Registered No. 04791534

Match.com International Limited

Strategic Report, Directors' Report and Financial Statements

Year ended 31 December 2018

Registered No. 04791534

Contents of the Financial Statements

for the year ended 31 December 2018

Company information

Directors
P Eigenmann
J Sine
A Willis

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
JP Morgan
25 Bank Street
Canary Wharf
E14 5JP

Registered Office
C/O Skadden
40 Bank Street
Canary Wharf
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Strategic report

Principal activities

Match.com provides users with access to other users' personal profiles and also enables a user interested in meeting another user to send e-mail messages to that user through Match.com's double-blind anonymous e-mail system. E-mail recipients respond depending on their interest in the sender. It is free to post a profile on Match.com and to use any of the searching and matching tools available on the site. Match.com charges subscription fees to users who wish to initiate or respond to an e-mail from a Match.com member, starting with a single month term, with discounts for longer term subscription.

Match.com has entered into partnerships and strategic alliances with third parties in order to increase subscriptions in general, as well as to target particular segments of its potential subscriber base. Typically, these partners earn a commission on each customer subscription they sell into the Match.com service.

Review of business

In December 2018, the Company assigned to Match.com Europe Limited ("MEL") all of its rights, title and interest to all intellectual property in consideration for a promissory note in the principal amount of EUR 6,900,000.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2018	2017	Change
	£000	*£000*	*%*
Total Turnover	29,168	40,818	(29)%
Operating (loss) profit before taxation	(46,805)	2,163	NM

NM = not meaningful

Turnover has decreased as a result of the Company no longer having royalty revenue as the intellectual property was sold effective 1 January 2018.

The profit on ordinary activities, before taxation, turned to loss on ordinary activities primarily due to the impairment of investments and intangible assets. An impairment analysis was performed related to the 2018 balance. A non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

Principal risks and uncertainties

The Company is reliant upon its ability to attract users to its websites, encourage such users to register on its website and ultimately to convert these registered users to subscribing members. This is contingent on the effectiveness of on-line and off-line advertising, the quality of the company's websites and applications, and the Company's ability to maintain productive relationships with its affiliate networks. No assurances can be provided that the Company will continue to be able to effectively attract registered users to their websites and applications and convert such registered users to subscribing members. Failure to do so would adversely affect the Company's business, financial condition and results of operations. The subsidiaries manage this risk by monitoring site performance on an ongoing basis, providing a range of value added services to its subscribers and providing excellent customer service.

The Directors have reviewed the potential implications associated with the pending departure of the United Kingdom from the European Union and do not believe there to be any risks to the operations of the Company.

Strategic report (continued)

Financial Risk Management

The Company's activities expose it to liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors. The Company does not use derivative financial instruments for speculative purposes. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company obtain loans from the group undertakings. In addition, the Company aims to mitigate the risks associated with its liquidity by managing cash generation by its subsidiary operations and cash collection targets to ensure sufficient cash flows are available for repayment of liabilities when they become due.

ON BEHALF OF THE BOARD:

P. Eigenmann
Director

Date: 27 September 2019

Directors' report

The directors present their report with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The net loss for the year after taxation amounted to £46,773,000 (2017 - profit of £2,280,000). No dividends were distributed for the year ended 31 December 2018.

Directors

The current directors are shown on page 1. B Perez resigned on 16 August 2018, K Gregory resigned 13 December 2018, and A Willis was appointed on 13 December 2018.

Going concern

The company is dependent upon continued support being made available by Match Group, Inc. (a direct subsidiary of the company's ultimate parent undertaking IAC/InterActiveCorp) to enable it to meet its liabilities as they fall due. Match Group Inc. has expressed its willingness to provide financial support to Match.com International Limited to assist the company in meeting its liabilities for a period of at least 12 months from the date of approval of these financial statements, and accordingly, the financial statements have been prepared on a going concern basis.

Future Developments

In 2018, the company will continue executing its strategy by strengthening the operational, technical and marketing synergies between Match.Com (US) and Meetic S.A.S, its parent company. It will fully benefit from the results of actions implemented throughout 2017 and the knowledge acquired. In particular, the company will continue to benefit from the expertise of Match.Com for the optimisation of its products and the improvement of websites in order to improve monetisation rates on online group services.

By implementing these synergies, Match.Com (US), Meetic S.A.S and Match.Com International Limited are ideally positioned to capture new growth opportunities and to continue to offer their customers the level of innovation and service that has made the reputation of those three companies.

Financial Instruments

The company finances its activities with trade receivables: cash is collected several times per month coming from a high number of individual clients. The company has implemented a prudent financing strategy based, in particular, on investment of its excess cash in riskless financial investments. The company's policy is to allocate its investments on monetary instruments with short maturity, usually for less than 1 month, respecting the rules of diversification and counterpart quality. The company does not use derivatives.

Research and Development

Research and development are handled at the Parent Company level Meetic S.A.S. Meetic S.A.S maintains a high level of technological innovation to continually adapt to the markets to which it is addressed with the development of many new applications and sites.

Political Donations and Expenditure

The company made no political or charitable donations during the year (2017: £nil).

Directors' report (continued)

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD:

P. Eigenmann
Director

Date: 27 September 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report

to the members of Match.com International Limited

Opinion

We have audited the financial statements of Match.com International Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Other Comprehensive Loss/Income, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report (continued)

to the members of Match.com International Limited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report (continued)

to the members of Match.com International Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP.

Stuart Darrington (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF

30/9/14.

Income statement
for the year ended 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
		(in £000s)	
Turnover	3	29,168	40,818
Cost of sales		(4,811)	(23,059)
Gross profit		24,357	17,759
Administrative expenses		(27,607)	(15,358)
Other operating income		28	151
Operating (loss) profit		(3,222)	2,552
Interest receivable and similar income	5	652	602
Interest payable and similar charges	6	(1,007)	(991)
Other expense	7	(43,228)	—
Operating (loss) profit before taxation	8	(46,805)	2,163
Tax on (loss) profit	9	32	117
(Loss) profit for the financial year		(46,773)	2,280

All amounts relate to continuing operations.

Other comprehensive loss/income

for the year ended 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
		(in £000s)	
(Loss) profit for the financial year		(46,773)	2,280
Other comprehensive income		—	—
Total comprehensive (loss) income for the year		(46,773)	2,280

Registered No. 04791534

Balance sheet
at 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
		(in £000s)	
Fixed Assets			
Intangible Assets	10	—	254
Tangible Assets	11	124	186
Investments	12	—	49,418
		124	49,858
Current Assets			
Debtors	13	35,559	31,033
Cash at bank		6,875	4,551
		42,434	35,584
Creditors			
Amounts falling due within one year	14	17,039	13,281
Net Current Assets		25,395	22,303
Total Assets Less Current Liabilities		25,519	72,161
Creditors			
Amounts falling due after more than one year	15	16,701	16,701
Provision for liabilities	16	88	76
Net Assets		8,730	55,384
Capital and Reserves			
Called up share capital	17	6,589	6,589
Share based payment reserve	18	756	637
Retained earnings	18	1,385	48,158
Total Equity		8,730	55,384

The financial statements were approved by the Board of Directors on 27 September 2019 and were signed on its behalf by:

P. Eigenmann
Director

Registered No. 04791534

Statement of changes in equity
at 31 December 2018

	Called up share capital	Share based payment reserve	Retained earnings	Total equity
		(in £000s)		
Balance at 1 January 2017	6,589	776	45,673	53,038
Changes in equity				
Share based payments	—	66	—	66
Transfers	—	(205)	205	—
Total comprehensive income	—	—	2,280	2,280
Balance at 31 December 2017	6,589	637	48,158	55,384
Changes in equity				
Share based payments	—	119	—	119
Total comprehensive loss	—	—	(46,773)	(46,773)
Balance at 31 December 2018	6,589	756	1,385	8,730

Notes to the financial statements

for the year ended 31 December 2018

1. Authorisation of Financial Statements and Compliance

The financial statements of Match.com International Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 27 September 2019 and the balance sheet was signed on the board's behalf by P. Eigenmann. Match.com International Limited is incorporated and domiciled in England and Wales.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 if IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The company is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group headed by IAC/ InterActiveCorp, the parent undertaking established under the law of America. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Meetic S.A.S., the company has taken advantage of the exemption contained in Financial Reporting Standards 101 and has therefore not disclosed transactions on balances which form part of the group (or investees of the group qualifying as related parties).

Notes to the financial statements

for the year ended 31 December 2018

2. Accounting policies (continued)

Basis of preparation (continued)

The impact of the new International Financial Reporting Standards effective for the entity as of 1 January 2018 is set out below:

- In July 2014, the IASB issued IFRS 9, Financial Instruments, which replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Company has adopted IFRS 9 for the reporting period commencing 1 January 2018 and its adoption did not have a material effect on its financial statements. The accounting policy has been amended following the adoption of the standard to address the requirement to calculate an expected credit loss, compared to a provision for doubtful debt as per the extant sections of IAS 39.
- IFRS 15 'Revenue from Contracts with Customers' - this standard was adopted from the date of initial application - 1 January 2018. The five step model for revenue recognition has been applied to each significant revenue stream. The accounting policy for revenue recognition has been updated below in order to identify when each performance obligation has been completed for each revenue stream. No material impact on the financial statements following adoption of the standard has been identified.

Going concern

The company is dependent upon continued support being made available by Match Group, Inc. (a direct subsidiary of the company's ultimate parent undertaking IAC/InterActiveCorp) to enable it to meet its liabilities as they fall due. Match Group Inc. has expressed its willingness to provide financial support to Match.com International Limited to assist the company in meeting its liabilities for a period of at least 12 months from the date of approval of these financial statements, and accordingly, the financial statements have been prepared on a going concern basis.

Turnover

Subscription fee revenue is generated from customers who subscribe to online matchmaking services on Match.Com and related websites. Subscription fee revenue is recognised over the period the services are provided. Royalty revenue is generated from group companies, using the intangible assets owned by the company. Royalty is recognised over the period the intangible asset is used.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which establishes the principles that an entity applies when reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. The Company has adopted IFRS 15 for the reporting period commencing 1 January 2018 using the modified retrospective approach. The Company's adoption did not have a material effect on its financial statements.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all property and equipment on a straight-line basis over its estimated useful life as follows:

Asset Category	Estimated Useful Lives
Computer equipment and capitalized software	2 to 3 years
Furniture and other equipment	5 years
Leasehold improvements	5 years

Notes to the financial statements

for the year ended 31 December 2018

2. Accounting policies (continued)

Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from the goodwill if the fair value can be measured reliably on recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising from the acquisition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profit and loss in the year in which it is incurred.

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that carrying value may not be recoverable. Domain names are not amortised as it is considered that their useful life is not limited. The carrying value are reviewed annually by the Directors to determine whether there has been any permanent impairment in value and any such reduction in their value is taken to the profit and loss accounts. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand or of less than three months duration, less overdrafts repayable on demand.

Foreign currency transaction

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions to the scheme are recognised in the profit and loss account in the period in which they are payable.

Investments

Fixed asset investments are stated at cost less provision for impairments in value. The carrying values of investments are reviewed for impairment when events indicate the carry value may not be recoverable.

Notes to the financial statements

for the year ended 31 December 2018

2. Accounting policies (continued)

Share based payments

The share option programme allows employees to acquire shares of the parent company, Match Group Inc (US). The grant date fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules enacted or substantially enacted by the balance sheet date.

The charge for tax is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment for reporting purposes and tax purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accountings purposes which have arisen but not reversed by the balance sheet date except as otherwise required by IAS 12.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Management assumptions

In preparing the financial statements, there are no significant management assumptions above or beyond items previously disclosed above.

3. Turnover

Turnover represents the net invoiced sales value arising from the provision of internet dating services, sales of internet advertising and royalty income, stated net of Value Added Tax.

Subscription fee revenue is generated from customers who subscribe to online matchmaking services on the Company's website. Subscribers pay in advance, primarily by credit card, and subject to certain conditions identified in the terms and conditions, generally all purchases are final and nonrefundable. Revenue is initially deferred and is recognised using the straight-line method over the term of the applicable subscription period.

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Online sales	28,979	30,130
Advertising sales	189	353
Royalties	—	10,335
Total	29,168	40,818

Notes to the financial statements
for the year ended 31 December 2018

3. Turnover (continued)

Analysis of revenue by geography:

	31 Dec 2018	31 Dec 2017
	(in £000s)	
United Kingdom	27,659	28,362
Sweden	70	10,969
Other European countries	1,439	1,487
	29,168	40,818

As a result of the sale of the intellectual property, effective January 1, 2018, the Company no longer has royalty revenue from the Swedish market.

Assets and liabilities related to contracts with customers are less than $0.1 million and $4.4 million, respectively, for the year ended 31 December 2018.

4. Employees and Directors

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Wages and salaries	840	1,148
Pension cost	20	31
Social security cost	314	108
	1,174	1,287

The number of employees at year end was as follows:

	31 Dec 2018	31 Dec 2017
Management	—	1
Administration	3	4
Operations	4	4
Sales	3	15
	10	24

Aggregate directors' renumeration

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Emoluments	—	80
Pension Costs	—	4
	—	84

Notes to the financial statements

for the year ended 31 December 2018

4. Employees and Directors (continued)

The remuneration of the highest paid director included:

	31 Dec 2018	31 Dec 2017
Emoluments	—	57
Pension Costs	—	3
	—	60

Certain individuals also held director positions within Match.com International Limited during the period, however their emoluments were paid by other entities and only inconsequential services were provided to the company.

5. Interest Receivable and Similar Income

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Deposit account interest	652	602

6. Interest Payable and Similar Expenses

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Interest payable	1,007	991

7. Other expense

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Non-cash impairment charge on investment in subsidiary	(49,418)	—
Gain on sale of intellectual property	6,190	—
	(43,228)	—

Notes to the financial statements

for the year ended 31 December 2018

8. (Loss)/Profit before Taxation

The (loss)/profit before taxation is stated after charging/(crediting):

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Non-cash impairment charge on investment in subsidiary	49,418	—
Non-cash impairment charge on intangibles	254	—
Depreciation of tangible fixed assets	62	27
Contributions to defined contribution pension scheme	20	31
Foreign exchange gain	(203)	(646)
Operating lease - land and buildings	78	121
Auditors' renumeration - audit of these financial statements	111	43

An impairment analysis was performed related to the 2018 balance. A non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

9. Taxation

Analysis of tax income

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Current tax:		
Current tax on profits for the year	—	—
Deferred tax	(32)	(109)
Total tax expense in income statement	(32)	(109)

Notes to the financial statements

for the year ended 31 December 2018

9. Taxation (continued)

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Loss on ordinary activities before income tax	(46,805)	2,163
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(8,893)	416
Effects of:		
Effects of group relief	593	(386)
Non tax-deductible expenses	8,265	4
Deferred taxes unrecognised	—	(88)
Tax rate changes	4	3
Adjustments in respect of prior years	—	(8)
Share options	(1)	(58)
Tax benefit	(32)	(117)

10. Intangible Fixed Assets

	Patents and licences
	(in £000s)
Cost	
At 1 January 2018 and 31 December 2018	254
Impairment	
At 1 January 2018	—
Impairment for the year	254
At 31 December 2018	254
Net book value	
At 31 December 2018	—
At 31 December 2017	254

An impairment analysis was performed related to the 2018 balance. A non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

Notes to the financial statements
for the year ended 31 December 2018

11. Tangible Fixed Assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
		(in £000s)		
Cost				
At 1 January 2018	721	225	178	1,124
Retirements / Disposals	—	(6)	(178)	(184)
At 31 December 2018	721	219	—	940
Depreciation				
At 1 January 2018	564	196	178	938
Charge for year	60	2	—	62
Retirements / Disposals	—	(6)	(178)	(184)
At 31 December 2018	624	192	—	816
Net book value				
At 31 December 2018	97	27	—	124
At 31 December 2017	157	29	—	186

12. Investments

	Shares in group undertakings
	(in £000s)
Cost	
At 1 January 2018 and 31 December 2018	49,418
Impairment	
At 1 January 2018	—
Adjustment for the year	(49,418)
At 31 December 2018	(49,418)
Net book value	
At 31 December 2018	—
At 31 December 2017	49,418

An impairment analysis was performed related to the 2018 balance. A non-cash impairment charge was recognized as our analysis indicated the carrying value exceeded the fair value of the asset analysed.

Notes to the financial statements

for the year ended 31 December 2018

12. Investments (continued)

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

Company	Country of Incorporation	Principal Activity	Share Capital	Interest
Match.com International II Limited	UK	Holding company	Ordinary shares	100% direct

13. Debtors

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Amounts falling due within one year:		
Trade debtors	1,291	2,030
Amounts owed by group undertakings	10,648	11,191
Prepayments and accrued income	256	260
Deferred tax	127	95
	12,322	13,576
Amounts falling due after more than one year:		
Amounts owed by group undertakings	23,237	17,457
Total	35,559	31,033

Amounts owed by group undertakings will become due between January 2020 and June 2020 and bear an interest rate of 3.50%.

14. Creditors: Amounts Falling due with one Year

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Trade creditors	52	10
Amounts owed to group undertakings	9,284	4,550
Accrued expenses	7,127	8,121
VAT	576	600
	17,039	13,281

Notes to the financial statements

for the year ended 31 December 2018

15. Creditors: Amounts Falling due after more than one year

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Amounts owed to group undertakings	16,701	16,701

Loan advanced will become due in September 2022 and bears interest at 6.00%.

16. Provisions for Liabilities

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Deferred tax	(126)	(94)
Other provisions (note 23)	88	76
	(38)	(18)

	Deferred tax
	(in £000s)
Balance at 1 January 2018	(94)
Provided during year	(32)
Balance at 31 December 2018	(126)

17. Called Up Share Capital

			31 Dec 2018	31 Dec 2017
			(in £000s)	
Allotted, issued and fully paid:				
Number:	Class	Nominal value:		
6,589,001 (2017: 6,589,001)	Ordinary	£1	6,589	6,589

18. Reserves

	Retained earnings	Share based payment reserve	Total
		(in £000s)	
At 1 January 2018	48,158	637	48,795
Loss for the year	(46,773)	—	(46,773)
Contribution of interest	—	119	119
At 31 December 2018	1,385	756	2,141

Notes to the financial statements

for the year ended 31 December 2018

19. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	31 Dec 2018	31 Dec 2017
	(in £000s)	
Future minimum lease payments due (land and building):		
Not later than one year	165	165
After one year but not more than five years	549	659
Beyond five years	—	55
	714	879

20. Related Party Disclosures

As the Company is a wholly-owned subsidiary of Meetic S.A.S., the Company has taken advantage of the exemption contained in FRS 101 Related Parties Disclosures and has therefore not disclosed transactions or balances with entities which form part of the group.

21. Ultimate Parent Company

The Company is a wholly-owned subsidiary of Meetic S.A.S., a company which is incorporated in France, which in turn, is a majority-owned subsidiary of IAC/InterActiveCorp, through its direct subsidiary, Match Group Inc., a company incorporated in the USA. As of 31 December 2018, IAC/InterActiveCorp's ownership interest in Match Group, Inc. was 81.1%.

IAC/InterActiveCorp heads the largest group of which Match.com International Limited is a member for which group accounts are prepared.

The group accounts for IAC/InterActiveCorp are available at 555 West 18th Street, New York, NY 10011.

22. Share Based Payment Transactions

Share options in Group Companies are granted to senior executives.

In respect of older schemes established in respect of Match Group, Inc. (US) shares which had not vested in full at 31 December 2018, the exercise price of the outstanding options is equal to $13,000 (the market price of the shares on the grant date). Options vest equally over four years while the employee remains in the group's employment. The contractual life of each option is 10 years. There are no cash alternatives.

The company awarded share options, to employees, in Match Group, Inc. (US) shares in 2016, totaling $1,260,225. At 31 December 2018 the exercise price of these outstanding options was $253,000. Options vest equally over four years while the employee remains in group's employment. The contractual life of each option is 10 years. There are no cash alternatives.

The company awarded share options to employees in Match Group Inc (US) shares on 9 February 2017 totaling $898,580. At 31 December 2018 the exercise price of these outstanding options was $357,000. Options vest equally over four years while the employee remains in group's employment. The contractual life of each option is 10 years. There are no cash equivalents.

Notes to the financial statements

for the year ended 31 December 2018

22. Share Based Payment Transactions (continued)

The company awarded restricted share units ("RSU") to employees in Match Group Inc (US) shares on 15 February 2018 totaling $200,000. At 31 December 2018, all $200,000 of these awards remain outstanding. RSUs vest equally over four years while the employee remains in group's employment.

23. Provisions

	Lease Dilapidation
	(in £000s)
At 1 January 2018 and 31 December 2018	88
Of which non-current	88

The company makes full provision for the future dilapidation costs on any such lease which requires the company to fulfill obligations to restore a site back to its original condition. The provision for dilapidation costs at the end of the lease's contracted life has been estimated using existing technology at current prices or future assumptions, depending on the expected timing of the activity. The weighted average period over which these costs are generally expected to be incurred is estimated to be approximately 5 years. While the provision is based on the best estimate of future costs and the lease life, there is uncertainty regarding both the amount and timing of these costs.

24. New Accounting Standards

IFRS 16 "Leases"

In January 2016, the IASB published the financial reporting standard IFRS 16 "Leases," which was adopted into European Law on November 9, 2017. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the lessee's Balance Sheet, unless the term is 12 months or less or the lease is for a low-value asset.

IFRS 16 is required for financial years commencing on or after January 1, 2019. In anticipation of the adoption of IFRS 16, management has carried out an impact assessment of lease agreements against the requirements of IFRS 16. The Company expects to apply the modified retrospective approach on adoption, and will not adjust prior-year figures. The Company does not expect a material impact to the Income Statement upon the adoption of IFRS 16.