until 2003, costs associated with website development, design and content were deemed to give rise to future economic benefits and as such represented an asset. Such assets were reviewed by the directors and if future economic benefits were deemed to be insufficiently certain a provision was created for impairment. Subsequently the policy was amended such that all such costs were written off to the profit and loss account.

4 PROFIT AND LOSS ACCOUNTS

FOR THE THREE YEARS ENDED 31 JULY 2004 AND 6 MONTHS ENDED 31 JANUARY 2005

	Note	2002 £	2003 £	2004 £	HY2005 £
Turnover	7.1	746,335	1,887,446	1,992,309	1,324,017
Cost of sales		<u>(61,553)</u>	<u>(63,752)</u>	<u>(221,543)</u>	<u>(86,939)</u>
Gross profit		684,782	1,823,694	1,770,766	1,237,078
Administrative expenses	7.2	<u>(681,081)</u>	<u>(706,578)</u>	<u>(1,100,611)</u>	<u>(629,982)</u>
Operating profit		3,701	1,117,116	670,155	607,096
Interest receivable and similar income	7.3	<u>75</u>	<u>5</u>	<u>7,711</u>	<u>10,490</u>
		3,776	1,117,121	677,866	617,586
Interest payable and similar charges	7.3	<u>(292)</u>	<u>(9,156)</u>	<u>(110)</u>	<u>(16,000)</u>
Profit on ordinary activities before taxation		3,484	1,107,965	677,756	601,586
Tax on profit on ordinary activities	7.5	<u>(5)</u>	<u>(41,500)</u>	<u>(203,945)</u>	<u>(187,900)</u>
Profit on ordinary activities after taxation		3,479	1,066,465	473,811	413,686
Dividends	7.6	<u>–</u>	<u>(65,000)</u>	<u>(128,837)</u>	<u>(436,058)</u>
		<u>3,479</u>	<u>1,001,465</u>	<u>344,974</u>	<u>(22,372)</u>
Profit/(Loss) brought forward		<u>(903,902)</u>	<u>(900,423)</u>	<u>101,042</u>	<u>446,016</u>
Profit/(Loss) retained and transferred to reserves		<u>(900,423)</u>	<u>101,042</u>	<u>446,016</u>	<u>423,644</u>

5 BALANCE SHEETS

AS AT THE THREE YEARS ENDED 31 JULY 2004 AND 6 MONTHS ENDED 31 JANUARY 2005

	Note	2002 £	2003 £	2004 £	HY2005 £
Fixed assets					
Tangible assets	7.7	98,523	88,420	51,244	50,404
Investments	7.8	–	1,700	1,700	–
		<u>98,523</u>	<u>90,120</u>	<u>52,944</u>	<u>50,404</u>
Current assets					
Debtors	7.9	245,548	641,154	505,725	716,306
Cash in bank and in hand		10,802	380,600	977,287	879,773
		<u>256,350</u>	<u>1,021,754</u>	<u>1,483,012</u>	<u>1,596,079</u>
Creditors: amounts falling due within one year	7.10	<u>(815,073)</u>	<u>(561,865)</u>	<u>(602,792)</u>	<u>(735,441)</u>
Net current assets/(liabilities)		<u>(558,723)</u>	<u>459,889</u>	<u>880,220</u>	<u>860,638</u>
Total assets less current liabilities		<u>(460,200)</u>	<u>550,009</u>	<u>933,164</u>	<u>911,042</u>
Provisions for liabilities and charges	7.11	–	–	(3,000)	(3,000)
		<u>(460,200)</u>	<u>550,009</u>	<u>930,164</u>	<u>908,042</u>
Capital and reserves					
Called up share capital	7.12	110,076	112,990	113,381	113,631
Share premium	7.13	330,147	335,977	370,767	370,767
Profit and loss account	7.13	(900,423)	101,042	446,016	423,644
	7.14	<u>(460,200)</u>	<u>550,009</u>	<u>930,164</u>	<u>908,042</u>

6 CASH FLOW STATEMENTS

	Note	2002 £	2003 £	2004 £	HY2005 £
Net cash inflow/(outflow) from operating activities	7.15	(145,284)	447,144	818,442	483,285
Returns on investments and servicing of finance					
Interest received		75	5	7,711	10,490
Interest paid		(292)	(9,156)	(110)	(16,000)
Hire purchase interest paid		–	–	–	–
Net cash inflow/(outflow) from returns on investments and servicing of finance		<u>(217)</u>	<u>(9,151)</u>	<u>7,601</u>	<u>(5,510)</u>
Taxation					
Corporation tax paid		–	(5)	(41,495)	–
Net cash outflow from taxation		<u>–</u>	<u>(5)</u>	<u>(41,495)</u>	<u>–</u>
Capital expenditure and financial investment					
Purchase of participating interest		–	(1,700)	–	–
Purchase of intangible fixed assets		–	–	–	–
Purchase of tangible fixed assets		(5,877)	–	(61,709)	(5,482)
Cash received for disposal of assets		–	–	1,650	–
Net cash outflow from capital expenditure and financial investment		<u>(5,877)</u>	<u>(1,700)</u>	<u>(60,059)</u>	<u>(5,482)</u>
Equity dividends paid		–	–	(193,837)	(385,220)
Financing					
Issue of ordinary share capital		27,720	8,744	35,181	250
Repayment of loan		–	–	–	(264,000)
Amount introduced by directors		77,000	–	60,000	269,162
Amount withdrawn by directors		–	(75,233)	(29,146)	(190,000)
Net cash inflow/(outflow) from financing		<u>104,720</u>	<u>(66,489)</u>	<u>66,035</u>	<u>(184,588)</u>
Increase/(decrease) in cash		<u>(46,658)</u>	<u>369,799</u>	<u>596,687</u>	<u>(97,515)</u>

7 NOTES TO THE FINANCIAL INFORMATION

7.1 Turnover

Turnover and profit on ordinary activities before taxation is attributable to the income generating for conducting online polls and other related activities, carried out within the United Kingdom.

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2002	2003	2004	HY2005
	£	£	£	£
Auditor's remuneration:				
Audit services	–	2,000	3,500	–
Non-audit services	6,880	5,598	7,823	4,285
Depreciation:				
Tangible fixed assets	11,172	10,103	98,309	6,322
Impairment of assets	–	–	–	1,700
Other operating lease rentals	–	52,552	52,552	26,276
Profit on sale of fixed assets	–	–	(1,074)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The impairment adjustment in 2005 reflects a reduction in the carrying value of the Company's investment in Health Experience Research Online Limited, a dormant company.

7.2 Administrative expenses

	2002	2003	2004	HY2005
	£	£	£	£
Selling and marketing costs	33,586	66,991	153,183	99,661
Administration expenses	624,498	593,663	897,357	490,760
Establishment costs	22,997	45,924	50,071	39,561
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	681,081	706,578	1,100,611	629,982
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7.3 Net interest

	2002	2003	2004	HY2005
	£	£	£	£
Interest payable and similar charges				
On bank loans and overdrafts	(292)	(7)	–	–
Other interest payable and similar charges	–	(9,149)	(110)	(16,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(292)	(9,156)	(110)	(16,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other interest receivable and similar income				
Bank interest	75	5	7,711	10,490
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net interest (payable)/receivable	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(217)	(9,151)	7,601	(5,510)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The increased interest charges incurred in the period to 31 January 2005 accrued on the loan from Chime Communications plc (see note 7.10).

7.4 Directors and employees

Staff costs during the year were as follows:

	2002	2003	2004	HY2005
	£	£	£	£
Wages and salaries	175,409	284,699	421,703	281,482
Social security costs	16,917	29,685	46,477	19,789
	<u>192,326</u>	<u>314,384</u>	<u>468,180</u>	<u>301,271</u>

The company did not operate a pension scheme in the period.

The average number of employees during the year was:

	2002	2003	2004	HY2005
	Number	Number	Number	Number
Sales and development	7	10	12	14
Administration	1	2	4	5
	<u>8</u>	<u>12</u>	<u>16</u>	<u>19</u>

Remuneration in respect of directors was as follows:

	2002	2003	2004	HY2005
	£	£	£	£
Directors' emoluments:				
Directors' remuneration	110,858	115,666	132,533	21,292
Directors' benefits	–	8,744	–	–
	<u>110,858</u>	<u>124,410</u>	<u>132,533</u>	<u>21,292</u>

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 expiry period and can be exercised at any time within that period.

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

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

	2002	2003	2004	HY2005
	£	£	£	£
Emoluments	47,858	65,000	54,996	8,231
	<u>47,858</u>	<u>65,000</u>	<u>54,996</u>	<u>8,231</u>

7.5 Tax on profit on ordinary activities

The tax charge represents:

	2002	2003	2004	HY2005
	£	£	£	£
Current tax charge	5	41,500	181,250	187,900
Prior year corporation tax charge	–	–	19,695	–
Deferred taxation	–	–	3,000	–
Tax charge on loss on ordinary activities	<u>5</u>	<u>41,500</u>	<u>203,945</u>	<u>187,900</u>

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 30% (2005: 30%, 2004: 30%, 2003: 19%, 2002: 19%). The differences are explained as follows:

	2002	2003	2004	HY2005
	£	£	£	£
Profit on ordinary activities before tax	<u>3,484</u>	<u>1,107,965</u>	<u>677,756</u>	<u>601,586</u>
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2002: 19%, 2003: 19%, 2004: 30%, 2005: 30%)	661	210,513	203,327	180,476
Intellectual Property impairment	15,406	1,840	(2,181)	–
Utilisation of losses brought forward	(17,420)	(173,333)	–	–
Tax rate adjustment	(9)	71	(22,540)	(3,296)
Capital allowances in excess of depreciation	(15)	(208)	(3,858)	(127)
Permanent differences	1,382	2,617	6,502	10,847
Prior year corporation tax charge	–	–	19,695	–
Deferred taxation	–	–	3,000	–
Current tax charge for year	<u>5</u>	<u>41,500</u>	<u>203,945</u>	<u>187,900</u>

7.6 Dividends

	2002	2003	2004	HY2005
	£	£	£	£
Interim equity dividends	–	–	128,837	436,058
Final equity dividends	–	65,000	–	–

In 2004, dividends of £102,333 were paid to Nadhim Zahawi, Peter Kellner and Stephan Shakespeare. In 2005 dividends of £173,802 were paid to the same shareholders.

7.7 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Improvements to leasehold property £	Website costs £	Total £
Cost:					
At 1 August 2001	–	1,987	–	102,245	104,232
Additions	110	400	–	5,366	5,876
At 31 July 2002	110	2,387	–	107,611	110,108
Additions	–	–	–	–	–
At 31 July 2003	110	2,387	–	107,611	110,108
Additions	13,128	16,933	31,648	–	61,709
Disposals	–	(1,627)	–	–	(1,627)
At 31 July 2004	13,238	17,693	31,648	107,611	170,190
Additions	1	5,481	–	–	5,482
At 31 January 2005	13,239	23,174	31,648	107,611	175,672
Depreciation:					
At 1 August 2001	–	413	–	–	413
Provided in the period	9	402	–	10,761	11,172
At 31 July 2002	9	815	–	10,761	11,585
Provided in the year	25	393	–	9,685	10,103
At 31 July 2003	34	1,208	–	20,446	21,688
Provided in the year / impairment	2,937	5,233	2,974	87,165	98,309
On disposals	–	(1,051)	–	–	(1,051)
At 31 July 2004	2,971	5,390	2,974	107,611	118,946
Provided in the year	1,283	3,447	1,592	–	6,322
At 31 January 2005	4,254	8,837	4,566	107,611	125,268
Net book amounts:					
At 31 July 2002	101	1,572	–	96,850	98,523
At 31 July 2003	76	1,179	–	87,165	88,420
At 31 July 2004	10,267	12,303	28,674	–	51,244
At 31 January 2005	8,985	14,337	27,082	–	50,404

In 2003 the directors determined that existing website development expenditure was of no value, following a decision to implement a new programme of development. Accordingly the existing capitalised costs were subjected to an impairment adjustment. The directors also determined that any subsequent website development expenditure should be written off to the profit and loss account as incurred.

7.8 Investments

The Company's investments in the share capital of unlisted companies include the following:

	2002	2003	2004	HY2005
Participating interest	–	1,700	1,700	–

The movements are as follows:

	Participating interest £
At 1 August 2002	–
Additions	1,700
At 31 July 2003	1,700
Additions	–
At 31 July 2004	1,700
Impairment	(1,700)
At 31 January 2005	–

At 31 July 2004 the Company held 50 per cent. of the equity share capital of Health Experience Research Online Limited. This has been written off during the half year ended 31 January 2005 reflecting the directors' assumptions about the impairment in carrying value.

	Country of incorporation	Class of share capital held	Proportion held by parent company	Nature of business
Participating interest:				
Health Experience Research Online Limited	UK	Ordinary	50%	Dormant

7.9 Debtors

	2002 £	2003 £	2004 £	HY2005 £
Trade debtors	217,743	636,792	465,093	669,270
Other debtors	6,412	–	31,873	37,374
Prepayments and accrued income	21,393	4,362	8,759	9,662
	<u>245,548</u>	<u>641,154</u>	<u>505,725</u>	<u>716,306</u>

The Company has a rent deposit deed which secures all monies due or that may become due to the Company's landlord. A deposit of £30,000 was paid to the Landlord during the 2004 financial year.

7.10 Creditors: amounts falling due within one year

	2002 £	2003 £	2004 £	HY2005 £
Other unsecured loans	264,000	264,000	264,000	–
Trade creditors	215,657	26,549	9,859	37,659
Directors' current accounts	75,233	–	30,854	45,435
Corporation tax	5	41,500	200,950	388,850
Social security and other taxes	110,079	14,474	–	21,983
Other creditors	77,728	4,113	–	–
Accruals	21,369	1,650	11,608	33,315
VAT	51,002	144,579	85,521	92,780
Dividend proposed	–	65,000	–	115,419
	<u>815,073</u>	<u>561,865</u>	<u>602,792</u>	<u>735,441</u>

Other unsecured loans

The other unsecured loan of £264,000 reflect monies received from Chime Communications plc. The purpose of this loan was as a working capital facility, the terms of which required the company to repay the loan on demand. This loan was repaid during the period to 31 January 2005.

Directors' current accounts

During the three years and six month period, a number of loans were made to directors in contravention of the provisions of the Companies Act 1985. The balance of these loans at the period ends are set out below. These loans have subsequently been repaid.

	2002 £	2003 £	2004 £	HY2005 £
To/(From) Director				
Stephan Shakespeare	(75,233)	–	–	–
Nadhim Zahawi	(77,728)	–	–	–
	<u>(152,961)</u>	<u>–</u>	<u>–</u>	<u>–</u>

The maximum balance outstanding during each period was as below:

	2002 £	2003 £	2004 £	HY2005 £
Stephan Shakespeare	(75,233)	(67,000)	–	120,000
Nadhim Zahawi	(77,728)	–	34,546	99,146
	<u>(152,961)</u>	<u>(67,000)</u>	<u>34,546</u>	<u>219,146</u>

These loans were settled in 2005 by 'A', 'B' and 'C' share dividends. A portion of the 'A' dividend was attributable to Balshore Investments Limited, an overseas company, and has been applied to reduce the current account balance of Nadhim Zahawi.

7.11 Provision for liabilities and charges

Deferred taxation provided for in the financial statements is set out below.

	2002 £	2003 £	2004 £	HY2005 £
Accelerated capital allowances	–	–	3,000	3,000
	<u>–</u>	<u>–</u>	<u>3,000</u>	<u>3,000</u>

7.12 Share capital

	2002	2003	2004	HY2005
	£	£	£	£
Authorised				
20,000,000 Ordinary Shares of 1p each	200,000	200,000	–	–
19,999,700 'A' Ordinary Shares of 1p each	–	–	199,997	199,997
100 'B' Ordinary Shares of 1p each	–	–	1	1
100 'C' Ordinary Shares of 1p each	–	–	1	1
100 'D' Ordinary Shares of 1p each	–	–	1	1
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid				
10,000,000 Ordinary Shares of 1p each	100,000	100,000	100,000	100,000
1,007,656 Ordinary Shares of 1p each	10,076	10,076	10,076	10,076
291,455 Ordinary Shares of 1p each	–	2,914	2,914	2,914
39,090 'A' Ordinary Shares of 1p each, 2 'B' Ordinary Shares of 1p, 2 'C' Ordinary Shares of 1p each and 2 'D' Ordinary Shares of 1p each	–	–	391	391
25,000 'A' Ordinary Shares of 1p each	–	–	–	250
	<u>110,076</u>	<u>112,990</u>	<u>113,381</u>	<u>113,631</u>

On 11 September 2001 the 10p Ordinary Shares were subdivided into 1p Ordinary Shares thus increasing the number of shares in issue.

Allotments during the year ended 31 July 2002 were:

On 11 September 2001, 43,200 Ordinary 1p shares were issued at par, 50,000 were issued at a premium of 20.03p. A further 523,000 and 100,000 Ordinary 1p shares were issued at par on 26 and 27 November 2001 respectively.

145,728 Ordinary 1p shares were issued at a premium of 2.7p per share on 3 December 2001 and a further 145,728 Ordinary 1p shares were issued at a premium of 2.7p per share on 3 June 2002.

Allotments during the year ended 31 July 2003 were:

On 3 December 2002 the company allotted 145,728 Ordinary shares of 1p each at a premium of 2.0p per share.

On 3 June 2003 145,727 Ordinary 1p shares were allotted at a premium of 2.0p per share.

Allotments during the year ended 31 July 2004 were:

The following shares were allotted and fully paid for cash at par on 19 April 2004:

- 2 'B' Ordinary shares of 1p each
- 2 'C' Ordinary shares of 1p each
- 2 'D' Ordinary shares of 1p each

The 'B', 'C' and 'D' shares confer on their holders all those duties, obligations, rights, powers and privileges associated with the 'A' shares, except that the holders of 'B', 'C' and 'D' shares shall have no rights to receive notice of, to be present and speak at or to vote, either in person or by proxy, at any general meeting of the company or by way of written resolution or have any rights as regards the capital of the company. On 11 April 2005, subject to Admission the 'B', 'C' and 'D' shares were converted and re-classified into ordinary shares of 1 pence each.

39,090 'A' Ordinary shares of 1p were allotted during the year each at a premium of 89p per share.

Allotments during the year ended 31 January 2005 were:

25,000 'A' Ordinary Shares of 1p each were issued at par.

7.13 Share premium account and reserves

	Share premium account £	Profit and loss account £
At 1 August 2001	312,250	(903,902)
Retained profit for the year	–	3,479
Premium on issue of ordinary shares	17,897	–
	<hr/>	<hr/>
At 31 July 2002	330,147	(900,423)
Retained profit for the year	–	1,001,465
Premium on allotment during the year	5,830	–
	<hr/>	<hr/>
At 31 July 2003	335,977	101,042
Retained profit for the year	–	344,974
Premium on allotment during the year	34,790	–
	<hr/>	<hr/>
At 31 July 2004	370,767	446,016
Retained (loss) for the half year	–	(22,372)
Premium on allotment during the year	–	–
	<hr/>	<hr/>
At 31 January 2005	370,767	423,644
	<hr/>	<hr/>

7.14 Reconciliation of movements in shareholders' funds

	2002 £	2003 £	2004 £	HY2005 £
Profit/(loss) for the financial period	3,479	1,001,465	344,974	(22,372)
Issue of shares	27,720	8,744	35,181	250
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in shareholders' funds	31,199	1,010,209	380,155	(22,122)
Equity shareholders' funds at start of period	(491,399)	(460,200)	550,009	930,164
	<hr/>	<hr/>	<hr/>	<hr/>
Equity shareholders' funds at end of period	(460,200)	550,009	930,164	908,042
	<hr/>	<hr/>	<hr/>	<hr/>

7.15 Net cash (outflow)/inflow from operating activities

	2002 £	2003 £	2004 £	HY2005 £
Operating profit	3,701	1,117,116	670,155	607,096
Depreciation, amortisation and impairment	18,204	10,103	98,309	8,022
Profit on disposal of fixed asset	–	–	(1,074)	–
Increase in debtors	(213,018)	(395,606)	135,429	(210,581)
Increase in creditors	45,829	(284,469)	(84,377)	78,748
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(145,284)	447,144	818,442	483,285
	<hr/>	<hr/>	<hr/>	<hr/>

7.16 Reconciliation of net cash flow to movement in net funds/(debt)

	2002	2003	2004	HY2005
	£	£	£	£
Increase/(decrease) in cash in the year	(46,658)	369,799	596,687	(97,515)
Cash (inflow)/outflow from directors	(77,000)	–	(60,000)	(269,162)
Change in net debt resulting from cash flows	(123,658)	369,799	536,687	(366,677)
Cash outflow to directors	-	75,233	29,146	190,000
Loans, hire purchase contracts and current asset investments acquired with subsidiary	–	–	–	264,000
Movement in net (funds)/debt in the period	(123,658)	445,032	565,833	87,323
Net funds/(debt) at start of period	(268,060)	(391,718)	53,314	619,147
Net funds/(debt) at end of period	(391,718)	53,314	619,147	706,470

7.17 Major non cash transactions

On 27 November 2001 200,000 Ordinary Shares were issued to an ex-director, Vassilios Laspas, to extinguish the company's liability in respect of services rendered.

During the year ended 31 July 2002 the company paid Peter Kellner his salary by way of issuing shares at a premium of 2.7p per share. The payment was made on the basis of the company's valuation at the time of the issue.

During the year ended 31 July 2004 39,090 'A' Ordinary shares of 1p were issued at a premium of 89p each as consideration for the work provided by Anne Jenkin which amounted to £35,181.

7.18 Other financial commitments

The Company had no other financial commitments at 31 January 2005, 31 July 2004, 31 July 2003 or 31 July 2002.

7.19 Capital commitments

The Group had no capital commitments at 31 January 2005, 31 July 2004, 31 July 2003 or 31 July 2002.

7.20 Contingent liabilities

There were no contingent liabilities at 31 January 2005, 31 July 2004, 31 July 2003 or 31 July 2002.

7.21 Leasing commitments

Operating lease payments are as follows:

	31 August 2002	31 August 2003	31 August 2004	31 January 2005
	Land and buildings £	Land and buildings £	Land and buildings £	Land and buildings £
Leases expiring in more than five years	–	52,552	52,552	36,117
	–	52,552	52,552	36,117

7.22 Related party transactions

The following related parties held shares during the period under review. They are deemed to be related parties as they hold more than 3 per cent. of the voting rights of the company (required by the FSA) or are connected persons of the directors

	‘A’ Shareholding	%	Relationship
Balshore Investments Ltd	4,237,400	37	A company owned by the parents of Nadhim Zahawi
Stephan Shakespeare	4,237,400	37	Director
Neil Bruce Copp	1,250,200	11	Ex-Director
Peter Kellner	632,911	5	Director
	‘B’ ‘C’ ‘D’ Shareholding	%	Relationship
Nadhim Zahawi	2 ‘B’ shares	–	Director
Stephan Shakespeare	1 ‘C’ share	–	Director
Rosamund Shakespeare	1 ‘C’ share	–	Director’s spouse
Peter Kellner	2 ‘D’ shares	–	Director

The value of the dividends received by Rosamund Shakespeare was £26,504 in 2004 and £62,256 in 2005. Rosamund Shakespeare receives a salary from the company for administrative services. The value of these services totalled £40,148 for the tax year ended 5 April 2004 and £4,167 for the 10 months to 31 January 2004.

7.23 Post balance sheet events

On 11 April 2005 275,000 shares owned by the fifth largest shareholder, Chime Communications Limited, were purchased by the company and cancelled. The consideration paid for these shares was £170,000.

On 11 April 2005, subject to Admission the ‘A’ ordinary shares were re-classified into ordinary shares of 1 pence each and the ‘B’, ‘C’ and ‘D’ ordinary shares were converted and re-classified into ordinary shares of 1 pence each.

Yours faithfully,

GRANT THORNTON UK LLP

PART V

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 5, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated on 30 July 1998 in England and Wales and registered under the Act as a private company limited by shares with registered number 03607311 and with the name Haldeen Limited. With effect from 25 February 2000 the Company changed its name to YouGov Dot Com Limited. The name of the Company was changed once again with effect from 5 June 2002 to YouGov Limited. On 12 April 2005 the Company re-registered as a public company limited by shares pursuant to section 43 of the Act and changed its name to YouGov plc.
- 2.2 The principal legislation under which the Company was formed and now operates is the Act and regulations made under the Act.
- 2.3 The registered office of the Company is 1 West Smithfield, London, EC1A 9JU.
- 2.4 The liability of the members of the Company is limited.
- 2.5 The Company currently has the following subsidiary undertakings within the meaning of section 736 of the Act.

Name	Field of activity	Proportion of capital held by the Company
Health Experience Research Online Limited	Dormant	50%

3. Share capital

- 3.1 The following table shows the authorised and issued Ordinary Share capital of the Company immediately before and as it will be immediately following Admission and the Placing:

Before Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
Nominal Value	Number		Nominal Value	Number
£200,000	20,000,000	Ordinary Shares	£110,882.07	11,088,207

After Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
Nominal Value	Number		Nominal Value	Number
£200,000	20,000,000	Ordinary Shares	£133,382.07	13,338,207

Immediately following Admission and the Placing the Company's authorised but unissued share capital will be £66,617.93.

- 3.2 The Directors will be authorised to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to a nominal amount of £89,117.93 subject to the resolution passed under section 80 of the Act set out below becoming unconditional. The Directors will be authorised to exercise all powers of the Company to allot relevant securities up to a nominal amount of £89,117.93 pursuant to that resolution. The Directors will be empowered to issue equity securities (as defined in section 94(2) of the Act) subject to the resolution passed under section 95 of the Act set out below becoming unconditional without applying the statutory pre-emption rights set out in section 89(1) of the Act pursuant to section 95 of the Act, as set out below.
- 3.3 At an Extraordinary General Meeting of the Company held on 11 April 2005 resolutions were duly passed, conditional on Admission by no later than 31 May 2005 so that such resolutions will take effect immediately prior to Admission, resolving that:
- 3.3.1 in revocation of any existing general authority granted to the Directors pursuant to section 80 of the Act, the Directors be generally and unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal value of £89,117.93, such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) on the day falling 5 years from the date of this resolution provided that the authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities (as so defined) to be allotted after this authority expires;
- 3.3.2 the Directors be given power pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 3.3.1 of this Part V as if section 89(1) of the Act did not apply to the allotment, such power to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) the day falling 5 years from the date of this resolution. The power will be limited to:
- (a) the allotment of the New Ordinary Shares in connection with the Placing;
 - (b) the allotment of equity securities in connection with an offer or issue of those securities in favour of the holders of Ordinary Shares on the register on a date fixed by the Directors in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on that date save in relation to fractional entitlements and subject to those exclusions and other arrangements as the Directors may deem necessary or expedient to deal with either legal problems under the laws of any territory, or the requirements of any regulatory body;
 - (c) the allotment (other than pursuant to (a) and (b) above) of equity securities up to a maximum aggregate nominal amount of £6,669.10 (being equal to five per cent. of the issued ordinary share capital of the Company immediately following Admission); and
- provided that this power shall enable the Company to make an offer or enter into an agreement which would or might require equity securities (as so defined) to be allotted after this power expires.
- 3.4 The provisions of section 89(1) of the Act confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash (other than by way of an allotment of equity securities to employees under an employees' share scheme as defined in section 743 of the Act) and apply to the balance of the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.3 above. Following Admission, this disapplication will give the Directors limited flexibility to issue Ordinary Shares for cash without making an offer to all the shareholders of the Company.
- 3.5 The New Ordinary Shares will rank *pari passu* in all respects with the existing Ordinary Shares including (without limitation to the generality of the foregoing) in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.

4. Memorandum and Articles of Association

4.1 Memorandum of Association

The principal objects of the Company are to carry on business as a general commercial company and to carry on any trade or business whatsoever. The objects of the Company are set out in full in clause 3 of the Memorandum of Association of the Company which is available for inspection at the address specified in paragraph 13 of this Part V.

4.2 Articles of Association

The Articles contain, *inter alia*, provisions to the following effect:

4.2.1 Rights attaching to the Shares

(a) *As to Income*

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of members, and may fix the time for payment of such dividends but no dividend shall exceed the amount recommended by the Directors. Any dividend declared shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

(b) *As to Capital*

On a winding up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of an extraordinary resolution and any other sanction required by law: (i) divide among the members in specie the whole or any part of the assets of the Company; and/or (ii) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator, with the like authority, shall think fit but so that no member shall be compelled to accept any assets in respect of which there is any liability.

(c) *As to Voting*

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company, on a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him. A member present by proxy shall not be deemed to be present in person.

Any corporation which is a member of the Company may (by resolution of its board or other governing body) authorise any person to act as its representative at any meeting of the Company. A person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member including a power to vote on a show of hands or on a poll and to demand or concur in demanding a poll.

Unless the Board otherwise determines, a member shall not be entitled to vote at a general meeting either personally or by proxy or (if the member is a corporation) by authorised representative in respect of any share held by him or to exercise any other rights conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect that share remains unpaid.

(d) *Variation of Rights*

Whenever the share capital of the Company is divided into different classes of shares, then subject to the provisions of the Statutes, all or any of the rights attached to any class of shares in the Company may be varied or abrogated in such manner as those rights may provide for, or (if no provision is made) either with the consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the authority of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. The provisions of the Articles relating to general meetings of the Company apply, *mutatis mutandis*, to such meetings except that the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (but at an adjourned meeting any one holder of shares of the relevant class present in person shall be a quorum), any holder of shares of the class present in person may demand a poll and on a poll every such holder shall have one vote for every share of the class held by him.

(e) *Transfer of Shares*

All transfers of certificated shares shall be effected by an instrument in any usual or common form, or in any other form acceptable to the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The Board may in its absolute discretion and without assigning any reason for its decision, refuse to register any transfer of a certificated share which is not a fully paid share and any transfer of a share on which the Company has a lien .

Transfers of an uncertificated share shall be effected in accordance with the Statutes and the requirements and facilities of CREST (or any other “relevant system” approved under the Uncertificated Securities Regulations 2001).

In addition, the Board may, in its absolute discretion and without assigning any reason for its decision, decline to register the transfer of a certificated share unless the instrument of transfer:

- (i) is in respect of only one class of share;
- (ii) is duly stamped or adjudged or certified as not chargeable to stamp duty and is deposited at the registered office of the Company or at such other place as the Board may determine; and
- (iii) (except where the shares are registered in the name of a market nominee and no certificate has been issued) is accompanied by the relevant share certificate and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the transfer is executed by some other person on his behalf, the authority of that person to sign).

The registration of transfers may be suspended and the register closed at such times and for such periods (not exceeding 30 days in any year) as the Board may from time to time determine and either generally or in respect of any class of shares, except that the registration of the transfer of any participating security may only be suspended as permitted by the Statutes.

4.2.2 Changes in Share Capital

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares created under the Articles shall be subject to the provisions of the Statutes and of the Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise and shall be unclassified unless otherwise provided by the Articles, by the resolution creating the shares or by the terms of allotment of the shares.

The Company may by ordinary resolution:

- (a) consolidate, or consolidate and then divide, all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its capital by the amount of the shares so cancelled;
- (c) sub divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association or the Articles (subject to the provisions of the Statutes).

Subject to the Statutes and the rights attached to any class of shares, the Company may purchase any of its own shares (including redeemable shares). If there are in issue any shares convertible into share capital of the Company of the class proposed to be purchased by the Company, then the Company shall not purchase, or enter into a contract to purchase such shares unless either the terms of issue of such convertible shares include provisions permitting the Company to purchase its own equity shares or providing for adjustment to the conversion terms upon purchase, or the purchase or the contract have first been approved by an extraordinary resolution passed at a separate meeting of the holders of such convertible shares.

Subject to the Statutes and any rights attached to any class of shares, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner.

5. Interests of the Directors and others, and significant and controlling shareholders

5.1 Directors' interests

The interests in the share capital of the Company as at 15 April 2005 (being the latest practicable date before publication of this document) which: (i) have been notified to the Company pursuant to section 324 or 328 of the Act; or which (ii) are required pursuant to section 325 of the Act to be entered in the register of Directors' interests referred to in that section; or which (iii) are interests of a person connected with a Director within the meaning of section 346 of the Act, and which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could, with reasonable diligence be ascertained by the Director in question; and as they are expected to be following Admission, are as follows (all such interests being beneficial unless otherwise noted):

Name	Before Admission		Following Admission	
	No. of Ordinary Shares	% of existing issued share capital	No. of Ordinary Shares	% of the enlarged issued share capital
Peter Kellner	632,913	5.7	497,125 ²	3.7
Nadhim Zahawi	2	–	108,002 ³	0.8
Stephan Shakespeare	4,237,402 ¹	38.2	3,340,000 ^{1,2}	25
Peter Bazalgette	–	–	27,000	0.2
Anthony Foye	–	–	16,250	0.1

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

² The reduction in shareholding will result from the sale of Sale Shares pursuant to the Placing.

³ Includes 108,000 Ordinary Shares held by Nadhim's wife, Lana Saib.

5.1.2 As at 15 April 2005 (being the latest practicable date before the publication of this document) the following options over Ordinary Shares had been granted pursuant to the Old EMI Scheme to the following Directors for nil or a nominal consideration:

Director	No. of Ordinary Shares under option	Exercise Period	Exercise Price
Peter Kellner	379,747	Until 4 June 2013	50p
Panos Manolopoulos ¹	226,764	Until 31 December 2014	90p

¹The option becomes exercisable in four equal tranches of 56,691 Ordinary Shares. The first tranche became exercisable on 31 December 2004. The other three tranches become exercisable after 31 October 2005, 31 October 2006 and 31 October 2007 respectively.

5.1.3 As at 15 April 2005 (being the latest practicable date before the publication of this document) there were no outstanding loans granted by the Company to any Director nor was any guarantee which had been provided by the Company for the benefit of any Director outstanding.

5.2 Directors' service contracts

5.2.1 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 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.

5.2.2 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 paragraph 5.2.1 of this Part V save that Nadhim was appointed as the Joint Chief Executive Officer of the Company on a salary of £125,000.

5.2.3 On 18 April 2005 the Company entered into a service agreement with Stephan Shakespeare on terms identical to those of Peter Kellner set out in paragraph 5.2.1 of this Part V save that Stephan was appointed as the Joint Chief Executive Officer of the Company on a salary of £125,000.

5.2.4 On 18 April 2005 the Company entered into a service agreement with Jonson Helps on terms identical to those of Peter Kellner set out in paragraph 5.2.1 of this Part V save that Jonson was appointed as the Finance Director of the Company on a salary of £45,000 and the contract is terminable by 1 months' notice in writing by either party.

5.2.5 On 18 April 2005 the Company entered into a service agreement with Panos Manolopoulos on terms identical to those of Peter Kellner set out in paragraph 5.2.1 of this Part V save that Panos was appointed as the Managing Director of the Company on a salary of £98,777.04 and the contract is terminable by 6 months' notice in writing given by either party.

- 5.2.6 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 will receive a fee of £15,000 per annum.
- 5.2.7 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 will receive a fee of £15,000 per annum.
- 5.2.8 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.
- 5.2.9 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 2004 amounted to £132,533 and, under the arrangements in force at the date of this document, the estimated aggregate total remuneration payable to the Directors by any member of the Company for the current financial year will amount to £560,000.
- 5.2.10 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.

5.3 Significant shareholders

Save as set out below, the Directors are not aware of any person, other than the Directors referred to in paragraph 5.1 of this Part V, who is as at 15 April 2005 (being the latest practicable date before publication of this document) or who will, immediately following Admission, be interested (within the meaning of the Act), directly or indirectly, in 3 per cent. or more of the issued share capital of the Company or who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

Shareholder	Before Admission		Following Admission	
	No. of Ordinary Shares	% of existing issued share capital	No. of Ordinary Shares	% of the enlarged issued share capital
Neil Bruce Copp	1,250,200	11.3	958,570 ²	7.2%
Balshore Investments Limited ^{1,3}	4,237,400	38.2	3,339,998 ²	25%

¹Balshore Investments Limited is a company beneficially owned by Nadhim Zahawi's parents.

²The reduction in shareholding will result from the sale of Sale Shares pursuant to the Placing.

³Mrs Najda Alisa, Nadhim Zahawi's mother, has subscribed for 54,000 New Ordinary Shares pursuant to the Placing. These New Ordinary Shares will be held in her own name and not through Balshore Investments Limited.

5.4 Other interests

5.4.1 Over the five years preceding the date of this document, the Directors have been directors or partners of the following companies and partnerships in addition to being directors of the Company:

Director	Current	Former
Peter Kellner	Project Associates UK Limited	
Stephan Shakespeare		Buteyko Health Campaign Limited (Dissolved 12/12/00)
Nadhim Zahawi		Clinical Diagnostics & Controls Limited (Dissolved 05/05/01)
Peter Bazalgette	Bazal Productions Limited Black Lion Music Publishing Limited Brighter Pictures Limited The Crossness Engines Trust Endemol UK plc English National Opera Hawkshead Limited Lomond Television Limited NFTS Foundation The National Film and Television School Victoria Real Limited Zeppotron Limited	

Director	Current	Former
Anthony Foye	Amateur Chartist Limited Banking Technology Limited Agroup Limited Agra Ceas Consulting Limited Agra Informa Limited IBC UK Conferences Limited IBJ Associates Limited IBC Publishing Limited IBC (Overseas Investments) Limited IBC Magazines Limited IBC Group Limited IBC International (Holdings) Limited IBC Global Conferences Limited BML Business Meetings Limited Brookwood Medical Publications Limited Informa Nine Limited Informa Eight Limited Informa Seven Limited Informa Six Limited Informa Five Limited Informa Three Limited Informa Two Limited Informa Group Limited Informadata Sources Limited Informa Global Markets (Europe) Limited Evandale Holdings Limited DYP Group Limited European Intelligence Limited Communications International Limited Business Research International Limited IBC (Twelve) Limited IBC (Ten) Limited IBC (One) Limited Hampton Publishing Limited Grosvenor Press International Limited Grosvenor Press (Holdings) Limited The Foodnews Company Limited Evandale Publishing Limited Chorleywood Consulting Limited European Pharma Law Centre Limited Bmg Engineering (Swindon) Limited Biocommerce Data Limited Barham Reorganisations Limited Barham Photographic Limited Barham Limited Independent Advisory Services Limited International Insider Publishing Company Limited Transpotel (U.K.) Ltd Risk Services Ltd. Regulatory Affairs Journals Limited Professional Information Publishing Limited P.J.B. Publications Limited P.J.B. Medical & Technical Services Limited Phoenix Data Sources Limited Pharmabooks Limited IBC (Conferences & Publishing) Limited Brian Trodd Publishing House Limited	

Director**Current****Former**

LSS Holdings Limited
LLP Limited
Linkraven Limited
Legal Studies Publishing Limited
J.R.L. Newsletters Limited
International Business Communications Limited
International Media Limited
T&F Informa UK Limited
Informa Productions Limited
Informa Limited
MMS Globalmarkets UK Limited
Mediafine Limited
IBC Business Publishing Limited
IBC Asia Limited
IBC Asia (Conferences) Limited
IBC (Seven) Limited
IBC (Two) Limited
IBC Fourteen Limited
Mallerman Summerfield Group Limited
Informa UK Limited
IBC Legal Studies and Services Limited
Mrc Reporting Services Limited
Mrc Publications Limited
IBC Financial Focus Limited
Mrc Consultancy Services Limited
Mrc Business Information Group Limited
Monitor Press Limited
Mobile Communications International Limited
Mms Group Holdings Limited
Mms Group Limited
Afterhurst Limited
Curzon Press Limited
Europa Publications Limited
Falmer Press Limited
Psychology Press Limited
Scandinavian University Press (UK) Limited
Taylor & Francis (Filmsetting) Limited
Taylor & Francis Group Esop Trustees Limited
Taylor & Francis Group Limited
Taylor & Francis Limited
Taylor & Francis Publishing Services Limited
Military Press Limited(The)
UCL Press Limited
W & S (Winchester) Limited
Blueprint Publishing Limited
Carfax Publishing Limited
E. & F.N.Spon Limited
Express Receivables Limited
Journals Oxford Limited
Martin Dunitz Limited
Routledge & Kegan Paul Limited
Routledge & Kegan Paul Of America Limited
Routledge Books Limited
Routledge No. 1 Limited

Director	Current	Former
	Routledge No. 2 Limited	
	Routledge No. 3 Limited	
	Routledge Publishing Holdings Limited	
	Tavistock Publications Limited	
	Taylor & Francis Books Limited	
	Taylor & Francis Distribution (Europe) Limited	
	Bios Scientific Publishers Limited	
	Praxton Limited	
	Oxford Publishing Ventures Limited	
	Parthenon Publishing Group Limited (The)	
	Frank Cass & Co. Limited	
	Taylor & Francis Health Sciences Limited	
	Taylor & Francis Arts And Humanities Limited	
	Taylor & Francis Education Limited	
	Taylor & Francis Social Sciences Limited	
	T&F Informa Plc	
	Bloomsbury Flowers Ltd	
	T & F Informa Two Limited	
	T&F Informa One Limited	

5.4.2 Save as set out in paragraph 5.4.2 of this Part V, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) at any time been adjudged bankrupt or been the subject of any form of individual voluntary arrangement;
- (c) been a director of a company at the time of or within the 12 months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or composition or arrangement with its creditors generally or any class of creditors;
- (d) been a partner in a partnership at the time of or within the 12 months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement;
- (e) owned any asset which has been placed in receivership or been a partner of any partnership at the time of or within the 12 months preceding the date on which any assets of that partnership have been placed in receivership;
- (f) been subject to any public criticism by any statutory or regulatory authority (including a recognised professional body); or
- (g) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

6. Share option arrangements

The principal terms of the Company's share option arrangements are as follows:

Old Enterprise Management Incentive Arrangements

- 6.1 **General:** The Company granted options to employees and directors in June 2003 and December 2004 under Enterprise Management Incentives arrangements ("EMI Arrangements"). Clearance has been obtained from the Inland Revenue that the Company is a qualifying company for EMI purposes.

EMI options were granted under EMI option agreements between the relevant employee and the Company. It is intended that no further grants will be made under the Old EMI Scheme prior to or post Admission. The EMI Arrangements contain the following provisions:

- 6.2 **Option Price:** The price per share payable upon exercise of the options is ninety (90) pence, save for the option over 379,747 shares granted to Peter Kellner in 2003, for which the option price is fifty (50) pence.

- 6.3 **Exercise of the Options:** Options are generally exercisable immediately following grant subject in general to the option holder not having given or received notice of termination of employment or having been issued with an unexpired written or verbal warning under the Company's disciplinary policy.

Options lapse on the date that the option holder ceases to be an employee of the Company (or a qualifying subsidiary) unless:

- the Company exercises its discretion to allow exercise within a period of up to 40 days from termination of employment; or
- employment ceases by reason of redundancy, retirement, injury, ill health or disability. In these cases the option may be exercised for a period of 40 days from the termination date, at which time the option shall lapse.

If the option holder is employed by a qualifying subsidiary, which ceases to be a qualifying subsidiary or if the option holder is transferred out of the Company or qualifying subsidiary business under the Transfer of Undertakings (Protection of Employment) Regulations 1981, the option shall lapse, provided the option holder has been given prior written notice of his right to exercise and has not exercised his option prior to the relevant event.

In the event of a takeover, the options shall lapse provided the option holder has been given prior written notice of his right to exercise and has not exercised his option prior to the takeover.

In the event that a resolution for a voluntary winding up is passed, the options shall lapse provided the option holder has been given prior written notice of his right to exercise and has not exercised his option prior to the passing of the resolution.

Options automatically lapse on the expiration of 10 years after the date of grant.

Options must be exercised within one year after the death of an option holder, at which time any unexercised options will lapse.

The options are personal to option holders and may not be assigned or transferred (other to their personal representatives in limited circumstances as set out in the option agreement).

- 6.4 **Adjustment to Options:** In the event of any alteration in the share capital of the Company or the creation or variation or removal of a right or restriction attached or relating to the Company's share capital, the Company may make an adjustment to the acquisition price, number and/or the nominal value and/or class of and/or rights or restrictions attached to the option shares and/or the option price (with Inland Revenue approval if so required) provided the Company's auditors have certified that such adjustment is fair and reasonable and does not constitute a Disqualifying Event or cause the requirements of the EMI legislation to no longer be satisfied.
- 6.5 **Amendments to the Scheme:** Option agreements may only be varied by agreement of the Company and relevant option holder. No variation will be effective until certified by the Company's auditors as not constituting a disqualifying event under the EMI legislation or requiring Inland Revenue approval. The Company may vary the option agreement without the option holder's consent, provided the Company's auditors have certified that such variation is necessary for the option to remain a qualifying option under the EMI legislation.
- 6.6 **Pensionability:** Benefits received under the EMI Arrangements are not be pensionable.
- 6.7 **PAYE/NIC Elections:** The EMI Arrangements provide an indemnity to the Company from option holders in respect of any income tax and both employer's and employee's national insurance liabilities. It also allows the Company to sell shares on the option holders' behalf to meet these liabilities.
- 6.8 On 4 June 2003 options over 425,947 ordinary shares were granted under the EMI Arrangements.
- 6.9 Options over a further 235,631 ordinary shares were granted under the EMI Arrangements on 31 December 2004.

New Enterprise Management Incentive Scheme (the “New EMI Scheme”)

- 6.10 **General:** It is proposed that certain key employees will be granted options over Ordinary Shares (“Shares”) exercisable in accordance with the New EMI Scheme rules. The New EMI Scheme will be administered by the Remuneration Committee (the “Committee”) of the Company. It is intended that options granted under the New EMI Scheme will be EMI options. However, if at the time of grant the option fails to meet the provisions contained in Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 the option shall be an unapproved option. Options may, therefore, be granted on an unapproved basis.
- 6.11 **Eligibility:** All employees of the Company whose time committed to the business of the Company or the group is at least 25 hours per week or, if less, 75 per cent. of their working time are eligible to participate, provided they are not within 6 months of their retirement date and/or have a material interest in the Company. The working time and material interest requirement does not apply if options are unapproved.
- 6.12 **Grant of Options:** Options may be granted within 42 days following the date of approval of the New EMI Scheme or the announcement of the Company’s final, interim or quarterly results, as well as at other times where the Committee considers there are exceptional circumstances, provided that, in the case of EMI options, on any given day the total market value of shares in respect of which unexercised EMI options exist does not exceed £3 million and the gross assets of the Company (or the group) are less than £30 million at the date of grant. The options may be granted subject to performance targets imposed by the Committee at the date of grant. It is intended that no options will be granted prior to or on Admission.
- 6.13 **Option Price:** The price per Share payable on the exercise of an option shall be a price which shall be no less than the closing middle market quotation for a Share on AIM on the business day immediately preceding the date of grant or, if the Committee so determines, the average of the closing middle market quotations for the three business days immediately preceding the date of grant.
- 6.14 **Exercise of the Options:** The option agreement between the Company and the participant states the date(s) on which the option will become exercisable. This will usually be from the third anniversary of grant. The option agreement will also detail performance targets which need to be satisfied prior to or on exercise.
- Early exercise within a limited period is permitted if the participant’s employment ceases as a result of retirement, disability, ill-health, redundancy or on the transfer of the business in which he is employed or otherwise at the discretion of the Committee. In the event of death the option may be exercised in the participant’s personal representative during the 12 months following death.
- In the event of a takeover or change of control of the Company, a scheme of arrangement, or a voluntary liquidation, options may be exercised early, for a limited period taking into account the achievement of the performance targets to date and the time elapsed from the date of grant.
- In the event that another company obtains control of the Company, options may in certain circumstances be exchanged for options over the shares in the acquiring company (or an associated company).
- Options may not be exercised after the tenth anniversary of the date of grant.
- 6.15 **Performance Targets:** Performance targets will be set by the Committee. The Committee has discretion to vary the performance targets provided the performance target remains objective and the purpose of the variation is to ensure that the criteria against which performance is measured is a fairer measure of performance or to more effectively incentivise participants.
- 6.16 **Scheme Limits:** The total number of unissued shares granted under option annually, when aggregated with the total Shares issued (or capable of issue) pursuant to options granted under the New EMI Scheme and any other share incentive scheme adopted by the Company during the 10 year period from Date of Approval shall not exceed 10 per cent. of the share capital in issue. Options granted prior to Admission are ignored for these purposes.
- 6.17 **Individual Limits:** The maximum grant of options to anyone participant shall not exceed two times the participant’s basic salary in any given year save in exceptional circumstances determined by the Committee.

- 6.18 **Rights Attaching to Shares:** Shares allotted under the Scheme will rank equally with all other shares then in issue. However, if under the terms of a resolution passed or an announcement made by the Company prior to the date of the exercise of an option, a dividend is to be, or is proposed to be, paid to holders of Shares on the register and dated after the effective date of exercise, the Shares issued following such exercise will not warrant such dividend.

The Company will apply for any new Shares to be admitted to trading on AIM.

- 6.19 **Adjustment to Option:** In the event of any variation to the Company's share capital such as a rights or capitalisation issue or reduction of capital or other event affecting the Company, the Committee may make an appropriate adjustment to the number of ordinary shares over which an option has been granted and the option price.
- 6.20 **Amendments to the Scheme:** If the Inland Revenue raise a notice of enquiry and concludes that the requirements of Schedule 5 to the Income Tax (Earnings and Pensions Act) 2003 have not been met in relation to the New EMI Scheme, the directors may alter the Rules of the New EMI Scheme as may be necessary to ensure that the requirements have been met.

The Committee may amend the provisions of the New EMI Scheme and the terms of any option as they consider necessary or desirable without the need for prior approval of the Company (unless Shares are admitted to the Official List of the London Stock Exchange) or the consent of participants provided that such amendments or additions do not affect the basic principles of the New EMI Scheme.

No amendment will have effect (other than in respect of unapproved options) if it would cause the New EMI Scheme to cease to satisfy the provisions of Schedule 5.

- 6.21 **Pensionability:** Benefits received under the New EMI Scheme will not be pensionable.
- 6.22 **PAYE/NIC Elections:** The New EMI Scheme provides an indemnity to the Company from the participant in respect of any income tax and both employer's and employee's national insurance liabilities. It also allows the Company to sell Shares on the participant's behalf to meet these liabilities.
- 6.23 Save as set out above, no share or loan capital of the Company or any of its subsidiary undertakings is under option or agreed conditionally or unconditionally to be put under option.

7. Material contracts

The following contracts (which are available for inspection in accordance with paragraph 13 of this Part V) not being contracts entered into in the ordinary course of business, are contracts which (i) are or may be material and have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this document; or (ii) have been entered into by the Company or any of its subsidiaries at any time before the date of this document where those contracts contain provisions under which any member of the Group has an obligation or entitlement which is or may be material to the Group as at the date of this document.

- 7.1 The Placing Agreement summarised at paragraph 8 of this Part V.
- 7.2 A settlement deed dated 31 December 2004 between (1) Chime Communications plc ("Chime") and (2) the Company and Nadhim Zahawi, Stephen Shakespeare and Peter Kellner in connection with a loan from Chime to the Company.
- 7.3 An agreement dated 11 April 2005 between (1) Chime and (2) the Company pursuant to which the Company purchased Chime's holding of 275,000 A ordinary shares in the capital of the Company in consideration of £170,000.
- 7.4 A non binding (other than as to the use of YouGov's intellectual property) letter of intent dated 30 March 2005 with Talal Harb Al Zuhair and Hisham Hussein Abdullatif relating to a proposed joint venture in the Middle East through a new company, YouGov M.E. FZ-LLC.
- 7.5 An agreement dated 12 January 2005 with Financial Dynamics Limited appointing Financial Dynamics Limited as business communications consultant to the Company. A flotation fee of £10,000 is payable by YouGov for a period from 10 January 2005 to 25 April 2005 with a further fee of £15,000 being payable by YouGov within 30 days of Admission. In addition, an annual consultancy fee of £35,000 is payable in equal monthly instalments from 1 May 2005. This annual retainer may be terminated by either party on 3 months' notice.

- 7.6 An agreement dated 17 September 2004 with Bell Pottinger Communications (Dubai) pursuant to which both parties are to pay fees to the other for successful client introductions. YouGov is to pay Bell Pottinger (Dubai) a projected fee of 5 per cent. of the total gross project fee paid to YouGov by a client introduced to it by Bell Pottinger (Dubai). Bell Pottinger (Dubai) is to pay YouGov a project fee of 5 per cent. of the total gross project fee paid to Bell Pottinger (Dubai) by a client introduced to it by YouGov.
- 7.8 An agreement dated 1 July 2004 with Alaris Capital Limited pursuant to which Alaris Capital Limited is to assist YouGov in pursuing corporate business acquisitions in the UK. Fees are contingent for the early stages of identifying and approaching targets with a mutually agreed retainer payable thereafter. On completion of any transaction a fee of 3 per cent. of the first £4 million of consideration will be payable by YouGov with a further 1 per cent. of consideration payable thereafter.

8. Placing Arrangements

Pursuant to the Placing Agreement dated 18 April 2005 and made between (1) the Company (2) Noble (3) the Selling Shareholders and (4) the Directors, Noble has agreed, conditional upon, *inter alia*, Admission taking place on or before 25 April 2005, (or such later time and/or date as the Company and Noble may agree, not being later than 31 May 2005) to use its reasonable endeavours to procure subscribers for the New Ordinary Shares proposed to be issued by the Company and purchasers for the Sale Shares proposed to be sold by the Selling Shareholders, in each case, at the Placing Price.

The Placing Agreement contains indemnities and warranties from the Company, the Selling Shareholders and the Directors in favour of Noble, together with provisions which enable Noble to terminate the Placing Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found not to be true or accurate in any material respect. The liability of the Company, the Selling Shareholders and the Directors for breach of warranty is limited.

Nadhim Zahawi, Stephan Shakespeare, Panos Manolopoulos, Peter Kellner, Balshore Investments Limited and Neil Bruce Copp have undertaken not to dispose of any Ordinary Shares or interests in Ordinary Shares held at Admission (other than the transfer of the Sale Shares by the Selling Shareholders pursuant to the Placing) for 12 months following Admission. For the period of twelve months to twenty-four months following the date of Admission, the Directors, who hold shares and options as at the date of this document and Balshore Investments Limited have further agreed not to dispose of more than 50 per cent. of their holdings without the consent of Noble and to make any transfer of shares through Noble.

The Company is to pay to Noble commission of approximately 3.0031 per cent. of the aggregate value of the New Ordinary Shares issued by the Company at the Placing Price pursuant to the Placing. Each Selling Shareholder shall pay to Noble commission of approximately 3.0031 per cent. of the value at the Placing Price of the number of Sale Shares sold by him.

9. UK taxation

9.1 UK taxation

This paragraph is intended as a general guide to the current tax law and practice in the UK in the areas referred to below. It applies to persons who are resident or ordinarily resident in the UK for tax purposes, who beneficially own their shares as investments and acquired the shares otherwise than through their employment with the group. It does not apply to share dealers, charities or persons with special tax status.

shareholders who are not resident in the United Kingdom or who are in any doubt as to their tax position should consult their own professional adviser.

9.2 Taxation of dividends

Under current United Kingdom tax legislation, no tax will be withheld by the Company when it pays dividends.

(a) Individual and trustee shareholders

- (i) An individual shareholder, resident for tax purposes in the United Kingdom, who receives a dividend from the Company will be entitled to a tax credit equal to one ninth of the amount of the net dividend which is also equivalent to a tax credit of 10 per cent. of the sum of the net dividend and the tax credit (the "gross dividend").

- (ii) Individual shareholders resident for tax purposes in the United Kingdom will be liable to income tax on the amount of the gross dividend. Dividend income will be treated as the top slice of an individual's income. The tax credit referred to in (i) above will discharge the liability to income tax in respect of the dividend of an individual shareholder who is subject to United Kingdom tax at the lower rate or basic rate only. Higher rate taxpayers will be able to offset the tax credit against their liability to tax on the gross dividend. A higher rate taxpayer will be liable to income tax on the gross dividend at a rate of 32.5 per cent. After setting off the tax credit, a higher rate taxpayer will be liable to additional income tax equal to 25 per cent. of the net dividend. If an individual United Kingdom resident shareholder's total tax credit on such dividends exceeds his overall United Kingdom tax liability, he may no longer claim from the Inland Revenue repayment of the excess.
 - (iii) For dividends paid to trustees of United Kingdom resident discretionary or accumulation trusts the gross dividend will be subject to United Kingdom income tax at a rate of 32.5 per cent. which, after setting off the tax credit equal to 10 per cent. of the gross dividend, will result in additional income tax equal to 25 per cent. of the net dividend.
 - (iv) The amount of the tax credit in respect of a dividend paid which constitutes income of a pension fund, life assurance company, or charity will not be repaid. Special transitional rates will apply to charities to compensate them, on a phased basis, for the loss of repayable tax credits.
- (b) Corporate shareholders
- A corporate shareholder (other than a share dealer) resident for tax purposes in the United Kingdom will not generally be liable to United Kingdom corporation tax on any dividend received.
- (c) Non-resident shareholders
- Certain non-resident shareholders may be able to claim repayment of part of the tax credit under a relevant double taxation agreement, but any such amount is likely to be insignificant.

9.3 Taxation on capital gains for shareholders

Depending on their circumstances, shareholders who are individuals resident or ordinarily resident in the United Kingdom, and other shareholders resident in the United Kingdom, for taxation purposes may be subject to capital gains tax (or, in the case of corporate shareholders, corporation tax on chargeable gains) in respect of any gain arising on a disposal, including a disposal on a winding-up of the company, of their shares unless the shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such. For shareholders who are individuals, taper relief, and for shareholders within the charge to corporation tax and in respect of periods of ownership up to 5 April 1998 for shareholders who are individuals or trustees, indexation allowance, may reduce a chargeable gain but not create or increase any allowable loss.

Shareholders who are not resident or ordinarily resident in the United Kingdom for the purpose of United Kingdom taxation will not normally be liable to United Kingdom taxation on chargeable gains arising from a disposal of their shares unless they carry on a trade, profession or vocation in the United Kingdom through a branch or agency or permanent establishment in connection with which the shares are held. However, such shareholders may be subject to charges to foreign taxation depending upon their personal circumstances. In addition, individual shareholders who are temporarily non-UK resident may be liable to UK capital gains tax under anti-avoidance legislation.

9.4 Stamp duty and stamp duty reserve tax ("SDRT")

- (a) Except as mentioned in paragraph (d) below, no liability to stamp duty or SDRT will arise on the issue or allotment of New Ordinary Shares by the Company pursuant to the Placing.
- (b) Except as mentioned in paragraph (d) below, the transfer of the Sale Shares by the Selling Shareholders will be liable to *ad valorem* stamp duty at the (current) rate (in broad terms) of 0.5 per cent. of the amount or value of the consideration paid, or if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer or where the transfer is effected under CREST, SDRT at the (current) rate of 0.5 per cent. of the amount or value of the consideration paid. The Selling Shareholders have undertaken in the Placing Agreement to pay any stamp duty or SDRT liability payable by the placees on the transfer of the Sale Shares at the rate (in broad terms) of 0.5 per cent. These arrangements do not apply to any charge to stamp duty or SDRT under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (as referred to below). Each applicant will be required to give confirmation in his application that the increased rate of stamp duty and SDRT charges do not apply to them.

- (c) Except as mentioned in paragraph (d) below, the transfer on sale of Ordinary Shares, will generally be liable to *ad valorem* stamp duty at the (current) rate (in broad terms) of 0.5 per cent. of the amount or value of the consideration paid, or if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer or where the transfer is effected under CREST, SDRT at the (current) rate of 0.5 per cent. of the amount or value of the consideration paid. Liability to pay such stamp duty or SDRT is that of the transferee or purchaser. In the case of transfers in CREST, SDRT will be collected in CREST in accordance with the rules of the CREST system.
- (d) Where any charge to stamp duty or SDRT arises under sections 67, 70, 93 and 96 of the Finance Act 1986 (which broadly apply where shares are transferred or, in certain circumstances, are issued to persons who issue depository receipts or provide clearance services, or their nominees or agents), stamp duty at the (current) higher rate (in broad terms) of 1.5 per cent. or SDRT at the (current) higher rate of 1.5 per cent. (as appropriate) will be payable on the amount or value of the consideration paid for the issue or transfer.

9.5 EIS and VCT Status

The Company has received provisional approval from the Inland Revenue confirming that its activities and the shares to be issued should qualify under the EIS and under the VCT legislation. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will be available or that, if given, such relief or status will not be withdrawn.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status claimed by any shareholder.

Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

If the Company ceases to carry on the business outlined in this document during the three year period from the last allotment of Ordinary Shares, this could prejudice the qualifying status of the Company under the EIS and VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

10. Working Capital

The Directors (having made due and careful enquiry) are of the opinion that taking into account existing cash, bank and other facilities available to the Company and the proceeds of the Placing receivable by the Company for the New Ordinary Shares, the working capital available to the Company is sufficient for its present requirements, that is for at least 12 months from the date of Admission.

11. Litigation

The Company is not engaged in any legal or arbitration proceedings, and the Company is not aware of any legal or arbitration proceedings active, pending or threatened by or against the Company, which are having or may have a significant effect on the Company's financial position.

12. General

- 12.1 Grant Thornton UK LLP, of Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP has given and not withdrawn its written consent to the inclusion of its report on the Company in the form set out in Part IV of this document and the references to that report in the form and context in which they appear, has not become aware, since the date of the report of any matter affecting the validity of that report at that date and has authorised and takes responsibility for the contents of those part(s) of this document for the purposes of paragraph 45 of the POS Regulations.

- 12.2 Noble has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 12.3 The overall costs and expenses payable by the Company in connection with Admission and the Placing (including professional fees, commissions, underwriting commission, the costs of printing and the fees payable to the Registrars) are estimated to amount to approximately £300,000 (including VAT).
- 12.4 The total proceeds expected to be raised by the Company by the Placing of New Ordinary Shares amount to £3,037,500, and the net proceeds of the Placing of New Ordinary Shares (assuming full subscription of the New Ordinary Shares) raised by the Company (following the deduction of the expenses of Admission and the Placing) amount to £2,737,500.
- 12.5 The minimum amount which, in the opinion of the Directors must be raised by the Placing of New Ordinary Shares by the Company in order to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £300,000 all of which will be used to fund the expenses of the Placing of New Ordinary Shares as referred to in paragraph 12.3 above.
- 12.6 Save in relation to arrangements with trade suppliers and, save for professional advisers referred to in this Prospectus and save for costs referred to in paragraph 12.3 of this Part V no person has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission, or entered into contractual arrangements to receive, directly or indirectly, on or after Admission:
- (i) fees totalling £10,000 or more;
 - (ii) securities of the Company having a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 12.7 The Directors believe that there are no patents, other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 12.8 The Ordinary Shares have not been admitted to dealings on a recognised investment exchange and save in relation to the application for Admission, no application for such admission has been made.

13. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Olswang, 90 High Holborn, London, WC1V 6XX from the date of this document until Admission:

- 13.1 the Memorandum and Articles of Association of the Company;
- 13.2 the material contracts referred to in paragraph 7 of this Part V;
- 13.3 the service contracts and letters of appointment referred to in paragraph 5.2 of this Part V;
- 13.4 the report set out in Part IV of this document;
- 13.5 the audited consolidated accounts of the Company for the two years ended 31 July 2003 and 31 July 2004; and
- 13.6 the consent letters referred to in paragraphs 12.1 and 12.2 of this Part V.

Dated 18 April 2005

YouGov
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