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As filed with the Securities and Exchange Commission on June 23, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 2)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2003

INTERACTIVECORP

(Exact name of registrant as specified in its charter)

Commission File No. 0-20570

Delaware (State or other jurisdiction of incorporation or organization)	**59-2712887** (IRS Employer Identification No.)
152 West 57th Street, New York, New York (Address of Registrant's principal executive offices)	**10019** (Zip Code)

(212) 314-7300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value
Warrants to Acquire One Share of Common Stock
Warrants to Acquire 1.93875 Shares of Common Stock

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No o

As of February 4, 2004, the following shares of the Registrant's Common Stock were outstanding:

Common Stock, including 424,223 shares of restricted stock	632,264,244
Class B Common Stock	64,629,996
Total	696,894,240

The aggregate market value of the voting common equity held by non-affiliates of the Registrant as of February 4, 2004 was $15,401,858,012. For the purpose of the foregoing calculation only, all directors and executive officers of the Registrant are assumed to be affiliates of the Registrant.

Documents Incorporated By Reference:

Portions of the Registrant's proxy statement for its 2004 Annual Meeting of Stockholders are incorporated by reference into Part III herein.

EXPLANATORY NOTE

The Registrant hereby amends and restates the Exhibit Index set forth under "Item 15. Exhibits, Financial Statement Schedules and Reports" contained in InterActiveCorp's Annual Report on Form 10-K for the year ended December 31, 2003 (the "Original Form 10-K"). This Amendment No. 2 on Form 10-K/A to the Original Form 10-K is being filed to reflect the filing of Rule 3-09 financial statements of a certain equity investment.

This Amendment No. 2 only reflects the changes discussed above. All other information included in the Original Form 10-K has not been amended by this Form 10-K/A to reflect any information or events subsequent to the filing of the Original Form 10-K.

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PART IV

Item 15. ***Exhibits, Financial Statement Schedules and Reports on Form 8-K***

(a) List of Documents filed as part of this Report

(1)—Consolidated Financial Statements

Report of Independent Auditors: Ernst & Young LLP.

Consolidated Statement of Operations for the Years Ended December 31, 2003, 2002 and 2001.

Consolidated Balance Sheets as of December 31, 2003 and 2002.

Consolidated Statement of Stockholders' Equity for the Years Ended December 31, 2003, 2002 and 2001.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2003, 2002 and 2001.

Notes to Consolidated Financial Statements.

(2)—Consolidated Financial Statement Schedule

Schedule Number	
II	Valuation and Qualifying Accounts

All other financial statements and schedules not listed have been omitted since the required information is included in the Consolidated Financial Statements or the notes thereto, or is not applicable or required.

(3)—Exhibits

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith or incorporated herein by reference to the location indicated.

Exhibit Number	Description	Location
2.1	Agreement and Plan of Merger, dated as of October 9, 2002, by and among the Registrant, T Merger Corp. and Ticketmaster.	Exhibit 2.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-101199), filed on December 17, 2002 (included as Appendix A to the proxy and information statement/prospectus included in the Registration Statement).
2.2	Agreement and Plan of Merger, dated as of November 11, 2002, by and among the Registrant, Red Wing, Inc., Entertainment Publications, Inc. and Carlyle-EPI Partners, Inc.	Exhibit 2.1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-102119), filed on December 23, 2002.
2.3	Amendment to Agreement and Plan of Merger, dated as of January 3, 2003, by and among the Registrant, Red Wing, Inc., Entertainment Publications, Inc. and Carlyle-EPI Partners, Inc.	Exhibit 2.2 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-102119), filed on February 13, 2003.

2.4	Agreement and Plan of Merger, dated as of March 18, 2003, by and among the Registrant, Equinox Merger Corp. and Expedia, Inc.	Exhibit 2.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-104973), filed on July 10, 2003 (included as Appendix A to the proxy and information statement/prospectus included in the Registration Statement).
2.5	Agreement and Plan of Merger, dated as of April 9, 2003, by and among the Registrant, Hermitage Merger Corp. and Hotels.com.	Exhibit 2.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-105014), filed on May 21, 2003 (included as Appendix A to the proxy and information statement/prospectus included in the Registration Statement).
2.6	Agreement and Plan of Merger, dated as of May 5, 2003, by and among the Registrant, Forest Merger Corp. and LendingTree, Inc.	Exhibit 2.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-105876), filed on July 10, 2003 (included as Appendix A to the proxy and information statement/prospectus included in the Registration Statement).
2.7	Investment Agreement, dated as of October 19, 1997, among Universal Studios, Inc., HSN, Inc., Home Shopping Network, Inc. and Liberty Media Corporation, as amended and restated as of December 18, 1997.	Appendix A to the Registrant's Definitive Proxy Statement, dated January 12, 1998.
2.8	Amended and Restated Transaction Agreement, dated as of December 16, 2001, among Vivendi Universal, S.A., Universal Studios, Inc., the Registrant, USANi LLC and Liberty Media Corporation.	Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed May 17, 2002.
3.1	Restated Certificate of Incorporation of IAC.	Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed on October 14, 2003.
3.2	Amended and Restated Bylaws of IAC.	Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed on September 20, 2002.
4.1	Indenture, dated as of November 23, 1998, among the Registrant, USANi LLC, the Guarantors party thereto, and The Chase Manhattan Bank, as Trustee.	Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 (No. 333-71305), filed on January 28, 1999.
4.2	Form of $6^{3}/4$% Senior Notes due 2005.	Exhibit B to Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 (No. 333-71305), filed on January 28, 1999.
4.3	Indenture, dated as of December 16, 2002, among the Registrant, USANi LLC, as Guarantor, and JPMorgan Chase Bank, as Trustee.	Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 (No. 333-102713), filed on January 24, 2003.

4.4	Form of 7% Senior Notes due 2013.	Exhibit B to Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 (No. 333-102713), filed on January 24, 2003.
4.5	Equity Warrant Agreement, dated as of February 4, 2002, between the Registrant and The Bank of New York, as equity warrant agent.	Exhibit 4.8 to the Registrant's Annual Report on Form 10-K for fiscal year ended December 31, 2001.
4.6	Equity Warrant Agreement, dated as of May 7, 2002, between the Registrant and The Bank of New York, as equity warrant agent.	Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed May 17, 2002.
4.7	Forms of Stockholder Equity Warrant Agreement and Optionholder Equity Warrant Agreement, in each case, between the Registrant and Mellon Investor Services LLC, as equity warrant agent.	Exhibits 4.2 and 4.4 to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (SEC File No. 333-104973), filed on August 6, 2003.
10.1*	Equity and Bonus Compensation Agreement, dated as of August 24, 1995, between Barry Diller and the Registrant.	Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
10.2*	Amended and Restated 2000 Stock and Annual Incentive Plan.	Appendix B to the Registrant's Definitive Proxy Statement, dated April 30, 2003.
10.3*	Deferred Compensation Plan for Non-Employee Directors.	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.
10.4*	Home Shopping Network, Inc. 1996 Stock Option Plan for Employees.	Exhibit A to the Home Shopping Definitive Proxy Statement, dated March 28, 1996.
10.5*	Silver King Communications, Inc. 1995 Stock Incentive Plan.	Appendix G to the Registrant's Definitive Proxy Statement, dated November 20, 1996.
10.6*	Silver King Communications, Inc. Directors' Stock Option Plan.	Appendix H to the Registrant's Definitive Proxy Statement, dated November 20, 1996.
10.7*	HSN, Inc. 1997 Stock and Annual Incentive Plan.	Appendix F to the Registrant's Definitive Proxy Statement, dated January 12, 1998.
10.8	Amended and Restated Governance Agreement, among the Registrant, Vivendi Universal, S.A., Universal Studios, Inc., Liberty Media Corporation and Barry Diller, dated as of December 16, 2001.	Appendix C to the Registrant's Definitive Proxy Statement, dated March 25, 2002.
10.9	Amended and Restated Stockholders Agreement among Universal Studios, Inc., Liberty Media Corporation, Barry Diller and Vivendi Universal, S.A., dated as of December 16, 2001.	Appendix D to the Registrant's Definitive Proxy Statement, dated March 25, 2002.
10.10*	Employment Agreement between Julius Genachowski and the Registrant, dated August 9, 2000.	Exhibit 10.43 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

10.11*	Extension of and Amendment to Employment Agreement between Julius Genachowski and the Registrant, dated as of September 30, 2002.	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002.
10.12*	Employment Agreement between Daniel Marriott and the Registrant, dated March 1, 2002.	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.
10.13*	Employment Agreement between Shana Fisher and the Registrant, dated as of June 30, 2003.	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003.
10.14*	Employment Agreement between Gregory R. Blatt and the Registrant, dated as of November 5, 2003.	Previously filed.
10.15*	Resignation Agreement, dated as of February 5, 2003, between Expedia, Inc. and Richard N. Barton.	Previously filed.
10.16	Shareholders Agreement, dated December 12, 1996, relating to Jupiter Shop Channel Co. Ltd. among Jupiter Programming Co. Ltd., Home Shopping Network, Inc. and Jupiter Shop Channel Co. Ltd.	Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
10.17	Services and Trademark License Agreement, dated as of December 12, 1996, between Home Shopping Network, Inc. and Jupiter Shop Channel Co. Ltd.	Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
10.18	Form of Spinoff Agreement between Liberty Media Corporation and Universal Studios, Inc., dated as of October 19, 1997.	Appendix D to the Registrant's Definitive Proxy Statement, dated January 12, 1998.
10.19	Amended and Restated Limited Partnership Agreement of Vivendi Universal Entertainment LLLP, dated as of May 7, 2002, by and among USI Entertainment Inc., USANi Holdings XX, Inc., Universal Pictures International Holdings BV, Universal Pictures International Holdings 2 BV, NYCSpirit Corp. II, the Registrant, USANi Sub LLC, New-U Studios Holdings, Inc., Barry Diller, Vivendi Universal, S.A. and Universal Studios, Inc.	Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed May 17, 2002.
10.20	Amendment No. 1, dated November 25, 2002, to the Amended and Restated Limited Partnership Agreement of Vivendi Universal Entertainment LLLP, dated as of May 7, 2002, by and among USI Entertainment Inc., USANi Holdings XX, Inc., Universal Pictures International Holdings BV, Universal Pictures International Holdings 2 BV, NYCSpirit Corp. II and the Registrant.	Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

10.21	Amendment No. 2, dated June 24, 2003, to the Amended and Restated Limited Partnership Agreement of Vivendi Universal Entertainment LLLP, dated as of May 7, 2002, by and among USI Entertainment Inc., USANi Holdings XX, Inc., Universal Pictures International Holdings BV, Universal Pictures International Holdings 2 BV, NYCSpirit Corp. II, the Registrant, USANi Sub LLC, New-U Studios Holdings, Inc., Barry Diller and Universal Studios, Inc.	Previously filed.
21.1	Subsidiaries of IAC as of December 31, 2003.	Previously filed.
23.1	Consent of Ernst & Young LLP.	Previously filed.
23.2	Consent of Ernst & Young LLP.	Previously filed.
23.3	Consent of Ernst & Young LLP.	Previously filed.
23.4†	Consent of KPMG.	
31.1†	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2†	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1†	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
32.2†	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
99.1	Consolidated Financial Statements and Report of Independent Auditors of H.O.T. Networks GmbH and Subsidiaries for the years ended December 31, 2002, 2001 and 2000.	Previously filed.
99.2	Consolidated Financial Statements of Vivendi Universal Entertainment LLLP for the years ended December 31, 2003 and 2002.	Previously filed.

99.3†	Consolidated Financial Statements of TVSN Asia Pacific (Holdings) Limited and subsidiaries for the years ended December 31, 2003, 2002 and 2001.

* Reflects management contracts and management and director compensatory plans.

† Filed herewith.

(b) Reports on Form 8-K filed during the quarter ended December 31, 2003:

On October 14, 2003, IAC filed a report on Form 8-K, reporting under Item 5, "Other Events and Regulation FD Disclosure," announcing that IAC's Board of Directors had approved the restatement of IAC's Certificate of Incorporation and attaching the Restated Certificate of Incorporation.

On November 5, 2003, IAC filed a report on Form 8-K, reporting under Item 9, "Regulation FD Disclosure" and Item 12, "Results of Operations and Financial Condition," attaching a press release announcing its results for the quarter ended September 30, 2003 and other financial information under Item 9, "Regulation FD Disclosure,"attaching supplemental information.

On November 12, 2003, IAC filed a report on Form 8-K, reporting under Item 9, "Regulation FD Disclosure," attaching financial presentations and reconciliations from IAC Investor Day 2003.

On November 18, 2003, IAC filed a report on Form 8-K, reporting under Item 5, "Other Events," announcing (1) certain management changes at Hotels.com and (2) that IAC had agreed to move up the expiration of the contractual restriction on the ability of Mr. Litman and Mr. Diener to transfer their shares of IAC Common Stock from March 1, 2004 to November 11, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 2 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

June 23, 2004

INTERACTIVECORP

By: /s/ DARA KHOSROWSHAHI

Dara Khosrowshahi
Executive Vice President and
Chief Financial Officer

INTERACTIVECORP AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Charges to Earnings	Charges to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
2003					
Allowance for doubtful accounts	$ 29,036	$ 21,638	$ (352)	$ (19,323)(1)	$ 30,999
Inventory reserves	33,444	1,413	(243)	(7)	34,607
Sales returns accrual	24,036	5,297	160	(52)	29,441
Deferred tax valuation allowance	336,800		(35,626)(2)	(34,243)(3)	266,931
Other reserves	12,949				18,993
2002					
Allowance for doubtful accounts	$ 16,116	$ 27,337	$ 9,668 (4)	$ (24,085)(1)	$ 29,036
Inventory reserves	38,170	(4,944)	303 (5)	(85)(6)	33,444
Sales returns accrual	21,925	2,111			24,036
Deferred tax valuation allowance	75,834	—	289,974 (7)	(29,008)(3)	336,800
Other reserves	4,369				12,949
2001					
Allowance for doubtful accounts	$ 11,034	$ 18,838	$ 640	$ (14,396)(1)	$ 16,116
Inventory reserves	37,303	867	—	—	38,170
Sales returns accrual	20,611	1,314			21,925
Deferred tax valuation allowance	11,233	64,601			75,834
Other reserves	275				4,369

(1) Write-off of fully reserved accounts receivable.

(2) Expedia utilization of valuation allowance during 2003 which impacted goodwill.

(3) Ticketmaster utilization of valuation allowance.

(4) Amount relates primarily to the acquisition of Interval and Expedia in 2002.

(5) Acquisition of Interval in September 2002.

(6) Disposition of inventory during the year.

(7) Increases due primarily to acquisition of Expedia and Interval during 2002.

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Exhibit 23.4

Consent of Independent Registered Accounting Firm

The Board of Directors
TVSN Asia Pacific (Holdings) Limited

We consent to the incorporation by reference in the following registration statements of InterActiveCorp of our report dated July 8, 2003, with respect to the consolidated balance sheet of TVSN Asia Pacific (Holdings) Limited as of December 31, 2002, and the related consolidated statements of income, and cash flows for the year ended December 31, 2002, which report appears in the December 31, 2003, annual report on Form 10-K/A (Amendment No. 2) of InterActiveCorp.

COMMISSION FILE NO.

Form S-8, No. 033-53909	Form S-8, No. 333-03717
Form S-8, No. 333-18763	Form S-8, No. 333-34146
Form S-8, No. 333-37284	Form S-8, No. 333-37286
Form S-8, No. 333-48863	Form S-8, No. 333-48869
Form S-8, No. 333-57667	Form S-8, No. 333-65335
Form S-3, No. 333-81576	Form S-3, No. 333-88850
Form S-3, No. 333-87226	Form S-8, No. 333-105095
Form S-8, No. 333-105014	Form S-8, No. 333-105876
Form S-8, No. 333-104973	Form S-8, No. 333-110247
Form S-8, No. 333-101199	

KPMG

Hong Kong
June 21 2004

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Exhibit 23.4

Exhibit 31.1

Certification

I, Barry Diller, Chairman and Chief Executive Officer of InterActiveCorp ("IAC"), certify that:

1. I have reviewed this Amendment No. 2 on Form 10-K/A (the "Report") to IAC's annual report on Form 10-K for the annual period ended December 31, 2003, as amended;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation;

   c) disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the period covered by this Report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 23, 2004

/s/ BARRY DILLER

Barry Diller
Chairman and Chief Executive Officer

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Exhibit 31.1

Certification

Exhibit 31.2

Certification

I, Dara Khosrowshahi, Executive Vice President and Chief Financial Officer of InterActiveCorp ("IAC"), certify that:

1. I have reviewed this Amendment No. 2 on Form 10-K/A (the "Report") to IAC's annual report on Form 10-K for the annual period ended December 31, 2003, as amended;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation;

    c) disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the period covered by this Report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 23, 2004

/s/ DARA KHOSROWSHAHI

Dara Khosrowshahi
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Barry Diller, Chairman and Chief Executive Officer of InterActiveCorp (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(1) Amendment No. 2 on Form 10-K/A (the "Report") to the Company's Annual Report on Form 10-K for the annual period ended December 31, 2003, as amended, which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 23, 2004

/s/ BARRY DILLER

Barry Diller
Chairman and Chief Executive Officer

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Exhibit 32.1

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dara Khosrowshahi, Executive Vice President and Chief Financial Officer of InterActiveCorp (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

(3) Amendment No. 2 on Form 10-K/A (the "Report") to the Company's Annual Report on Form 10-K for the annual period ended December 31, 2003, as amended, which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(4) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 23, 2004

/s/ DARA KHOSROWSHAHI

Dara Khosrowshahi
Executive Vice President and Chief Financial Officer

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Exhibit 99.3

TVSN Asia Pacific (Holdings) Limited and subsidiaries

Consolidated Financial Statements for the years ended 31 December 2003, 2002 and 2001

Report of Independent Registered Public Accounting Firm

The Board of Directors
TVSN Asia Pacific (Holdings) Limited (incorporated in the British Virgin Islands):

We have audited the accompanying consolidated balance sheet of TVSN Asia Pacific (Holdings) Limited and subsidiaries as of December 31, 2002, and the related statements of income and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Hong Kong. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TVSN Asia Pacific (Holdings) Limited and subsidiaries as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Hong Kong.

/s/ KPMG

Hong Kong, 8 July 2003

TVSN Asia Pacific (Holdings) Limited and subsidiaries

Consolidated income statements

(Expressed in United States dollars)

	Note	Years Ended 2003	2002	2001
		unaudited		unaudited
Turnover	3	$ 10,651,357	$ 8,479,803	$ 5,524,100
Cost of sales		(5,687,029)	(4,719,667)	(3,306,449)
		$ 4,964,328	$ 3,760,136	$ 2,217,651
Other revenue		12,922	7,637	132,262
Distribution costs		(3,700,701)	(6,474,460)	(6,272,935)
Administrative expenses		(10,067,770)	(8,004,928)	(6,571,770)
Finance costs		(3,521,368)	(846,308)	(113,064)
Other operating expenses		(2,073,232)	(2,660,193)	(947,721)
Loss from ordinary activities before taxation	4	$ (14,385,821)	$ (14,218,116)	$ (11,555,577)
Taxation	5	—	—	—
Loss from ordinary activities after taxation		$ (14,385,821)	$ (14,218,116)	$ (11,555,577)
Accumulated losses brought forward		(43,371,118)	(29,153,002)	(17,597,425)
Accumulated losses carried forward		$ (57,756,939)	$ (43,371,118)	$ (29,153,002)

No separate statement of changes in equity has been prepared as the net loss for the year would be the only component of this statement.

The notes on pages 5 to 20 form part of these financial statements.

TVSN Asia Pacific (Holdings) Limited and subsidiaries

Consolidated balance sheets

(Expressed in United States dollars)

	Note	December 31, 2003 unaudited	December 31, 2002
Non-current assets			
Fixed assets	7	$ 3,534,550	$ 3,105,522
Intangible assets	8	24,917	30,628
Goodwill	9	898,896	950,262
		$ 4,458,363	$ 4,086,412
Current assets			
Inventories	11	$ 2,294,433	$ 2,593,473
Trade and other receivables	12	2,428,372	2,930,189
Cash and cash equivalents		926,163	1,828,866
		$ 5,648,968	$ 7,352,528
Current liabilities			
Trade and other payables	13	$ (8,217,450)	$ (4,643,238)
Net current (liabilities)/assets		$ (2,568,482)	$ 2,709,290
Total assets less current liabilities		$ 1,889,881	$ 6,795,702
Non-current liabilities			
Shareholders' loans	14	(29,584,385)	(20,104,385)
NET LIABILITIES		$ (27,694,504)	$ (13,308,683)
CAPITAL AND RESERVES			
Share capital	16	$ 45,000	$ 45,000
Capital surplus		30,017,435	30,017,435
Profit and loss account—adverse balance		(57,756,939)	(43,371,118)
		$ (27,694,504)	$ (13,308,683)

The notes on pages 5 to 20 form part of these financial statements.

TVSN Asia Pacific (Holdings) Limited and subsidiaries

Consolidated cash flow statements

(Expressed in United States dollars)

	Note	Years Ended 2003 unaudited	2002	2001 unaudited
Operating activities				
Loss from ordinary activities before taxation		$ (14,385,821)	$ (14,218,116)	$ (11,555,577)
Adjustments for:				
Depreciation		1,236,568	972,522	630,306
Amortisation of goodwill		51,366	51,366	25,683
Amortisation of intangible assets		5,711	9,505	9,945
Loss on disposal of fixed assets		3,285	20,511	—
Operating loss before changes in working capital		$ (13,088,891)	$ (13,164,212)	$ (10,889,643)
Decrease/(increase) in inventories		$ 299,040	$ (1,094,872)	$ (961,477)
Decrease/(increase) in trade and other receivables		501,817	(691,034)	(1,009,753)
Increase in trade and other payables		3,574,212	2,095,088	575,878
Net cash used in operating activities		**$ (8,713,822)**	**$ (12,855,030)**	**$ (12,284,995)**
Investing activities				
Payment for purchase of fixed assets		$ (1,668,881)	$ (1,618,514)	$ (1,728,912)
Payment for purchase of intangible assets		—	(873)	—
Payment for purchase of a subsidiary, net of cash acquired	17	—	—	(1,026,949)
Net cash used in investing activities		$ (1,668,881)	$ (1,619,387)	$ (2,755,861)
Financing activities				
Proceeds from new loans from shareholders		$ 9,480,000	$ 13,531,151	$ 6,573,234
Net cash from financing activities		$ 9,480,000	$ 13,531,151	$ 6,573,234
Net decrease in cash and cash equivalents		$ (902,703)	$ (943,266)	$ (8,467,622)
Cash and cash equivalents at 1 January		$ 1,828,866	$ 2,772,132	$ 11,239,754
Cash and cash equivalents at 31 December		$ 926,163	$ 1,828,866	$ 2,772,132

The notes on pages 5 to 20 form part of these financial statements.

1 Basis of preparation of the financial statements

(a) Organisation and nature of operations

TVSN Asia Pacific (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") are engaged in the retailing of products in the People's Republic of China ("PRC"). Sales are made as a result of retail sales programmes shown on television channels in the PRC, through catalogues and the internet, and the operation of retail outlets.

The current laws of the PRC restrict the extent of foreign ownership in PRC entities in certain industries including both retailing and advertising. As set out in note 10, TVSN China Limited ("TVSN China"), a wholly owned subsidiary of the Company, holds 65% and 49% equity interests in Home Shopping Shanghai Limited ("HSSL") and Visualstar Limited ("Visualstar") respectively which represent the maximum foreign ownership currently permitted in these companies. The remaining 35% equity in HSSL is owned by a PRC incorporated entity in which neither the Company nor any of its subsidiaries or shareholders has an equity interest. The remaining 51% equity in Visualstar is owned by a subsidiary of this PRC entity.

The Group has entered into agreements with the other shareholders of HSSL and Visualstar whereby TVSN China has been granted an option to acquire additional equity interests in HSSL and Visualstar at such time as the PRC laws permit, in order that TVSN China may hold the maximum equity interest permissible for foreign investors in these companies under the applicable PRC laws. Similar to any share purchase transaction that involves a PRC state-owned enterprise, the exercise of such option is subject to the approval of the relevant PRC authorities. The agreements provide that the purchase price payable by TVSN China on exercise of such option shall be in proportion to the net assets of HSSL and Visualstar acquired at the time of exercising the option, but shall in no case be less than the registered capital subscribed by the other shareholders in HSSL and Visualstar respectively.

At 31 December 2003 TVSN China has made interest free loans totaling $4,829,188 (2002: $3,779,188) and $153,000 (2002: $153,000) to a subsidiary of the other shareholder in HSSL to finance this shareholder and its subsidiary's investments in the registered capital of HSSL and Visualstar respectively. The loan agreements provide that settlement of these loans can only be made by set off against the amounts payable by TVSN China upon exercise of its above options to increase its equity interest in HSSL and Visualstar (at such time as the PRC laws permit and subject to the approval of the relevant PRC authorities) and that the loans are not repayable in any other manner.

Visualstar provides HSSL with advertising related services and its sole source of income to date has been from service fees charged to HSSL. Given this and the terms of the loan and option agreements above, the directors consider that the Group has effective control over Visualstar.

The directors are of the opinion that, following the PRC's accession to the World Trade Organisation, the PRC laws will be amended to enable TVSN China to exercise its options to increase its equity interests in HSSL and Visualstar. The directors' intention is that, as soon as the PRC laws permit, TVSN China will exercise its option to increase its equity interests in HSSL and Visualstar to the maximum extent permissible under PRC law.

Both HSSL and Visualstar have incurred accumulated losses as at 31 December 2003. In view of the terms of the above loan and other agreements, the directors consider that the Group will be required to fund the entire losses of HSSL and Visualstar. Accordingly, the directors consider it appropriate to account for the above loans as part of TVSN China's cost of investment in HSSL and Visualstar and to consolidate the results and financial position of HSSL and Visualstar within the accounts of the Group as if these entities were wholly owned by the Group.

(b) Going concern

As of 31 December 2003, the Group's total liabilities exceed its total assets by $27,694,504. Search Capital Partners Limited and TVSN Investors (PAPE I) Limited, two of the Company's shareholders, have confirmed that they will provide such financial support to the Company and its subsidiaries as is required to enable them to meet their debts as they fall due. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong. The measurement basis used in the preparation of the financial statements is historical cost. A summary of the significant accounting policies is set out below.

(b) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are dispatched. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

The Group has entered into agreements with the minority shareholder in HSSL, whereby this entity ("the Distributor"), undertook, on instruction by the Group, to make sales and purchases of certain products advertised by the Group. The agreements provide that the proceeds from such sales, less purchase and other costs incurred by the Distributor, are payable by the Distributor to the Group and that the Distributor has no rights or entitlement to such monies. As the Group bears the risks and rewards associated with these transactions, the directors consider it appropriate and in accordance with the substance of the arrangements to account for such transactions as if they had been entered into by the Group. Details of a fixed service fee payable to the Distributor are set out in note 19.

(ii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

(c) Subsidiaries and controlled enterprises

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. An entity is also considered to be a subsidiary when the substance of the relationship between the Company and the entity is such that the entity is controlled by the Company. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the

Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

Intra-Group balances and transactions, and any unrealised profits arising from intra-Group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life of 20 years. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 2(i)).

(e) Fixed assets

(i) Fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 2(h)) and impairment losses (see note 2(i)).

(ii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

(f) Intangible assets (other than goodwill)

(i) Intangible assets that are acquired by the Group primarily represent acquired trade marks and are stated in the balance sheet at cost less accumulated amortisation (see note 2(h)) and impairment losses (see note 2(i)).

(ii) Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

(g) Leased assets

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(h) Amortisation and depreciation

(i) Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	over the unexpired period of the lease
Computer and office equipment	3 to 5 years
Film production equipment	4 years
Furniture and fixtures	5 years

(ii) Amortisation of intangible assets is charged to the income statement on a straight-line basis over the respective assets' estimated useful lives.

(i) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets;
- intangible assets; and
- positive goodwill.

If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, or are amortised over the estimated useful lives from the date when the asset is available for use or goodwill that is amortised over 20 years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Merchandise purchased by and in the legal name of the Distributor under the arrangements disclosed in note 2(b) is included in the Group's inventory as if it had been purchased by the Group. As disclosed in note 2(b), the Group bears the risks and rewards associated with ownership of such merchandise.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to retirement benefit plans and other retirement benefits paid are charged to the income statement in the period in which they are incurred.

(iii) When the Company's immediate subsidiary, TVSN China (Holdings) Limited grants employees options to acquire shares of TVSN China (Holdings) Limited at nil consideration, no employee benefit cost or obligation is recognised at the date of grant.

(m) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The amount of deferred tax recognised is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Translation of foreign currencies

Individual companies within the Group maintain their books and records in their functional currency.

In the financial statements of individual companies, transactions in other currencies during the year are translated into the respective functional currencies at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the respective functional currencies at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the individual companies' income statement.

The Group's functional currency is the Renminbi. For the purpose of consolidation, all balance sheet items of subsidiaries with functional currencies other than Renminbi are translated into Renminbi at the rates of exchange ruling at the balance sheet date. The results of subsidiaries with functional currency other than Renminbi are translated into Renminbi at the average exchange rates for the year. The resulting exchange differences are inconsequential for each of the three years ended 31 December 2003.

The consolidated financial statements are expressed in United States Dollars ("USD") and have been translated into USD at the noon buying rate in New York City on December 31, 2003 for cable transfers in RMB as certified by the Federal Reserve Bank of New York of US$1.00=RMB8.28.

(p) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3 Turnover

The principal activity of the Group is retailing. Turnover represents the sales value of goods supplied to customers less discounts and returns.

4 Loss from ordinary activities before taxation

Loss from ordinary activities before taxation is arrived at after charging:

	2003 unaudited	2002	2001 unaudited
Cost of inventories	$ 5,388,983	$ 4,505,781	$ 2,985,772
Fulfillment costs	1,773,752	1,871,647	1,730,684
Signal distribution costs	1,926,949	4,602,813	4,542,251
Marketing costs	1,272,555	1,582,142	115,322
Production costs	721,426	981,128	760,095
Staff costs	5,833,663	4,929,126	4,294,871
Bad debt provision	25,000	78,342	—
Office rental—operating lease	362,727	573,315	236,574
Concession fees	1,027,275	269,342	—
Professional fees	443,523	333,393	241,279
Depreciation	1,236,568	972,522	630,306
Amortisation of positive goodwill	51,366	51,366	25,683
Amortisation of intangible assets	5,711	9,505	9,945
Auditors' remuneration	37,000	34,000	35,485
Loss on disposal of fixed assets	3,285	20,511	—
Interest expenses			
—on loan from Search Capital Partners Limited	3,245,017	644,689	84,184
—on loan from HSN Capital LLC	276,351	201,619	28,880

5 Taxation

Taxation in the profit and loss account represents provision for taxation calculated at the appropriate rates of taxation ruling in the relevant countries.

(a) No provision for taxation has been made in the income statement for the three years ended 31 December 2003 since the Group did not earn profits assessable to profits tax.

(b) Since the Group incurred losses for both accounting and taxation purposes for the three years ended 31 December 2003 no reconciliation of tax expense to accounting profit has been included in these financial statements.

(c) The Group has not recognized deferred tax assets in respect of tax losses of USD9,100,000 (2002: USD6,700,000), as the tax losses expire at various dates within five years from the balance sheet date and as the directors consider it uncertain whether such losses will be able to be utilised.

6 Directors' remuneration

Directors' remuneration is as follows:

	2003 unaudited	2002	2001 unaudited
Fees	Nil	Nil	Nil
Salaries and other emoluments	$ 700,000	$ 700,000	$ 500,000

In addition to the above emoluments, a director of the Company had the following interests in options to subscribe for shares in the Company's immediate subsidiary, TVSN China (Holdings) Limited. Such options were granted at nil consideration under the share option scheme of TVSN China (Holdings) Limited. The details of these options are disclosed under the paragraph "Share option Scheme" in note 15.

	No. of options outstanding at the year end	Date granted	Period during which options exercisable	No. of shares acquired on exercise of options during the year	Price per share to be paid on exercise of options	Market value per share at date of grant of options	Market value per share on exercise of options
Steve Franklin	108,000	3 June 2000	Set out in note 15 of the financial statements	Nil	US$8.81	US$17.62	N/A

Pursuant to a Board of Directors resolution dated 24 July 2003, the exercise price of these share options was revised from $17.62 to $8.81.

7 Fixed assets (unaudited)

	Leasehold Improvements	Computer and office equipment	Film production equipment	Furniture and fixtures	Total
Cost:					
At 1 January 2003	$ 1,248,517	$ 1,757,449	$ 1,920,061	$ 41,054	$ 4,967,081
Additions	1,105,124	214,588	346,424	2,745	1,668,881
Disposals	—	(3,589)	—	(1,095)	(4,684)
At 31 December 2003	$ 2,353,641	$ 1,968,448	$ 2,266,485	$ 42,704	$ 6,631,278
Accumulated depreciation:					
At 1 January 2003	$ 240,791	$ 906,438	$ 696,381	$ 17,949	$ 1,861,559
Charge for the year	324,708	423,827	479,802	8,231	1,236,568
Written back on disposal	—	(1,006)	—	(393)	(1,399)
At 31 December 2003	$ 565,499	$ 1,329,259	$ 1,176,183	$ 25,787	$ 3,096,728
Net book value:					
At 31 December 2003	$ 1,788,142	$ 639,189	$ 1,090,302	$ 16,917	$ 3,534,550
At 31 December 2002	$ 1,007,726	$ 851,011	$ 1,223,680	$ 23,105	$ 3,105,522

8 Intangible assets

		Unaudited
Cost:		
At 1 January and 31 December 2003	$	57,250
Accumulated amortisation:		
At 1 January 2003	$	26,622
Charge for the year		5,711
At 31 December 2003	$	32,333
Net book value:		
At 31 December 2003	$	24,917
At 31 December 2002	$	30,628

The amortisation charge for the year is included in "other operating expenses" in the consolidated income statement.

9 Goodwill

		Positive goodwill unaudited
Cost:		
At 1 January and 31 December 2003	$	1,027,311
Accumulated amortisation:		
At 1 January 2003	$	77,049
Amortisation for the year		51,366
At 31 December 2003	$	128,415
Carrying amount:		
At 31 December 2003	$	898,896
At 31 December 2002	$	950,262

10 Subsidiaries

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. All of these entities have been consolidated into the Group financial statements (see note 1(a)).

			Proportional of ownership interest (%)			
Name of Company	**Place of incorporation and operation**	**Particulars of paid up capital**	**Group's effective interest**	**held by the Company**	**held by subsidiary**	**Principal activity**
TVSN China (Holdings) Limited	British Virgin Islands	$ 35,546	100	100	—	Investment holding
TVSN China Limited	Hong Kong	$ 64,103	100	—	100	Investment holding/Retailing
Home Shopping Shanghai Ltd.	People's Republic of China	$ 25,716,974	65#	—	65	Retailing
EC 2 Limited	People's Republic of China	$ 350,000	100	—	100	Dormant
TVSN International Trading (Shanghai) Co., Ltd.	People's Republic of China	$ 200,000	100	—	100	Dormant
Visualstar Limited	People's Republic of China	$ 300,000	49#	—	49	Media products design, production and distribution

\# for the reasons disclosed in note 1(a) these entities have been consolidated into the Group's financial statements as if they were wholly owned by the Group.

11 Inventories

Inventories represent merchandised goods and are expected to be realised within one year.

12 Trade and other receivables

	2003	2002
	unaudited	
Amounts due from shareholders	$ 11,024	$ 14,837
Debtors, deposits and prepayments	2,417,348	2,915,352
	$ 2,428,372	$ 2,930,189

All of the trade and other receivables are expected to be recovered within one year.

13 Trade and other payables

	2003	2002
	unaudited	
Amounts due to shareholders		
—Search Capital Partners Limited	$ 3,977,268	$ 733,031
—HSN Capital LLC	506,341	229,990
Creditors	1,163,720	1,737,947
Other payables	442,770	521,869
Accrued charges	2,127,351	1,420,401
	$ 8,217,450	$ 4,643,238

All of the trade and other payables are expected to be settled within one year.

14 Shareholders' loans

Shareholders' loans are unsecured long term loans and are repayable on 31 December 2005. Shareholders' loans comprise the following:

Non-interest bearing loans

	2003	2002
	unaudited	
Search Capital Partners Limited	$ 1,869,181	$ 1,869,181
HSN Capital LLC	757,483	757,483
TVSN Investors (PAPE I) Limited	980,400	980,400
	$ 3,607,064	$ 3,607,064

Interest bearing loans

Interest bearing loans bear interest at rates ranging from 6.84% to 20% per annum.

	2003	2002
	unaudited	
Search Capital Partners Limited	$ 23,019,114	$ 13,539,114
HSN Capital LLC	2,958,207	2,958,207
	$ 25,977,321	$ 16,497,321
Total shareholders' loans	$ 29,584,385	$ 20,104,385

15 Equity compensation benefits

The Company has a share option scheme which was adopted on 1 June 2000 whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company's immediate subsidiary, TVSN China (Holdings) Limited. The exercise price of options is fixed at US$8.81 per share for certain employees specified upon the adoption of the plan ("designated employees"). The exercise price of options for all other employees ("non-designated employees") is fixed at US$17.62 per share. The options vest in equal instalments over 5 and 4 years commencing one year after the date on which the option is granted for designated employees and non-designated employees respectively. The options are only exercisable upon the occurrence of certain conversion events specified in the terms of the plan. All options expire no later than the earlier of 1 July 2008 or 90 days after the next date on which the options become exercisable.

Up to 31 December 2003, none of the conversion events have taken place.

(a) Movements in share options

	2003 Number	2002 Number
	unaudited	
At 1 January	443,136	300,486
Issued	—	142,650
Forfeited/lapsed	(53,798)	—
At 31 December	389,338	443,136
Options vested at 31 December	300,114	306,268

(b) Terms of unexpired and unexercised share options at balance sheet date

Exercise price	2003 Number	2002 Number
	unaudited	
$8.81	234,563	58,050
$17.62	154,775	385,086
	389,338	443,136

Pursuant to a Board of Directors resolution dated 24 July 2003, the exercise price of share options granted to certain employees was revised from $17.62 to $8.81.

(c) *Details of share options granted during the year, all of which were granted for nil consideration*

Exercise price	2003 Number	2002 Number
	unaudited	
$17.62	Nil	142,650

16 Share capital

		2003 & 2002
		unaudited
Authorised:		
Ordinary shares of US$0.01 each	$	80,000
Issued and fully paid:		
Ordinary shares of US$0.01 each	$	45,000

17 Acquisition of a subsidiary

On 11 June 2001, the Group acquired 65% interest in Home Shopping Shanghai Ltd. for $1,026,980, satisfied in cash.

Net assets acquired:		
Cash at bank and in hand	$	31
Creditors and accrued charges		(362)
	$	(331)
Positive goodwill arising on consolidation		1,027,311
		1,026,980
Total purchase price paid, satisfied in cash	$	1,026,980
Less: Cash of the subsidiary acquired		(31)
Net cash used in respect of the purchase of a subsidiary	$	1,026,949

18 Commitments

(a) At 31 December, the Group had commitments under television advertising and service contracts to make payments in the following years as follows:

	2003	2002
	unaudited	
Within 1 year	$ 693,438	$ 2,070,960
After 1 year but within 5 years	942,028	1,455,877
	$ 1,635,466	$ 3,526,837

(b) At 31 December, the minimum lease payments under non-cancellable operating leases are payable as follows:

	2003	2002
	unaudited	
Within 1 year	$ 1,473,187	$ 548,099
After 1 year but within 5 years	1,273,125	136,556
	$ 2,746,312	$ 684,655

19 Material related party transactions

As disclosed in note 2(b), the PRC investor of HSSL provides services to the Group. Service fee charges payable to this entity during the year ended 31 December 2003 amounted to $497,584 (2002: $471,014, 2001: $471,014).

Loans made to a related party of the other shareholders in HSSL and Visualstar are disclosed in note 1(a) on the accounts.

On 26 July 2001 the Company and its subsidiary, TVSN China (Holdings) Limited, entered into an agreement with the other shareholders in HSSL and Visualstar and one of their related parties which provides that, subject to the fulfillment of certain conditions precedent, or waiver thereof by the Company, TVSN China (Holdings) Limited has agreed to grant these parties warrants enabling them to subscribe for shares in TVSN China (Holdings) Limited at an exercise price of US$17.62 per share (subject to adjustment in the event of any consolidation, sub-division or reduction of the share capital of TVSN China (Holdings) Limited or the Company). The number of shares in TVSN China (Holdings) Limited which are eligible for purchase under the warrant agreement varies depending on the date upon which the conditions precedent are fulfilled. At 31 December 2002 and 2003, warrants to purchase 360,000 shares of TVSN China (Holdings) Limited, representing 8% of its issued share capital, were granted.

20 Ultimate holding company

The directors consider the ultimate holding company at 31 December 2003 to be Search Capital Partners Limited, which is incorporated in the British Virgin Islands.

21 Summary of significant differences between generally accepted accounting principles ("GAAP") in Hong Kong and U.S. GAAP

The following is a general summary of significant differences between Hong Kong GAAP and U.S. GAAP as applicable to the Group:

The financial position and the results of operations of the Group have been prepared in accordance with Hong Kong GAAP, which differs in certain significant respects from U.S. GAAP. Certain significant differences between Hong Kong GAAP and U.S. GAAP that would have had an impact on the Group's financial position and results are summarised below. The Group has not quantified the effects of the differences between Hong Kong GAAP and U.S. GAAP, and therefore there can be no assurance that the financial position and results of operations reported in accordance with Hong Kong GAAP would not be adversely impacted if determined in accordance with U.S. GAAP. Such summary should not be construed to be exhaustive. Additionally, no attempt has been made to identify disclosure, presentation or classification differences that would affect the manner in which transactions and event are presented in the Group's financial position and results or notes thereto. No attempt has been made to identify all future differences between Hong Kong GAAP and U.S. GAAP that may affect the Group's financial statements as a result of transactions or events that may occur in the future.

Accounting for goodwill

Under Hong Kong GAAP, goodwill arising from transactions completed from 1 January 2001 onwards is capitalized and amortised on a straight-line basis over its estimated useful life. The amortisation charge for each period is recognised as an expense. Goodwill is required to be tested whenever there are indications that impairment may exist. An impairment loss is recognised in the income statement whenever the carrying amount of goodwill exceeds its recoverable amount estimated at each balance sheet date.

For U.S. GAAP purposes, prior to 1 January 2002, goodwill arising on acquisitions was accounted for as an asset and amortised over the estimated period of benefit. Effective 1 January 2002, SFAS No. 142 "Goodwill and Other Intangible Assets" requires that goodwill with an indefinite useful life no longer be amortised but instead be tested for impairment upon first adoption and annually thereafter, or more frequently if events or changed in circumstances indicate that it might be impaired, using the prescribed two-step process. The first step screens for potential impairment of goodwill if the fair value of the reporting unit is less than its carrying value, while the second step measures the amount of goodwill impairment, if any, by comparing the implied fair value of goodwill to its carrying value.

Stock option plan and warrants

The Group has adopted a stock option plan for employees and has also issued warrants to related parties giving the right to subscribe for shares in a subsidiary company. The Group follows the current practice in Hong Kong that no accounting entries are made when granting share options or warrants.

Under U.S. GAAP, stock compensation expense is recorded in an entity's financial statements when options on the stock are granted to its employees. Under Accounting Principles Board No. 25, the amount of stock compensation expense is determined based upon the excess, if any, of the quoted market price of the stock over the exercise price of the options at the date of the grant and is amortised over the vesting period of the options concerned.

Under U.S. GAAP the warrants would be accounted for as part of the Group's interest in HSSL and Visualstar.

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