



Registered Number: 4804255 (England and Wales)

FriendsDating Limited
Annual Report of the Directors and
Financial Statements
For the Year Ended 31 December 2004



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FriendsDating Limited

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FriendsDating Limited

Company Information

DIRECTORS:	Mr R Mogford Mr M Murphy Mr T Ward
SECRETARY:	Mr R Mogford
REGISTERED OFFICE:	2 Oxted Chambers 185-187 Station Road East Oxted Surrey RH8 OQE
REGISTERED NUMBER:	4804255 (England and Wales)
AUDITORS:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
BANKERS:	The Royal Bank of Scotland London Corporate Service Centre PO Box 39952 2nd Floor 2 1/2 Devonshire Square London EC2M 4XJ
SOLICITORS:	Smiths No. 17 Shorts Gardens Covent Garden London WC2H 9AT

FriendsDating Limited

Report of the Directors For the Year Ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004. The comparative period relates to the period from 19 June 2003 (the date of incorporation) to 31 December 2003.

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 R Mogford
Mr M Murphy
Mr T Ward

The directors holding office at 31 December 2004 did not hold any beneficial interest in the issued share capital of the company during the year.

The beneficial interests of the directors holding office at 31 December 2004 in the issued share capital of the Ultimate Parent Company, Friends Reunited Holdings Limited are disclosed in the accounts of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004. The directors also confirm that applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records which 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FriendsDating Limited

**Report of the Directors - continued
For the Year Ended 31 December 2004**

DIVIDENDS

An interim dividend of £3,000 per share was paid in the year (2003: Nil).

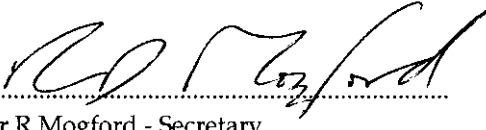
The directors recommend a final dividend per share of £2,000 (2003: Nil) making a total of £5,000 per share (2003: Nil).

The total distribution of dividends for the year ended 31 December 2004 will be £500,000 (2003: Nil).

AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD:



Mr R Mogford - Secretary

Date: 21 APRIL 2005

Report of the Independent Auditors to the Members of

FriendsDating Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 transactions is not disclosed.

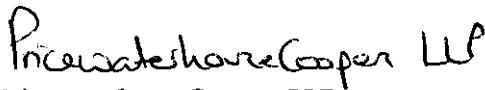
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the company's affairs at 31 December 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date: 28 April 2005

FriendsDating Limited

**Profit and Loss Account
For the Year Ended 31 December 2004**

		31.12.04	31.12.03
	Note	£	£
TURNOVER		923,339	116,121
Cost of sales		(37,628)	(3,626)
GROSS PROFIT		<u>885,711</u>	<u>112,495</u>
Selling and distribution costs		(107,834)	(37,818)
Administrative expenses		(58,402)	(13,383)
Total operating expenses		<u>(166,236)</u>	<u>(51,201)</u>
OPERATING PROFIT	2	<u>719,475</u>	<u>61,294</u>
Interest receivable and similar income		6,925	140
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>726,400</u>	<u>61,434</u>
Taxation on profit on ordinary activities	4	<u>(217,920)</u>	<u>(11,767)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		508,480	49,667
Dividends	9	(500,000)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	8	<u><u>8,480</u></u>	<u><u>49,667</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 has been presented.

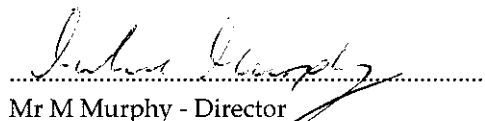
There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

FriendsDating Limited

Balance Sheet
As at 31 December 2004

		31.12.04	31.12.03
	Note	£	£
CURRENT ASSETS			
Debtors	5	116,817	288
Cash at bank and in hand		<u>502,286</u>	<u>132,098</u>
		619,103	132,386
CREDITORS			
Amounts falling due within one year	6	<u>(560,856)</u>	<u>(82,619)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>58,247</u>	<u>49,767</u>
NET ASSETS		<u>58,247</u>	<u>49,767</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	58,147	49,667
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>58,247</u>	<u>49,767</u>

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


Mr M Murphy - Director

Date: 21.4.5

FriendsDating Limited

**Cash Flow Statement
For the Year Ended 31 December 2004**

		31.12.04	31.12.03
	Note	£	£
Net cash inflow from operating activities	1	675,030	131,858
Returns on investments and servicing of finance	2	6,925	140
Taxation		(11,767)	-
Equity dividends paid		<u>(300,000)</u>	<u>-</u>
Net cash inflow before financing		370,188	131,998
Financing	2	-	100
Increase in cash in the year		<u><u>370,188</u></u>	<u><u>132,098</u></u>
Reconciliation of net cash flow to movements in net funds			
Increase in cash in the year		370,188	132,098
Net funds at 1 January 2004		<u>132,098</u>	<u>-</u>
Net funds at 31 December 2004	3	<u><u>502,286</u></u>	<u><u>132,098</u></u>

FriendsDating Limited

Notes to the Cash Flow Statement

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.04	31.12.03
	£	£
Operating profit	719,475	61,294
Increase in debtors	(116,529)	(288)
Increase in creditors	72,084	70,852
Net cash inflow from operating activities	<u><u>675,030</u></u>	<u><u>131,858</u></u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

Returns on investments and servicing of finance	£	£
Interest received	6,925	140
Net cash inflow for returns on investments and servicing of finance	<u><u>6,925</u></u>	<u><u>140</u></u>
 Financing	 £	 £
Issues of ordinary share capital	-	100
	<u><u>-</u></u>	<u><u>100</u></u>

3 ANALYSIS OF CHANGE IN NET FUNDS

	Cash at bank and in hand	Cash at bank and in hand
	£	£
At 1 January 2004	132,098	-
Cash flow	370,188	132,098
At 31 December 2004	<u><u>502,286</u></u>	<u><u>132,098</u></u>

FriendsDating Limited

Notes to the Financial Statements

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

Turnover

Turnover represents revenue receivable (net of Value Added Tax) by the company in relation to its operating activities, making provision for the value of services undertaken during the year but not yet invoiced and deferring an appropriate element of amounts received for which services are to be performed in future financial periods.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and where these transactions or events result in an obligation to pay more tax, or a right to pay less tax in the future.

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.

FriendsDating Limited

Notes to the Financial Statements - continued

	31.12.04	31.12.03
2 OPERATING PROFIT		
	£	£
The operating profit is stated after charging:		
Formation costs	-	500
Auditors' remuneration	2,500	1,500
	<u>2,500</u>	<u>1,500</u>
3 DIRECTORS' EMOLUMENTS		
None of the directors received any emoluments from the company in respect of services during the year (2003:Nil).		
4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
Analysis of the tax charge		
The tax charge on the profit on ordinary activities for the year was as follows:		
	£	£
Current tax:		
UK corporation tax at 30%	217,920	11,767
Total current tax	<u>217,920</u>	<u>11,767</u>
Profit on ordinary activities before taxation	726,400	61,434
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 19%)	217,920	11,672
Effects of:		
Expenses not allowable for tax purposes	-	95
Current year charge	<u>217,920</u>	<u>11,767</u>
5 DEBTORS		
	£	£
Trade debtors	7,337	288
Accrued income	4,128	-
Amounts owed from group undertakings	105,352	-
	<u>116,817</u>	<u>288</u>
6 CREDITORS		
	£	£
Trade creditors	776	21,576
Amounts owed to group undertakings	-	18,568
Corporation tax	217,920	11,767
Proposed dividend	200,000	-
Other taxes and social security	14,709	4,956
Other creditors	127,451	25,752
	<u>560,856</u>	<u>82,619</u>

FriendsDating Limited

Notes to the Financial Statements - continued

	31.12.04	31.12.03
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 31 December 2003	49,667	-
Retained profit for the year	<u>8,480</u>	<u>49,667</u>
At 31 December 2004	<u>58,147</u>	<u>49,667</u>
9 DIVIDENDS		
	£	£
Equity ordinary shares:		
Interim paid £3,000 per share	300,000	-
Final proposed £2,000 per share	<u>200,000</u>	<u>-</u>
	<u>500,000</u>	<u>-</u>
10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
	£	£
Profit for the financial year after taxation	508,480	49,667
Net proceeds of issue of ordinary share capital	-	100
Dividends	<u>(500,000)</u>	<u>-</u>
Net additions to shareholders' funds	8,480	49,767
Opening shareholders' funds	<u>49,767</u>	<u>-</u>
Closing shareholders' funds	<u>58,247</u>	<u>49,767</u>
11 ULTIMATE PARENT COMPANY		
The company is a wholly owned subsidiary of Friends Reunited Limited, a company incorporated in England and Wales. The ultimate parent company is Friends Reunited Holdings Limited, a company incorporated in England and Wales.		
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 its parent during the financial period.		