Delamare One Limited

(formerly iVillage UK Limited)

Annual report and accounts

for the 52 weeks ended 25 February 2006

Registered Number 04015680

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COMPANIES HOUSE 22/12/2006

Delamare One Limited

Directors' report for the 52 weeks ended 25 February 2006

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 25 February 2006.

Principal activities
The Company's principal activity during the period was to provide an online community for women.

Review of business and future developments
On 29 April 2005 the Company's trade and assets were sold to iVillage Inc.

Change of name
Following the sale of the Company's trade and assets to iVillage Inc, with effect from 5 May 2005 the Company changed its name from iVillage UK Limited to Delamare One Limited.

Results and dividends
The Company made a loss for the period of £159,000 (2005: loss £1.1 million). The Company has not paid a dividend in the period.

Directors and their interests
The directors who held office in the 52 weeks to 25 February 2006 are given below:

Simon Uwins
Laura Wade-Gery

None of the directors had any interests in the Company. The interests of Simon Uwins and Laura Wade-Gery in Tesco PLC are given below:

	Ordinary shares		*Share options **			
	2006	2005	**2006**	Granted	Exercised	2005
S Uwins	**765,958**	516,048	**745,987**	89,248	218,436	875,175
L Wade-Gery	**228,318**	194,362	**447,754**	78,350	-	369,404

* Executive share option scheme (1984, 1994 and 1996) and savings related share option scheme (1981), details of these schemes are set out in the annual report and financial statements of Tesco PLC.

Employees
The Company is committed to the policy of equal treatment of all employees and applicants, and requires all employees, of whatever seniority, to abide by this general principle and the requirements of the Codes of Practice issued by the Equal Opportunities Commission and the Commission for Racial Equality.

The Company commits itself to the employment of disabled personnel whenever possible, and will treat such employees in all aspects of their recruitment and employment in exactly the same manner as other employees, the difficulties of their disablement permitting.

Directors' report for the 52 weeks ended 25 February 2006 (continued)

Assistance will be given, wherever possible, to ensure that, disabled employees are helped in their journeys to and from their place of work, in access to their workplace, in gaining access to the facilities on Company premises, and in progressing their career, subject only to the opportunity existing, the applicant's suitability, talent, and wish for it. Appropriate training will be made available to such personnel who request it.

Charitable Donations
The Company made charitable donations of £nil (2005 : £nil) during the period.

Auditors
A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the Annual General Meeting.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

22nd Dec 06

Director Laura Wade-Gery **Date**

Laura Wade-Gery

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 892333
www.pwc.com/uk

Independent Auditors' Report to the members of Delamare One Limited

We have audited the financial statements of Delamare One Limited for the year ended 25 February 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors: As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

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

Opinion: In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 25 February 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

22 December *2006*

Profit and loss account for the 52 weeks ended 25 February 2006

	Note	2006 £'000	2005 £'000
Turnover		**298**	1,528
Cost of sales		**(108)**	(454)
Gross profit		**190**	1,074
Administrative expenses		**(349)**	(2,164)
Operating loss	2	**(159)**	(1,090)
Profit on disposal of fixed assets		**-**	-
Loss on ordinary activities before taxation		**(159)**	(1,090)
Taxation	7	**-**	-
Loss for the financial period	14	**(159)**	(1,090)

All items dealt with in arriving at the operating loss relate to discontinued operations, see Note 16.

The Company has no recognised gains and losses other than the loss above and therefore no separate statement *of total recognised gains and losses has been presented.*

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

Delamare One Limited

Balance sheet as at 25 February 2006

	Note	2006	2005
		£'000	£'000
Fixed assets	8	-	18
Current assets			
Debtors	9	**1,145**	2,306
Cash at bank and in hand		**2,048**	780
		3,193	3,086
Creditors – amounts falling due within one year	10	**(4,592)**	(4,344)
Net current liabilities		**(1,399)**	(1,258)
Total assets less current liabilities		**(1,399)**	(1,240)
Capital and reserves			
Called up share capital	12	**18**	18
Share premium account	13	**12,006**	12,006
Profit and loss account deficit	13	**(13,423)**	(13,264)
Equity shareholder's deficit	14	**(1,399)**	(1,240)

The financial statements on pages 5 to 17 were approved by the board of directors on 22 Dec 06 and were signed on its behalf by:

Director

Laura Wade - Gery

Notes to the financial statements for the 52 weeks ended 25 February 2006

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of accounting
The financial statements are prepared under the historical cost convention.

Changes in accounting policy
During the year, the company adopted the following new Financial Reporting Standards (FRS) in the preparation of the financial statements:

- FRS 17
- FRS 21
- FRS 25
- FRS 28

The adoption of these standards did not have any impact on the shareholders' funds of the Company.

Cash flow
In accordance with FRS 1 (Revised) the Company, being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flow of this Company, has not prepared such a statement itself.

Basis of preparation – going concern
The Company has incurred losses in every period since inception. For the 52 weeks ended 25 February 2006 the Company has incurred a loss on ordinary activities before taxation of £159,000 (2005: loss of £1.1million) and at 25 February 2006 had net liabilities of approximately £1.4 million (2005: net liabilities of £1.2million). The Company is therefore dependent on its parent company providing financial support over the next 12 months, the parent company has confirmed to the Company's board that it will provide such financial support for a period of 12 months from the date of issuance of these financial statements. These financial statements have been prepared on a going concern basis and as a consequence do not include any adjustments that would be required if such support was not available.

Fixed assets
The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight-line basis over their estimated useful economic lives. The estimated useful economic lives of significant classes of asset are:

Computer equipment	3 years
Fixtures and fittings	5 years
Licence agreement	20 years

Impairment of fixed assets
Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value in use.

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

1 Accounting policies (continued)

The value in use is determined by the present value of the future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal For the purposes of assessing value in use, the Company has determined that it has one income-generating unit.

Foreign currencies
Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Pensions
The Company is part of a multi-employer defined benefit scheme run by its ultimate parent undertaking Tesco PLC , where its share of the underlying assets and liabilities of the pension scheme cannot be identified. The pension charge included in the profit and loss account is accounted for on a basis as if the contributions paid by the Company were accounted for as if the scheme were a defined contribution scheme.

Turnover
Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. Turnover is derived primarily from the sale of sponsorship and advertising contracts. Sponsorship revenues are derived principally from contracts designed to support the customer's broad marketing objectives, including brand promotion, awareness, product introductions and online research. Sponsorship agreements typically include the delivery of impressions on the Company's Web sites. An impression is the viewing of promotional material on a Web page, which may include rich media and display or banner advertisements, links, buttons or other text or images. As part of a small number of sponsorship agreements, sponsors selling products may provide the Company with a commission on sales of its products generated through the Company's Web sites. To date, amounts received from the sale of sponsors' products have not been significant.

Advertising revenues are derived principally from short-term advertising contracts in which the Company typically guarantees a minimum number of impressions or pages to be delivered to users over a specified period of time for a fixed fee or based on actual impressions delivered. Sponsorship and advertising revenues for fixed fee contracts are recognised rateably in the period in which the advertisement is displayed on the straight-line basis over the period of service.

Deferred taxation
The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred tax is made insofar as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that the transfer of economic benefits relating to these assets in the future is more likely than not. Deferred tax assets and liabilities have not been discounted.

Leasing
Operating lease costs in respect of land and buildings and other assets are expensed on a straight line basis.

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

2 Operating loss

	2006 £'000	2005 £'000
Operating loss is stated after charging		
Depreciation of fixed assets		
- Owned assets (excluding licence fee impairment)	10	96
- Licence impairment [1]	-	260
Operating lease charges		
- Land and buildings	-	-
- Other – licence royalty payments	27	184
Auditor's remuneration		
- Audit services	5	14

[1] The capitalised licence costs were written down to £nil in 2005 as the directors were of the opinion that following the decision of the Company to sell its trade and assets to iVillage Inc. (see Note 16) the licence had no significant ongoing benefit to the Company.

3 Employee costs

	2006 £'000	2005 £'000
Wages and salaries	145	1,007
Social security costs	16	87
Other pension costs	15	85
Staff costs	176	1,179

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Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

4 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the period was:

By activity:	2006	2005
Sales	2	6
Administration	3	23
Average number of persons employed	**5**	29

5 Pension costs

The cost of contributions to the group scheme amounted to £15,000 in 2006 (2005: £85,000), being 10.5% of pensionable salary. The Company has adopted the full requirements of FRS 17 for the first time in the current year. This has had no financial impact and therefore no prior year adjustment has been presented.

The Company participates in the Tesco PLC Pension Scheme which is a multi-employer scheme within the Tesco Group and cannot identify its share of the underlying assets and liabilities of the scheme. Accordingly, as permitted by FRS 17, the Company has accounted for the scheme as a defined contribution scheme, and the charge for the period is based upon the cash contributions payable.

The total cost of the scheme to the Group was £292million (2005: £258million).

Further disclosure relating to the Tesco PLC Pension Scheme can be found in note 23 of the Group financial statements.

6 Directors' emoluments

All directors' emoluments are borne by Tesco PLC.

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

7 Taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2005: 30%). The calculation of the deferred tax asset or liability is based on the taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

The Company has surrendered tax losses amounting to £520,000 (2005: £1,080,000) to the parent company without receiving any payment, which resulted in a benefit to the Group of £156,000 (2005: £324,000) for tax purposes. The Company has not surrendered tax losses in respect of timing differences to group companies. Accordingly, no tax losses other than timing differences are available for carry forward. No deferred tax asset is recognised for such timing differences as the Company has not recovered any value from them on the subsequent sale of the business.

	2006	2005
	£'000	£'000
Current tax		
Corporation tax at 30%	-	-
Prior period corporation tax	-	-
	-	-
Deferred tax		
Deferred taxation for the current period	-	-
Deferred taxation for the prior period	-	-
	-	-
Taxation	-	-

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Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

7 Taxation (continued)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006	2005
	£'000	£'000
Loss on ordinary activities before tax	**(159)**	(1,090)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005: 30%)	**(48)**	(327)
Effects of:		
Depreciation in excess of capital allowances for the period	**(63)**	1
Expenses not deductible for tax purposes	**4**	2
Current period losses surrendered as group relief for which no payment was received	**156**	324
Tax deductible expenses on Group transactions	**(49)**	-
	-	-

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Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

8 Fixed assets

	Computer equipment and fixtures and fittings	Intangible Licence agreement	Total
	£'000	**£'000**	**£'000**
Cost or valuation			
At 27 February 2005	159	289	448
Additions	3	-	3
Disposals	(162)	(289)	(451)
At 25 February 2006	-	-	-
Accumulated depreciation			
At 27 February 2005	141	289	430
Charge for the period	10	-	10
Disposals	(151)	(289)	(440)
At 25 February 2006	-	-	-
Net book amount			
At 27 February 2005	18	-	18
At 25 February 2006	-	-	-

9 Debtors

	2006	2005
	£'000	£'000
Trade debtors	-	885
Amounts owed by Group undertakings	**1,145**	1,119
Other debtors	-	204
Prepayments and accrued income	-	98
	1,145	2,306

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

10 Creditors – Amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	**1**	51
Amounts owed to Group undertakings	**4,478**	3,655
Amounts owed to iVillage Inc.	**105**	96
Other creditors	**-**	274
Accruals and deferred income	**8**	268
	4,592	4,344

11 Financial commitments

At the end of each of the financial periods the Company had annual commitments as follows:

	2006 £'000	2005 £'000
Other commitments – due within one year	**-**	40

Other commitments represents commitments for royalty payments to iVillage Inc. under a licence agreement entered into on 17 March 2003. The licence agreement was terminated following the sale of the Company's trade and assets to iVillage Inc. (see Note 16).

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

12 Called up share capital

	2006	2005
	£	£
Authorised		
4,500,000 ordinary A shares of £0.001 each	**4,500**	4,500
4,500,000 ordinary B shares of £0.001 each	**4,500**	4,500
8,181,818 ordinary C shares of £0.001 each	**8,182**	8,182
2,000,000 ordinary shares of £0.001 each	**2,000**	2,000
1,000,000 Convertible shares of £0.001 each	**1,000**	1,000
	20,182	20,182

	2006	2005
	£	£
Allotted, called up and fully paid		
4,500,000 ordinary A shares of £0.001 each	**4,500**	4,500
4,500,000 ordinary B shares of £0.001 each	**4,500**	4,500
8,181,818 ordinary C shares of £0.001 each	**8,182**	8,182
1,000,000 Convertible shares of £0.001 each	**1,000**	1,000
	18,182	18,182

The holders of convertible shares are not entitled to participate in any dividend or other distribution, and do not hold the right to receive notice of, or attend and vote at, any general meeting of the Company. The holders of the convertible shares may elect to convert all of the convertible shares into an equal number of A shares conditional upon a relevant event as detailed in the Articles of Association of the Company. Once converted these shares shall rank pari passu in all respects and form one class with the ordinary shares then in issue.

The A, B and C ordinary shares rank pari passu in all respects save the allocation of profits by way of dividend distribution, or the allocation of the Company's assets by way of capital distribution and, the rights detailed in the paragraph below. The distributions shall be in the proportion 50:49:1 with respect to A, B and C ordinary shares respectively if the distribution takes before the conversion of the convertible shares, and in the proportion 55:44:1 with respect to A, B and C ordinary shares if the distribution takes place after the conversion of the convertible shares.

Holders of C ordinary shares do not have the right to receive notice of or to attend and vote at any general meeting of the Company.

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

13 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 27 February 2005	12,006	(13,264)
Retained loss for the period	-	(159)
At 25 February 2006	**12,006**	**(13,423)**

14 Reconciliation of movements in shareholder's funds

	2006	2005
	£'000	£'000
Loss for the period	(159)	(1,090)
Shareholder's funds as at start of period	(1,240)	(150)
Shareholder's funds as at end of period	**(1,399)**	(1,240)

15 Related party transactions

Related parties

Transactions with other companies within the Tesco Group are not disclosed as the Company has taken advantage of the exemption under Financial Reporting Standard No. 8 " Related Party Disclosures", as the consolidated accounts of Tesco PLC, in which the Company is included, are available at the address noted below.

Details of transactions with iVillage Inc. are given below by virtue of its close association with the Company, see Note 16.

Notes to the financial statements for the 52 weeks ended 25 February 2006 (continued)

15 Related party transactions (continued)

Provision of services by iVillage Inc. to the Company
iVillage Inc. provides services to the Company in relation the running of the iVillage.co.uk web site, including web site hosting, ongoing web site maintenance and access to certain software applications. An amount of £nil (2005: £85,000) is included within 'Cost of sales' and £38,000 (2005: £240,000) is included within 'Administrative expenses' in the profit and loss account in relation to these services. An amount of £nil (2005: £56,000) is included in 'Amounts owed to iVillage Inc.' in Note 10 in relation to these services.

Royalties payable under licence agreement
Royalties are payable by the Company to iVillage Inc. for web site content and certain other intellectual property under a licence agreement dated 17 March 2003, as explained further in Note 1. Royalties paid of £27,000 (2005: £184,000) are included within 'Administrative expenses' in the profit and loss account. An amount of £nil (2005: £40,000) is included in 'Amounts owed to iVillage Inc.' in Note 10 in relation to these royalty payments.

16 Sale of business

On April 29, 2005, iVillage Inc., through its subsidiary iVillage Limited, completed the acquisition of the trade and assets of the Company in exchange for £100,000. This acquisition was effected pursuant to an Agreement for the Sale and Purchase of the Business of the Company, dated 31 March 2005, between Tesco Stores Limited, the Company, iVillage Limited, and iVillage Inc.

17 Ultimate parent company and parent undertaking of group of which the Company is a member

The immediate parent company of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Tesco PLC.

The consolidated accounts of Tesco PLC are available to the public and are available from:

Tesco PLC
Tesco House
Delamare Road
Cheshunt
Hertfordshire
EN8 9SL