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ALIBABA.COM (EUROPE) LIMITED

REPORT OF DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2012

TUESDAY

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COMPANIES HOUSE

ALIBABA.COM (EUROPE) LIMITED

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ALIBABA.COM (EUROPE) LIMITED

REPORT OF DIRECTORS

The directors are pleased to present their report together with the audited financial statements of Alibaba com (Europe) Limited (the "Company") for the year ended 31 December 2012

Principal activities

The principal activity of the Company is the provision of marketing and administrative services to other group companies

Results and appropriations

The results of the Company for the year ended 31 December 2012 are set out in the profit and loss account on page 6

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below

WU Wei
CHOW LOK Mei Ki, Cindy
WONG Lai Kin, Elsa

Statement of directors' responsibilities

The directors are responsible for preparing the report of directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have prepared 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

REPORT OF DIRECTORS (CONTINUED)

Statement of directors' responsibilities (Continued)

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 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

Disclosure of information to auditors

Each of the persons who is director at the time when this report is approved, has confirmed that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Small company provisions

This report has been prepared in accordance with the special provisions for small companies within part 15 of the Companies Act 2006

By order of the Board

Director

3 September 2013

Registered Office
Lacon House
84 Theobalds Road
London
United Kingdom
WC1X 8RW

ALIBABA.COM (EUROPE) LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALIBABA.COM (EUROPE) LIMITED

We have audited the financial statements of Alibaba.com (Europe) Limited for the year ended December 31, 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

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 Report of Directors and Financial Statements 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 December 31, 2012 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIBABA.COM (EUROPE) LIMITED (CONTINUED)

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:

- 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;
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Peter Adams (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull

3 September 2013

ALIBABA.COM (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	1,617,376	1,490,282
Cost of sales		(1,634,855)	(1,382,565)
Gross (loss)/profit		(17,479)	107,717
Administrative expenses		(30,939)	(42,351)
(Loss)/profit on ordinary activities before taxation	3	(48,418)	65,366
Tax on (loss)/profit on ordinary activities	6	6,815	(14,028)
(Loss)/profit for the financial year	13	(41,603)	51,338

All of the results relate to continuing operations

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

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents

The notes on pages 9 to 16 are an integral part of these financial statements

ALIBABA.COM (EUROPE) LIMITED

Registered number 6721521

BALANCE SHEET
AS OF 31 DECEMBER 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible fixed assets	8	11,941	48,259
		11,941	48,259
Current assets			
Debtors	9	174,631	5,317,023
Cash at bank and in hand		679,294	4,794,833
		853,925	10,111,856
Creditors – amounts falling due within one year	10	(416,010)	(9,678,503)
Net current assets		437,915	433,353
Total assets less current liabilities		449,856	481,612
Provisions for liabilities		-	(6,482)
Net assets		449,856	475,130
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	353,890	395,493
Other reserves	13	95,965	79,636
Total shareholders' funds	14	449,856	475,130

The financial statements on pages 6 to 16 were approved by the board of directors on 3 September 2013 and were signed on its behalf by:

Director Director

The notes on pages 9 to 16 are an integral part of these financial statements

ALIBABA.COM (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006 The Company has taken advantage of the exemption available under the small companies regime to disclose a cash flow statement. The principle accounting policies, which have been applied consistently throughout the year, are set out below.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency") The financial statements of the Company are presented in GBP, which is the Company's functional and presentation currency

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

(b) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment losses Historical cost includes expenditure that is directly attributable to the acquisition of the item

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably The carrying amount of the replaced part is derecognised All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred

Depreciation on tangible fixed asset is calculated using the straight-line method to allocate their costs, less residual value, over their estimated useful lives, as follows

Computer equipment and software	3 years
Furniture and office equipment	3 years
Leasehold improvements	3 years (shorter of the remaining lease period or estimated useful life)

An asset's residual value and useful life are reviewed, and adjusted if appropriate, at each balance sheet date

1 Accounting policies (Continued)

(b) Tangible fixed assets (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant asset, and are recognised in the profit and loss account

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably Management fee income is recognised when the related service is rendered and completed.

(d) Pension obligations

The Company operates a defined contribution pension scheme Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

(e) Share-based compensation

The intermediate holding company operates certain equity-settled, share-based incentive schemes The fair value of the employee services received in exchange for the grant of these share-based awards is recognised in the profit and loss account with a corresponding increase in other reserves of the Company At each balance sheet date, the estimate of the number of these share-based awards that are expected to become vested is revised The impact of the revision of original estimates, if any, is recognised in the profit and loss account over the remaining vesting period. On vesting date, the amount recognised in the profit and loss account is adjusted to reflect the actual number of these share-based awards that become vested

(f) Provisions

Provisions are recognised when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease

(h) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

1 Accounting policies (Continued)

(h) Current and deferred income tax (Continued)

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

2 Turnover

The Company's activities consist solely of the provision of marketing and administrative services

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging the following

	2012 £	2011 £
Rent, rates and property management fee	115,198	101,519
Auditor's remuneration	8,888	342
Depreciation	44,533	45,330
Loss on disposal of fixed assets	457	-
Exchange losses	76,048	699

4 Staff Costs

	2012 £	2011 £
Wages and salaries	456,587	342,390
Social security costs	45,289	26,421
Share-based compensation expense	16,329	(47,335)
	518,205	321,476

4 Staff Costs (Continued)

The monthly average number of employees during the financial year was as follows

	2012 Number	2011 Number
Sales and marketing	5	5

5 Directors' emoluments

The directors did not receive any fees or emoluments in respect of their services to the Company during the year, or prior year

The directors of the Company receive various share-based awards issued by an intermediate holding company and the ultimate holding company for the services rendered as director or employee of the group as a whole No allocation of share-based compensation expense was made to the profit and loss account of the Company as the services rendered to the Company were insignificant during the year, or prior year

6 Tax on (loss)/profit on ordinary activities

Provision for United Kingdom tax has been made as the Company has assessable loss for the year.

	2012 £	2011 £
Current tax		
UK Corporation tax on profits of the financial year	1,144	14,146
Adjustments in respect of prior years	-	8,922
Total current tax	1,144	23,068
Deferred tax (Note 11)		
Impact of change in tax rate	(130)	(1,663)
Origination and reversal of timing differences	(7,829)	(7,377)
Total tax (credit)/charge	(6,815)	14,028

6 Tax on (loss)/profit on ordinary activities (Continued)

Factors affecting the tax charge for the financial year

The tax assessed for the year is higher (2011: higher) than the standard rate of tax

	2012 £	2011 £
(Loss)/Profit before taxation	(48,418)	65,366
Tax calculated at the standard UK tax rate of 24 5% (2011 26 5%)	(11,862)	17,322
Expenses not deductible for tax purposes	3,971	91
Income not subject to tax	-	(12,307)
Impact of change in tax rate	-	1,663
Adjustments in respect of prior years	-	8,922
Depreciation in excess of capital allowances	9,035	7,377
Current tax charge for the financial year	1,144	23,068

During the year, legislation was enacted to reduce the main corporation tax rate from 26% to 24% from 1 April 2012 and from 24% to 23% from 1 April 2013. At the balance sheet date deferred tax balances were expected to reverse at this reduced rate and have therefore been re-measured

In addition to the changes in the rates of corporation tax disclosed above a number of further changes to UK corporation tax rates were announced in the March 2013 UK Budget Statement Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2013 Further reductions to the main rate are proposed to reduce to 20% with effect from 1 April 2015 None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

7 Share-based compensation

Depending on the nature or purpose of the grant, the vesting schedule of share options, restricted share units ("RSUs") and restricted shares granted by Alibaba com Limited and the Alibaba Group Holding Limited could be different, but in general the awards are all subject to a four-year vesting schedule and the exercise period of share options is six years from the date of grant.

(a) Share-based incentive schemes operated by Alibaba.com Limited

In 2007, Alibaba com Limited adopted a Share Option Scheme and a RSU scheme pursuant to which a total of 135,100,000 unissued ordinary shares of Alibaba com Limited were reserved and made available for grant of share options or RSUs In 2010, Alibaba com Limited refreshed the combined scheme limit of the RSU Scheme and the Share Option Scheme to 156,000,000 ordinary shares

In 2010, Alibaba com Limited also adopted the Share Award Scheme which is substantially similar to the RSU Scheme except that (i) it is also open to directors of Alibaba com Limited and its subsidiaries, and (ii) shares awarded under the Share Award Scheme are purchased from the open market whereas shares awarded pursuant to the RSU Scheme are from newly issued ordinary shares of Alibaba com Limited

7 Share-based compensation (Continued)

Share-based incentive schemes operated by Alibaba.com Limited

As a result of the privatisation of Alibaba com Limited, by way of a scheme of arrangement by Alibaba Group Holding Limited which effective on 19 June 2012, all share options and RSUs relating to shares of Alibaba com Limited granted were cancelled. Based on the share incentive offer made by Alibaba Group Holding Limited, such unvested share options and RSUs are to be settled in cash at a fixed offer price of HK$13 5 (less relevant exercise price in the case of share options) and to be paid on a staggered basis, in accordance with their respective vesting schedules The amount yet to be paid by Alibaba Group Holding Limited to the employees of the Company relating to the share incentive offer as of 31 December 2012 was £28,425

8 Tangible fixed assets

	Computer equipment and software £	Furniture and office equipment £	Leasehold Improvements £	Total £
Cost				
1 January 2012	10,500	67,768	58,455	136,723
Additions	4,671	-	4,001	8,672
Disposals	(5,907)	-	-	(5,907)
31 December 2012	9,264	67,768	62,456	139,488
Accumulated depreciation				
1 January 2012	6,176	43,654	38,634	88,464
Depreciation charge	2,596	22,486	19,451	44,533
Disposal	(5,450)	-	-	(5,450)
31 December 2012	3,322	66,140	58,085	127,547
Net book value				
31 December 2012	5,942	1,628	4,371	11,941
Net book value				
31 December 2011	4,324	24,114	19,821	48,259

9 Debtors

	2012 £	2011 £
Amounts due within one year		
Amounts owed by group undertakings	63,395	5,155,554
Other debtors	22,133	75,647
Prepayments and accrued income	35,103	32,155
Rental deposits	14,400	14,400
Corporation tax receivable	38,123	39,267
Deferred tax assets (Note 11)	1,477	-
	174,631	5,317,023

The amounts owed by group undertakings are unsecured, interest-free and have no fixed terms of repayment The carrying amounts of the balances approximate to the respective fair values

10 Creditors—amounts falling due within one year

	2012 £	2011 £
Trade creditors	18,991	65,795
Amount owed to the immediate holding company	-	9,087,872
Amount owed to the intermediate holding company	-	1,083
Amounts owed to fellow subsidiaries	123,333	389,312
Accruals and others	273,686	134,441
	416,010	9,678,503

The amounts owed to fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment The carrying amounts of the balances approximate to the respective fair values

11 Deferred taxation

	2012 £	2011 £
1 January 2012	6,482	15,522
Impact of change in tax rate	(130)	(1,663)
Credited to profit and loss account (note 6)	(7,829)	(7,377)
31 December 2012	(1,477)	6,482

The provision is in respect of accelerated capital allowances

12 Called up share capital

	2012 £	2011 £
Issued and fully paid:		
1 (2011 1) ordinary share of £1 each	1	1

The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each On the date of incorporation of the Company, 1 ordinary share of £1 was issued at par

13 Reserves

	Other reserves £	Profit and loss account £
1 January 2012	79,636	395,493
Loss for the financial year	-	(41,603)
Value of employee services under equity award plans	16,329	-
31 December 2012	95,965	353,890

14 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	475,130	471,127
Value of employee services under equity award plans	16,329	(47,335)
(Loss)/Profit for financial year	(41,603)	51,338
Closing shareholders' funds	449,856	475,130

15 Operating lease commitments

The Company leases offices under a non-cancellable operating lease agreement As at 31 December the Company had annual commitments under non-cancellable operating leases expiring as follows

	2012 £	2011 £
Expiring within two to five years	50,880	50,880

16 Related party transactions

Except as disclosed elsewhere in the financial statements, the following significant related party transactions were carried out during the financial year and were conducted in the ordinary course of business of the Company

Provision of services

	2012 £	2011 £
Fee charged to a fellow subsidiary	1,617,376	1,490,282

This represented management fee income received or receivable from a fellow subsidiary for the provision of marketing and administrative services by the Company

17 Parent undertaking

The immediate parent undertaking is Alibaba com Singapore E-Commerce Private Limited

The ultimate parent undertaking and controlling party is Alibaba Group Holding Limited, a company incorporated in the Cayman Islands

Alibaba Group Holding Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2012. The registered address of Alibaba Group Holding Limited is Fourth Floor, One Capital Place, P O Box847, Grand Cayman, Cayman Islands, British West Indies The consolidated financial statements of Alibaba Group Holding Limited are not publicly available