

Match.com Europe Limited

Registered No 07661220

Match.com Europe Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Match com Europe Limited

Registered No 07661220

Directors

S Cawthorn (appointed 7 June 2011)
G Anderson (appointed 7 June 2011 and resigned on 25 August 2011)
C Anderson (appointed 7 June 2011)
J Rhyu (appointed on 25 August 2011)

Auditors

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

Bankers

JP Morgan
125 London Wall
London EC2Y5AJ

Solicitors

Eversheds
1 Royal Standard Place
Nottingham NG1 6FZ

Registered Office

Match com Europe Limited
C/O Skadden, Arps
40 Bank Street
Canary Wharf
London E14 5DS

Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 2011

Principal activity and review of the business

Match com Europe Limited ('Match Europe' or the 'Company') was incorporated on 7 June 2011, and is a wholly-owned subsidiary of Mojo Acquisition Corp ('Mojo'), a US company and a wholly-owned subsidiary of IAC/InterActiveCorp ('IAC'). The principal activity of the company is that of carrying on the business of a holding and investment company

In May 2011, IAC announced that it had made a strategic decision to initiate a tender offer for 16,895,514 shares of Meetic S A ('Meetic') and on 17 June 2011 the Board of Directors approved terms of tender offer in exchange for cash consideration of €15.00 per share. This price represented a premium of approximately 11.6% of the closing price of Meetic's shares on 5/27/11. Of the total shares included in the tender offer 12,543,560 were purchased by the company representing a 54.6% ownership percentage in Meetic. The total purchase price of \$272,032,922 (€188,153,400) was funded by loans from IAC subsidiaries totalling \$106,000,000, a dividend from Match com Pegasus Limited of \$21,000,000, and a capital infusion Mojo of \$145,032,922

On 26 August 2011 the company initiated a share exchange with Mojo whereby Mojo contributed its entire issued share capital of Match com Pegasus Limited to the company in exchange for 108,598,072 ordinary shares of £1 each in the capital of the company. The value of this contribution to the company was \$177,503,549

Other than noted above there have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

Results and dividends

The profit for the period after taxation amounted to \$41,000,000. The company received interim dividends during 2011 from Pegasus of \$21.0 million and \$6.9 million on 13 September 2011 and 23 December 2011 respectively. The company also received a dividend from Meetic on 23 December 2011 of \$14.3 million

Principal risks and uncertainties

The Company is a holding company with investments in various businesses that provide internet dating services. Each of the company's investee businesses is reliant upon its ability to attract users to its websites, encourage such users to register on its websites, 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 websites, and the ability to maintain productive relationships with affiliate networks. No assurances can be provided that these investee businesses will continue to be able to effectively attract registered users to their websites and convert such registered users to subscribing members. Failure to do so would adversely affect the value of company's investments

Directors and their interests

The directors who held office during the year and to the date of this report are listed on page 1

Disclosure of information to auditors


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information

Directors' report

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



C. Anderson

Director

01 October 2012

Date

Statement of directors' responsibilities

The directors are responsible for preparing 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 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 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.

Independent auditors' report

to the members of Match com Europe Limited

We have audited the financial statements of Match com Europe Limited for the period ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related note¹ 1 to 12. 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).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

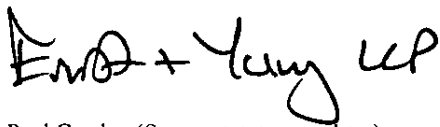
Matters on which we are required to report by exception

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:

Independent auditors' report

to the members of Match com LatAm Limited

- 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

Handwritten signature of Paul Gordon in black ink, appearing to read "Ernst & Young LLP".

Paul Gordon (Senior statutory auditor)

for and on behalf of Ernst & Young LLP Statutory Auditor

London

11 October 2012

Profit and loss account
for the period ended 31 December 2011

	Notes	2011 \$000
Administrative expenses		(142)
<i>Operating loss</i>		<u>(142)</u>
Investment income		42,154
Intragroup loan interest expense		(1,012)
<i>Profit on ordinary activities before taxation</i>	2	<u>41,000</u>
Tax charge on profit on ordinary activities	4	<u>-</u>
<i>Profit for the period</i>	9	<u><u>41,000</u></u>

The profit for the year is wholly attributable to continuing operations

Statement of total recognised gains and losses
for the period ended 31 December 2011

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet

at 31 December 2011

Registered No 07661220

	Notes	2011 \$000
<i>Fixed assets</i>		
Investments	5	449,536
<i>Current assets</i>		
Debtors	6	109
Cash at bank and in hand		6,062
		<u>6,171</u>
Creditors amounts falling due within one year	7	(3,581)
<i>Net current assets</i>		<u>2,590</u>
Creditors amount falling due after one year	7	(88,590)
<i>Net assets</i>		<u><u>363,536</u></u>
<i>Capital and reserves</i>		
Share capital	8	322,536
Profit and loss account	9	41,000
<i>Equity shareholders' funds</i>	9	<u><u>363,536</u></u>

The financial statements were approved by the Board of Directors for issue on
and signed on its behalf by



C. Anderson

Director

01 October 2012

Date

Notes to the financial statements

for the period ended 31 December 2011

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a statement of cash flows on the grounds that it is more than 90% owned by the ultimate parent undertaking, in which a statement of cash flows is presented and the results of the company are incorporated

The financial statements have been prepared on a going concern basis as the directors believe that the Company will continue to generate sufficient funds from its operations in order to enable it to meet its liabilities as and when they fall due for the foreseeable future

Group Accounts

The accounts present information about the company as an individual undertaking and not about its group as the company has taken advantage of the exemption of Section 401 of the Companies Act 2006 not to prepare group accounts

Investments

Fixed asset investments are stated at cost less provision for impairments in value

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less or to receive more tax, with the following exceptions

- Provision is made for gains on disposal of fixed assets that have been sold over into replacement assets only where, at the balance sheet date there is a commitment to dispose of the replacement assets
- 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 tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign exchange

The directors of the company regard the US dollar as the functional currency of the company. The majority of the company's revenue and expenditure is carried out in US dollars. Therefore the financial statements are presented in US dollars

Transactions denominated in foreign currencies are translated into US dollars and recorded at the actual rate of exchange during the year. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date (2011 - \$1.00 = £0.6418; 2010 - \$1.00 = £0.6475) or if appropriate forward contract rate. Exchange gains or losses are included in the profit and loss account

Notes to the financial statements

for the period ended 31 December 2011

2. Profit on ordinary activities

Profit before taxation is stated after charging

	2011 \$000
Auditors' remuneration - audit services	15
Foreign exchange loss	<u>5</u>

3. Directors' remuneration

The directors' remuneration for 2011 was borne and paid for by a fellow group undertaking. It is impractical to determine the share of remuneration attributable to their services as a director of Match com Europe Limited.

4. Tax on profit on ordinary activities

(a) Analysis of tax (credit) / charge in the year

	2011 \$000
UK corporation tax charge	-
Foreign tax charge	-
Total current tax (note 4b)	<u>-</u>
Origination and reversal of timing differences	-
Tax (credit) / charge on ordinary activities	<u>-</u>

Notes to the financial statements

for the period ended 31 December 2011

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 26.5%. The differences are reconciled below

	2011 \$000
Profit on ordinary activities before tax	41,000
Profit on ordinary activities multiplies by the standard rate of corporation tax of 26.5%	10,865
Non-taxable income for UK corporate tax	(11,171)
Group relief	279
Non-deductible expenditure	27
Current corporation tax credit (note 4a)	-

(c) Deferred tax

	2011 \$000
Deferred tax asset at start of year	-
Current year movement	-
Prior year adjustment	-
Deferred tax asset at end of year	-

(d) Factors affecting future tax

As of 31 December 2011, the company does not have any operating loss carryforwards or other deferred tax balances impacting future taxation

A reduction in the main rate of corporation tax from 26% to 25%, effective from 1 April 2012, was substantively enacted on 5 July 2011. Deferred tax assets and liabilities have therefore been calculated using 25%, being the substantively enacted corporation tax rate at the balance sheet date.

The Finance Act 2012 provides for further reduction in the main rate of corporation tax to 24%, effective from 1 April 2012, and a reduction in the corporation tax rate to 23%, effective 1 April 2013. As neither of these rate reductions were substantively enacted at the balance sheet date, they are not yet reflected in these financial statements in accordance with FRS 21, as they are non-adjusting events occurring after the reporting period.

The UK Government has announced that the Finance Bill 2013 will enact a reduction in the main rate of corporation tax to 22% from 1 April 2014.

Notes to the financial statements

for the period ended 31 December 2011

5. Fixed asset investments

At 31 December 2011 the company's subsidiary undertakings were

<i>Company</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>	<i>Share Capital</i>	<i>Interest</i>
Match com Pegasus Ltd	UK	Online dating	102 ordinary shares	100% direct
Meetic S A	France	Online dating	12,543,560 common shares	55% direct

*Shares in subsidiary
undertaking and
participating interests*
Cost and net book value
\$000

Acquisition of Match com Pegasus Limited shares	177,503
Acquisition of Meetic S.A. shares	272,033

At 31 December 2011	<u>449,536</u>
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6. Debtors

	2011
	\$000
Amounts owed by group undertaking	109
	<u>109</u>

Notes to the financial statements

for the period ended 31 December 2011

7. Creditors.

amounts falling due within one year

	2011 \$000
Amounts owed to group undertakings	3,547
Accruals and deferred income	34
	<u>3,581</u>

amounts falling due after one year

	2011 \$000
Amounts owed to group undertakings	88,590
	<u>88,590</u>

8. Authorised and issued share capital

	2011 \$000
Authorised, allotted and fully paid	
198,111,078 ordinary shares at £1 each on 30 September 2011 - Mojo	322,536

On 26 August 2011, the company initiated a share exchange with Mojo Acquisition Corp, whereby Mojo Acquisition Corp contributed its entire issued share capital of Match com Pegasus Limited to the company in exchange for 108,598,072 ordinary shares of £1 each in the capital of the company. The value of this contribution to the company was \$177,503,549.

On 29 August 2011, 60,826,751 Ordinary shares of £1 each were allotted and fully paid at par for a cash consideration of \$100 million to provide for additional working capital. Also on 27 September 2011, 28,686,255 Ordinary shares of £1 each were allotted and fully paid at par for a cash consideration of \$45,032,943 to provide for additional working capital.

Notes to the financial statements

for the period ended 31 December 2011

9. Reconciliation of shareholders' funds

	<i>Share Capital</i>	<i>Profit and loss</i>	<i>Total</i>
	\$000	\$000	\$000
At 7 June 2011	-	-	-
Issued share capital	322,536	-	322 536
Retained profit for the year	-	41,000	41,000
At 31 December 2011	<u>322,536</u>	<u>41,000</u>	<u>363,536</u>

10. Related party transactions

The company, being a wholly-owned subsidiary, has taken advantage of the exemption provided by Financial Reporting Standard No 8 (Related Party Transactions) from disclosing transactions between group companies

11. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Mojo Acquisition Corp, a company incorporated in the United States

The largest and smallest group in which the results of the company are consolidated is that headed by InterActive Corp, the company's ultimate parent undertaking, a company incorporated in the United States of America Copies of InterActive Corp's consolidated financial statements may be obtained from 555 West 18th Street, New York, New York 10011, USA The financial statements of the ultimate parent undertaking can be obtained via the SEC Edgar System

12. Events after Balance Sheet Date

On 16 August 2012, the company received a dividend payment of \$4.5 million from Match com Pegasus Limited