

August 12, 2010



## Spark Networks(R) Reports Second Quarter 2010 Financial Results

BEVERLY HILLS, CA -- (MARKET WIRE) -- 08/12/10 -- Spark Networks, Inc. (NYSE Amex: LOV), a leading provider of online personals services, today reported financial results for the second quarter ended June 30, 2010.

	Q2 2010	Q2 2009
Revenue	\$ 10.3 Million	\$ 11.2 Million
Contribution Margin	75%	73%
Net Income	\$ 0.9 Million	\$ 1.9 Million
Net Income Per Share	\$ 0.04	\$ 0.09

"Average paying subscribers(1) were down sequentially this quarter following three consecutive quarters of growth. We have experienced this second quarter seasonal behavior over the past three years; however, our ARPU(2) has stabilized after nine quarters of sequential decline," said Adam Berger, Spark's Chairman and CEO. "While we remain committed to finding opportunities to grow both subscribers and ARPU, we continue to reduce cash operating costs, despite incurring expenses associated with our Special Committee."

### Financial Results

Revenue for the second quarter of 2010 was \$10.3 million, a decrease of 8% compared to \$11.2 million for the second quarter 2009, and a decrease of 2% compared to \$10.5 million in the prior quarter. Revenue for the first six months of 2010 was \$20.8 million, an 11% decrease compared to \$23.3 million for the same period last year.

Contribution(3) for the second quarter of 2010 was \$7.7 million, a decrease of 7% compared to \$8.3 million for the second quarter of 2009, and a 6% decrease compared to \$8.1 million in the prior quarter. Contribution for the first six months of 2010 was \$15.8 million, a 9% decrease compared to \$17.4 million for the same period last year.

Total cost and expenses for the second quarter of 2010 were \$8.6 million, an 8% decrease compared to \$9.3 million in the second quarter of 2009, and a 5% decrease compared to \$9.0 million in the prior quarter. Total cost and expenses for the first six months of 2010 were \$17.6 million, a 13% decrease compared to \$20.1 million for the same period last year.

Net income for the second quarter of 2010 was \$923,000, or \$0.04 per share, compared to \$1.9 million, or \$0.09 per share, for the second quarter of 2009 and \$929,000 or \$0.05 per share for the prior quarter. In the second quarter of 2009, the Company recorded income of approximately \$1.7 million related to the possession of certain real property pursuant to a legal judgment. Net income for the first six months of 2010 was \$1.9 million, or \$0.09 per

share, compared to \$2.2 million or \$0.11 per share for the first six months of 2009.

Adjusted EBITDA(4) for the second quarter of 2010 was \$2.3 million, a decrease of 9% compared to \$2.6 million for the second quarter of 2009, and a decrease of 14% compared to \$2.7 million in the prior quarter. Adjusted EBITDA for the first six months of 2010 was \$5.0 million, a 6% decrease compared to \$5.4 million for the same period last year.

Average paying subscribers for the Company, as a whole, in the second quarter of 2010 were 160,239, a decrease of 2% compared to 163,217 for the second quarter of 2009 and a 6% decrease compared to 169,833 for the prior quarter. Average paying subscribers for the first six months of 2010 were 165,037 compared to 165,610 for the same period last year.

#### Segment Reporting(5)

Second quarter 2010 revenue for Jewish Networks was \$6.7 million, a decrease of 6% compared to \$7.1 million for the second quarter of 2009 and the prior quarter. Jewish Networks revenue for the first six months of 2010 was \$13.7 million, a 6% decrease compared to \$14.6 million for the same period last year.

Second quarter 2010 revenue for Other Affinity Networks was \$2.8 million, a decrease of 16% compared to \$3.3 million for the second quarter of 2009, and a decrease of 7% compared to \$3.0 million in the prior quarter. Other Affinity Networks revenue for the first six months of 2010 was \$5.8 million, a 13% decrease compared to \$6.6 million for the same period last year.

Second quarter 2010 revenue for General Market Networks was \$298,000, a decrease of 57% compared to \$701,000 for the second quarter of 2009, and a 19% decrease compared to \$370,000 in the prior quarter. General Market Networks revenue for the first six months of 2010 was \$668,000, a 59% decrease compared to \$1.6 million for the same period last year.

Second quarter 2010 revenue for Offline & Other Businesses was \$549,000, an increase of 221% compared to \$171,000 for the second quarter of 2009, and a 386% increase compared to \$113,000 in the prior quarter. The higher revenue reflects a large travel offering in the second quarter of 2010, and the absence of a comparable offering in the second quarter of 2009 and the prior quarter. Offline & Other Businesses revenue for the first six months of 2010 was \$662,000, a 73% increase compared to \$383,000 for the same period last year.

Average paying subscribers for Jewish Networks were 89,055 during the second quarter of 2010, an increase of 8% compared to 82,769 for the second quarter of 2009, and a 4% decrease compared to 93,235 for the prior quarter. Jewish Networks average paying subscribers for the first six months of 2010 were 91,145, a 9% increase compared to 83,706 for the same period last year.

Average paying subscribers for Other Affinity Networks were 64,083 during the second quarter of 2010, a decrease of 2% compared to 65,409 for the second quarter of 2009 and a 6% decrease compared to 68,124 for the prior quarter. Other Affinity Networks average paying subscribers for the first six months of 2010 were 66,104, a 2% increase compared to 64,901 for the same period last year.

Average paying subscribers for General Market Networks were 6,434 during the second quarter of 2010, a decrease of 54% compared to 14,022 for the second quarter of 2009, and an 18% decrease compared to 7,813 for the prior quarter. General Market Networks average paying subscribers for the first six months of 2010 were 7,124, a 55% decrease compared to 15,916 for the same period last year.

#### Balance Sheet, Cash, Debt

As of June 30, 2010, the Company had cash and cash equivalents of \$9.7 million compared to \$6.2 million at December 31, 2009. As of June 30, 2010, the Company had no outstanding debt.

#### Investor Conference Call

The Company will discuss its financial results during a live teleconference today at 1:30 p.m. Pacific time.

Call Title: Spark Networks Q2 '10 Financial Results  
Toll-Free (United States): 1-888-215-6895  
International: 1-913-312-0651  
Passcode: 4394412

Digital Replay through August 26, 2010:  
Toll-Free (United States): 1-888-203-1112  
International: 1-719-457-0820  
Passcode: 4394412

In addition, the Company will host a webcast of the call which will be accessible in the Investor Relations section of the Company's website under "Conference Calls and Presentations" at: <http://www.spark.net/investor.htm>.

#### Safe Harbor Statement:

This press release contains forward-looking statements. Any statements in this news release that are not statements of historical fact may be considered to be forward-looking statements. Written words, such as "may," "will," "expect," "believe," "anticipate," "estimate," "intends," "goal," "objective," "seek," "attempt," or variations of these or similar words, identify forward-looking statements. By their nature, forward-looking statements and forecasts involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the near future. There are a number of factors that could cause actual results and developments to differ materially, including, but not limited to our ability to: attract members; convert members into paying subscribers and retain our paying subscribers; develop or acquire new product offerings and successfully implement and expand those offerings; keep pace with rapid technological changes; maintain the strength of our existing brands and maintain and enhance those brands and our dependence upon the telecommunications infrastructure and our networking hardware and software infrastructure; identify and consummate strategic acquisitions and integrate acquired companies or assets; obtain financing on acceptable terms; and successfully implement both cost cutting initiatives and our current long-term growth strategy. For a discussion of these and further risks and uncertainties, please see our filings with the Securities and Exchange Commission. We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other

information that we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our public filings with the SEC also are available from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>.

About Spark Networks, Inc.:

The Spark Networks portfolio of consumer websites includes, among others, JDate®.com ([www.jdate.com](http://www.jdate.com)), Spark®.com ([www.spark.com](http://www.spark.com)), BlackSingles.com® ([www.blacksingles.com](http://www.blacksingles.com)), and ChristianMingle®.com ([www.christianmingle.com](http://www.christianmingle.com)).

(1) "Average paying subscribers" are defined as individuals who have paid a monthly fee for access to communication and Web site features beyond those provided to our members. Average paying subscribers for each month are calculated as the sum of the paying subscribers at the beginning and end of the month, divided by two. Average paying subscribers for periods longer than one month are calculated as the sum of the average paying subscribers for each month, divided by the number of months in such period.

(2) "ARPU" is defined as average revenue per user.

(3) "Contribution" is defined as revenue, net of credits and credit card chargebacks, less direct marketing and "Contribution Margin" is defined as Contribution divided by revenue, net of credits and credit card chargebacks.

(4) The Company reports Adjusted EBITDA as a supplemental measure to generally accepted accounting principles ("GAAP"). This measure is one of the primary metrics by which we evaluate the performance of our businesses, budget, forecast and compensate management. We believe this measure provides management and investors with a consistent view, period to period, of the core earnings generated from on-going operations and excludes the impact of: (i) non-cash items such as stock-based compensation, asset impairments, non-cash currency translation adjustments related to an inter-company loan and (ii) one-time items that have not occurred in the past two years and are not expected to recur in the next two years, such as the Scheme of Arrangement. Adjusted EBITDA should not be construed as a substitute for net income (loss) (as determined in accordance with GAAP) for the purpose of analyzing our operating performance or financial position, as Adjusted EBITDA is not defined by GAAP.

"Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment of long-lived assets, non-cash currency translation adjustments for inter-company loans and the income recognized from assets received in connection with a legal judgment.

(5) In accordance with Segment Reporting guidance, the Company's financial reporting includes detailed data on four separate operating segments. The Jewish Networks segment consists of the Company's JDate.com, JDate.co.il, JDate.fr, JDate.co.uk and Cupid.co.il Web sites and their respective co-branded Web sites. The General Market Networks segment consists of the Company's Spark.com Web site (formerly known as AmericanSingles.com, Date.co.uk and Date.ca) and its co-branded and private label Web sites. The Other Affinity Networks segment consists of all of the Company's Provo, Utah-

based properties which primarily consist of sites targeted at various religious, ethnic, geographic and special interest groups including BlackSingles.com and ChristianMingle.com. The Offline & Other Businesses segment consists of net revenue generated from offline activities, HurryDate events and subscriptions and other Web sites and businesses.

SPARK NETWORKS, INC.  
BALANCE SHEET  
(in thousands, except share data)

	June 30, ----- 2010 -----	December 31, ----- 2009 -----
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 9,688	\$ 6,223
Restricted cash	731	681
Accounts receivable	751	684
Deferred tax asset - current	222	221
Prepaid expenses and other	799	853
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Total current assets	12,191	8,662
Property and equipment, net	2,374	2,277
Goodwill	8,597	8,758
Intangible assets, net	3,385	3,586
Deferred tax asset - non-current	4,708	4,707
Deposits and other assets	311	1,866
	-----	-----
Total assets	\$ 31,566	\$ 29,856
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 642	\$ 1,415
Accrued liabilities	4,326	4,232
Deferred revenue	3,769	4,244
	-----	-----
Total current liabilities	8,737	9,891
Deferred tax liability	701	663
Other liabilities non-current	997	978
	-----	-----
Total liabilities	10,435	11,532
Commitments and contingencies	--	--
Stockholders' equity:		
Authorized capital stock consists of		
100,000,000 Common Stock, \$0.001 par value;		
issued and outstanding 20,587,336 at June		
30, 2010 and 20,581,544 shares as of		
December 31, 2009, at stated values of:	21	21
Additional paid-in-capital	49,813	48,813
Accumulated other comprehensive income	593	638
Accumulated deficit	(29,296)	(31,148)
	-----	-----
Total stockholders' equity	21,131	18,324
	-----	-----
Total liabilities and stockholders' equity	\$ 31,566	\$ 29,856
	=====	=====

SPARK NETWORKS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue	\$ 10,289	\$ 11,242	\$ 20,826	\$ 23,274
Cost and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	3,384	3,755	6,541	7,410
Sales & marketing	851	837	1,934	1,758
Customer service	382	437	778	982
Technical operations	315	393	678	786
Development	778	1,055	1,559	2,322
General and administrative	2,538	2,453	5,325	5,226
Depreciation	222	195	457	401
Amortization of intangible assets	104	187	226	371
Impairment of goodwill, long-lived assets and other assets	-	-	121	880
Total cost and expenses	8,574	9,312	17,619	20,136
Operating income	1,715	1,930	3,207	3,138
Interest expense (income) and other, net	241	(1,885)	200	(1,393)
Income before income taxes	1,474	3,815	3,007	4,531
Provision for income taxes	551	1,928	1,155	2,334
Net income	\$ 923	\$ 1,887	\$ 1,852	\$ 2,197
Net income per share - basic and diluted	\$ 0.04	\$ 0.09	\$ 0.09	\$ 0.11
Weighted average shares outstanding - basic	20,587	20,568	20,584	20,558
Weighted average shares outstanding - diluted	20,598	20,574	20,587	20,566

Three Months Ended  
June 30,

Six Months Ended  
June 30,

Stock-Based Compensation	2010	2009	2010	2009
(in thousands)				
Cost of revenue	3	2	4	12
Sales and marketing	42	43	159	91
Customer service	-	2	2	7
Technical operations	31	37	105	77
Development	15	21	27	62
General and administrative	181	163	685	344

Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net income	\$ 923	\$ 1,887	\$ 1,852	\$ 2,197
Interest	51	124	102	193
Taxes	551	1,928	1,155	2,334
Depreciation	222	195	457	400
Amortization	104	187	226	371
EBITDA	1,851	4,321	3,792	5,495
Stock based compensation	272	268	982	593
Impairment of goodwill	--	--	121	880
Non-cash currency translation adjustments	192	(294)	118	128
Non-repetitive property possession	--	(1,742)	--	(1,742)
Adjusted EBITDA	\$ 2,315	\$ 2,553	\$ 5,013	\$ 5,354

SPARK NETWORKS, INC.  
SEGMENT RESULTS FROM OPERATIONS  
(in thousands except subscriber information)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Net Revenue				
Jewish Networks	\$ 6,664	\$ 7,064	\$ 13,744	\$ 14,647
Other Affinity Networks	2,778	3,306	5,752	6,603
General Market Networks	298	701	668	1,641
Offline & Other Businesses	549	171	662	383
Total Net Revenue	\$ 10,289	\$ 11,242	\$ 20,826	\$ 23,274
Direct Marketing Expenses				
Jewish Networks	\$ 532	\$ 596	\$ 1,039	\$ 1,159

Other Affinity Networks	1,541	2,192	3,255	4,157
General Market Networks	147	148	286	421
Offline & Other Businesses	391	48	434	97
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Total Direct Marketing Expenses	\$ 2,611	\$ 2,984	\$ 5,014	\$ 5,834
	=====	=====	=====	=====

Contribution				
Jewish Networks	\$ 6,132	\$ 6,468	\$ 12,705	\$ 13,488
Other Affinity Networks	1,237	1,114	2,497	2,446
General Market Networks	151	553	382	1,220
Offline & Other Businesses	158	123	228	286
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Total Contribution	\$ 7,678	\$ 8,258	\$ 15,812	\$ 17,440
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Average Paying Subscribers				
Jewish Networks	89,055	82,769	91,145	83,706
Other Affinity Networks	64,083	65,409	66,104	64,901
General Market Networks	6,434	14,022	7,124	15,916
Offline & Other Businesses	667	1,017	664	1,087
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Total Average Paying Subscribers	160,239	163,217	165,037	165,610
	=====	=====	=====	=====

For More Information

Investors:

Brett Zane

+ 1-323-658-3000 ext. 4001

[Email Contact](#)