

FriendsDating Limited
Annual Report of the Directors and
Financial Statements
For the Period 7 to 31 December 2005



FriendsDating Limited

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For the Period 7 to 31 December 2005**

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FriendsDating Limited

Company Information

DIRECTORS:

Mr T Betts
Mr M Fegan
Mr J Henry
Mr R Mogford
Mr M Murphy
Mr T Ward

SECRETARY:

Ms H Tautz

REGISTERED OFFICE:

The London Television Centre
Upper Ground
London
SE1 9LT

REGISTERED NUMBER:

4804255 (England and Wales)

AUDITORS:

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

BANKERS:

The Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2nd Floor
2 1/2 Devonshire Square
London
EC2M 4XJ

FriendsDating Limited

Report of the Directors For the Period 7 to 31 December 2005

The Directors present their report and the audited financial statements of the Company for the period 7 to 31 December 2005. The comparatives are for the period 1 January to 6 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of online introduction and dating services. The Company trades under the brand name Friends Reunited Dating and is one of a number of sites operated by the Friends Reunited Group.

DIRECTORS

The Directors who held office during the period under review were as follows:-

Mr T Betts
Mr M Fegan
Mr J Henry
Mr R Mogford
Mr M Murphy
Mr T Ward

The Directors holding office at 31 December 2005 did not hold any beneficial interest in the issued share capital of the company during the year.

The shareholdings of Tom Betts, Mike Fegan and Jeff Henry in the share capital and interests in share options of the ultimate parent company, ITV plc, are disclosed in the accounts of Carltonco 120 Limited for the year ended 31 December 2005. A copy of the accounts of Carltonco 120 Limited can be obtained from the Company Secretary at the registered office address.

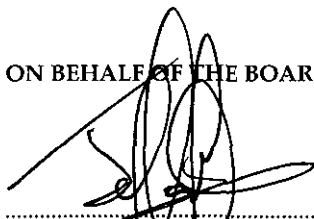
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that ought to have been taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The Company has passed Elective Resolution to dispense with the laying of the Annual Report and Financial Statements before the Company in general Meeting, the appointment of auditors annually and the holding of Annual general Meetings, pursuant to Section 252, 386 and 366A respectively of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mr J Henry - Director

Date: 25 October 2006

FriendsDating Limited

**Statement of Directors Responsibilities
For the Period 7 to 31 December 2005**

The Directors are responsible for preparing 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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 and loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Report of the Independent Auditors to the Members of
FriendsDating Limited
For the Period 7 to 31 December 2005**

Independent auditors' report to the members of FriendsDating Limited

We have audited the financial statements of FriendsDating Limited for the period 7 to 31 December 2005 which comprise of 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.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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).

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 whether in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statement.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 October 2006

FriendsDating Limited

**Profit and Loss Account
For the Period 7 to 31 December 2005**

		Period ended 31 December 2005	Period ended 6 December 2005
	Note	£	£
TURNOVER		121,549	1,439,640
Cost of sales		(7,642)	(41,208)
GROSS PROFIT		<u>113,907</u>	<u>1,398,432</u>
Selling and distribution costs		(17,440)	(165,739)
Administrative expenses		(6,635)	(54,424)
Total operating expenses		<u>(24,075)</u>	<u>(220,163)</u>
OPERATING PROFIT	2	<u>89,832</u>	<u>1,178,269</u>
Interest paid		-	(99)
Interest receivable and similar income		1,754	4,686
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>91,586</u>	<u>1,182,856</u>
Taxation on profit on ordinary activities	4	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	8	<u><u>91,586</u></u>	<u><u>1,182,856</u></u>

All income and expenditure relates to continuing operations.

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 7 to 9 form part of these financial statements.

FriendsDating Limited

Balance Sheet

		31 December 2005	6 December 2005
	Note	£	£
CURRENT ASSETS			
Debtors	5	920,960	333,040
Cash at bank and in hand		48,997	629,406
		<u>969,957</u>	<u>962,446</u>
CREDITORS			
Amounts falling due within one year	6	<u>(227,268)</u>	<u>(311,343)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>742,689</u>	<u>651,103</u>
NET ASSETS		<u>742,689</u>	<u>651,103</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	742,589	651,003
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>742,689</u>	<u>651,103</u>

The financial statements which comprise the profit and loss account, the balance sheet and the related notes were approved by the board of directors and signed on its behalf by:-

.....
Mr J Henry - Director

Date:

25 October 2006

The notes on pages 7 to 9 form part of these financial statements.

Notes to the Financial Statements

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the following basis:

- Under the historical cost convention.
- In accordance with applicable accounting standards in the United Kingdom.
- On a going concern basis.
- On a consistent basis of application of accounting policy.

A summary of the significant accounting policies which have been applied consistently are set out below.

The Company is exempt from the requirements of FRS 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary of Friends Reunited Holdings Limited, and its cash flows are included within the consolidated cash flow of that company.

Turnover

Turnover represents revenue receivable (net of Value Added Tax) by the Company in relation to its operating activities. Subscription Revenue is recognised after making provision for the value of services undertaken during the year in relation to the subscription and then deferring an appropriate element of amounts received for which services are to be performed in future financial periods.

Website Development Expenditure

All website development costs are expensed within the period incurred.

Deferred tax

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities in foreign currencies are re-translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating result.

Dividends

Dividends are recognised in the period in which they are declared.

FriendsDating Limited

Notes to the Financial Statements - continued

2 OPERATING PROFIT

Auditors' remuneration has been borne in both the current and prior period by Friends Reunited Limited.

3 DIRECTORS' EMOLUMENTS

None of the Directors received any emoluments from the company in respect of services during the period (6 December 2005: Nil)

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 31 December 2005	Period ended 6 December 2005
Analysis of the tax charge		
The tax charge on the profit on ordinary activities for the period was as follows:		
	£	£
Current tax:		
UK corporation tax at 30%	-	-
Total current tax	-	-
Profit on ordinary activities before taxation	91,586	1,182,856
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	27,476	354,857
Effects of:		
Expenses not allowable for tax purposes	-	402
Group relief	(27,476)	(355,259)
Current period charge	-	-

5 DEBTORS

	31 December 2005	6 December 2005
	£	£
Trade debtors	18,196	6,108
Accrued income	15,000	10,000
Other taxes and social security	22,012	-
Amounts owed from group undertakings	865,752	316,932
	920,960	333,040

6 CREDITORS

	£	£
Other taxes and social security	-	79,561
Other creditors	227,268	231,782
	227,268	311,343

Notes to the Financial Statements - continued

	Period ended 31 December 2005	Period ended 6 December 2005
7 CALLED UP SHARE CAPITAL		
	£	£
Authorised:		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
8 PROFIT AND LOSS ACCOUNT		
	£	£
At 6 December 2005	1,441,003	258,147
Retained profit for the period	<u>91,586</u>	<u>1,182,856</u>
At 31 December 2005	<u>1,532,589</u>	<u>1,441,003</u>
9 DIVIDENDS		
	£	£
Equity ordinary shares:		
Paid: Nil (6 December 2005: £7,900 per share.)	<u>-</u>	<u>790,000</u>
	<u>-</u>	<u>790,000</u>
10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
	£	£
Profit for the financial period after taxation	91,586	1,182,856
Dividends	<u>-</u>	<u>(790,000)</u>
Net additions to equity shareholders' funds	<u>91,586</u>	<u>392,856</u>
Opening equity shareholders' funds	<u>651,103</u>	<u>258,247</u>
Closing equity shareholders' funds	<u>742,689</u>	<u>651,103</u>

11 ULTIMATE PARENT COMPANY

At 31 December 2005 the Company's immediate parent company was Friends Reunited Limited, a company incorporated and registered in England and Wales. The Company's ultimate parent company was ITV plc, a company incorporated and registered in England and Wales.

On 6 December 2005, ITV plc acquired a 64% stake in the ordinary equity of Friends Reunited Holdings Ltd. On 21 December 2005 ITV plc acquired a further 11% stake in Friends Reunited Holdings Ltd. On 11 January 2006 ITV plc acquired the remaining share capital and Friends Reunited Holdings Ltd became a 100% subsidiary of ITV plc.

The smallest group in which the results of the Company were consolidated was that headed by Friends Reunited Holdings Limited, incorporated in England and Wales. The largest group in which the results of the Company were consolidated was that headed by ITV plc, incorporated in England and Wales. The consolidated accounts of ITV plc are available to the public and may be obtained from the Company Secretary, 200 Grays Inn Road, London WC1X 8HF.

12 RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' from making disclosure of transactions with members of the Group during the financial period.