

**REGISTRAR OF
COMPANIES**

The Dating Lab Limited
(formerly TP Internet Limited)

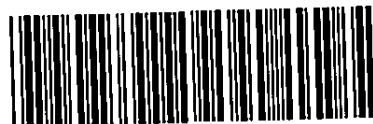
Report and Financial Statements

Year Ended

30 June 2009

Company Number 5844348

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The Dating Lab Limited

Report and financial statements for the year ended 30 June 2009

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Directors

D Russell
D Burstein
D Forrest
D Cunningham

Secretary and registered office

N Morey, 7 Swallow Place, London, W1B 2AG

Company number

5844348

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

The Dating Lab Limited

Report of the directors for the year ended 30 June 2009

The directors present their report for The Dating Lab Limited (formerly TP Internet Limited) together with the audited financial statements for the year ended 30 June 2009

Results and dividends

The group profit and loss account is set out on page 6 and shows the profit for the year

The directors do not recommend the payment of a dividend

Principal activities, trading review and future developments

The principal activity of the company and group is the provision of dating services. The level of business activity in the year was in line with expectations.

On 1 May 2009 the group purchased 100% of the share capital of Persuasion Lab Marketing (Pty) Limited and also the classified dating business of Telecom Express Limited. The addition of these new activities will benefit the company by expanding its geographical and product base.

The directors expect the level of turnover to increase in the future as clients focus more on internet activity and users become more comfortable with purchasing services online. The group will continue to invest in applications and staff to ensure this growth continues.

Enhanced business review

Group Structure

During the financial year a 100% subsidiary, The Dating Lab Holding (Pty) Limited incorporated in South Africa, was set up and purchased 100% of the share capital of Persuasion Lab Marketing (Pty) Limited. Also the dating business of Telecom Express Limited was transferred to The Dating Lab Limited on 1st May 2009. The addition of these new activities will benefit the company by expanding its geographical and product base.

Turnover and Gross profit

Turnover has increased due to the transfer of all the dating business to The Dating Lab Limited, as well as the acquisition of Persuasion Lab Marketing (Pty) Limited. The gross profit percentage for the group is 65.5%.

Profitability

Profitability is in line with expectations, taking into account the corporate changes during the year. It is expected that the profitability will increase during the next financial period.

Share Capital

During the year the company increased its authorised share capital through the creation of 2,500,000 'C' shares of £1 each. The company subsequently issued 2,142,857 of these shares.

The Dating Lab Limited

Report of the directors for the year ended 30 June 2009 (Continued)

Future developments

The directors believe that the group is well placed to help its clients take advantage of the opportunities that digital technologies are offering. This will help to grow both the turnover and profitability of the group into the future.

Principal risks and uncertainties

The main financial risks arising from the group's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The group's policy in respect of credit risk is to obtain appropriate credit checks on potential customers before sales are made.

The group is cash positive and places its balances on short term deposits with highly regarded financial institutions. Changes in interest rates will affect the return on cash balances.

The group's policy on liquidity risk is to maintain readily accessible bank deposit accounts. Cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is maintained at fixed rates.

The group's sales are mainly in Sterling and South African rand. At the moment, the group has not taken out contracts to manage this risk at a group level, as the costs of the business are also similarly split.

Directors

The directors of the company during the year were

D Russell
D Burstein
D Forrest
D Cunningham

D Russell and D Cunningham are directors of one of the parent companies, New Telecom Express Limited. D Burstein and D Forrest are directors of one of the parent companies, MD Online Limited.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group 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 judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Dating Lab Limited

Report of the directors for the year ended 30 June 2009 (Continued)

Directors' responsibilities (Continued)

The directors are responsible for keeping adequate accounting records that show and explain the company's transactions, disclose with reasonable accuracy at any time the financial position of the company and group, 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This directors report has been prepared under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.

By order of the Board



D Russell

Director

Date 30/3/10

The Dating Lab Limited

Independent auditor's report

TO THE MEMBERS OF THE DATING LAB LIMITED

We have audited the financial statements of The Dating Lab Limited for the year ended 30 June 2009 which comprise the consolidated and company profit and loss accounts, the consolidated and company balance sheets, 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's profit 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.

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.

The Dating Lab Limited

Independent auditor's report (*Continued*)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO LLP

Andrew Viner, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date *20/3/10*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

The Dating Lab Limited

Consolidated profit and loss account for the year ended 30 June 2009

	Note	2009 £	2009 £
Turnover			
Continuing operations			2,025,616
Acquired operations			268,388
			<hr/>
	2		2,294,004
Cost of sales			<hr/>
			(791,850)
Gross profit			<hr/>
			1,502,154
Administrative expenses			<hr/>
			(1,176,121)
Operating profit			
Continuing operations		318,040	
Acquired operations		7,993	
		<hr/>	
	5		326,033
Other interest receivable and similar income			<hr/>
			903
Profit on ordinary activities before taxation			<hr/>
			326,936
Taxation on profit from ordinary activities	6		<hr/>
			(93,910)
Profit on ordinary activities after taxation			<hr/>
			233,026
			<hr/>

All recognised gains and losses are included in the profit and loss account

The notes on pages 10 to 20 form part of these financial statements

The Dating Lab Limited

Company profit and loss account for the year ended 30 June 2009

	Note	2009 £	2008 £
Turnover	2	2,025,616	914,117
Cost of sales		(695,100)	-
Gross profit		1,330,516	914,117
Administrative expenses		(1,011,624)	(907,905)
Profit on ordinary activities before taxation	5	318,892	6,212
Taxation on profit from ordinary activities	6	(80,634)	(7,657)
Profit/(loss) on ordinary activities after taxation		238,258	(1,445)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 10 to 20 form part of these financial statements

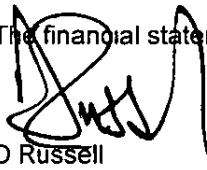
The Dating Lab Limited

Consolidated balance sheet at 30 June 2009

Company number 5844348	Note	2009 £	2009 £
Fixed assets			
Intangible assets	8		4,634,646
Tangible assets	10		57,567
			<hr/>
			4,692,213
Current assets			
Debtors	13	1,044,017	
Cash at bank and in hand		164,762	
		<hr/>	
		1,208,779	
Creditors: amounts falling due within one year	14	1,151,663	
		<hr/>	
Net current assets			57,116
Creditors' amounts falling due after more than one year	15		(4,510,412)
			<hr/>
Net assets			238,917
			<hr/>
Capital and reserves			
Called up share capital	16		1,000
Profit and loss account	17		237,917
			<hr/>
Shareholders' funds	18		238,917
			<hr/>

The financial statements have been prepared under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

The financial statements were approved by the Board of Directors and authorised for issue on 30/3/10


D Russell
Director

The notes on pages 10 to 20 form part of these financial statements

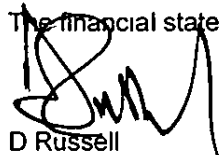
The Dating Lab Limited

Company balance sheet at 30 June 2009

<i>Company number 5844348</i>	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Intangible assets	9		2,107,143		-
Tangible assets	11		23,842		-
Fixed asset investments	12		127,974		-
			<u>2,258,959</u>		<u>-</u>
Current assets					
Debtors	13	724,522		346,948	
Creditors: amounts falling due within one year	14	(596,475)		(341,057)	
Net current assets			<u>128,047</u>		<u>5,891</u>
Creditors: amounts falling due after more than one year	15		(2,142,857)		-
Net assets			<u>244,149</u>		<u>5,891</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account	17		243,149		4,891
Shareholders' funds	18		<u>244,149</u>		<u>5,891</u>

The financial statements have been prepared under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

The financial statements were approved by the Board of Directors and authorised for issue on 30/3/10


D Russell
Director

The notes on pages 10 to 20 form part of these financial statements

The Dating Lab Limited

Notes forming part of the financial statements for the year ended 30 June 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of The Dating Lab Limited and its subsidiary undertakings as at 30 June 2009 using the acquisition method of accounting as required. The results are included in the consolidated profit and loss account from the date of acquisition. On acquisition, fair values are attributed to the assets and liabilities of the business acquired, any excess of consideration over these fair values being transferred to goodwill. In the prior year consolidated accounts were not prepared as the company had no subsidiary undertakings.

Turnover

Turnover which is stated net of value added tax. Turnover relating to internet dating subscription fees is recognised over the length of the subscription. Turnover from premium rate services includes all income received by the company from the Network provider and is recognised at the point the call is made.

Taxation

The charge for taxation is based on the profit for the year and taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	4 to 7 years
Fixtures and fittings	-	5 years

Intangible fixed assets and amortisation

Amortisation is provided to write off the cost of intangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Technology Development	-	10 years
Goodwill	-	10 years

Impairment of fixed assets and goodwill

The carrying values of fixed assets are reviewed for impairment when a triggering event arises that indicates assets might be impaired. Impairment is assessed by comparing the carrying value of the asset against the higher of its realisable value and its value in use. Any provisions for impairment are charged to the profit and loss account in the year concerned.

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

1 Accounting policies (Continued)

Investments

Fixed asset investments are stated at cost less any provision for impairment

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises worldwide

	Group 2009 £	Company 2009 £	Company 2008 £
United Kingdom	2,025,616	2,025,616	914,117
Rest of the World	268,388	-	-
Total	2,294,004	2,025,616	914,117

3 Employees

	Group 2009 £	Company 2009 £	Company 2008 £
Wages and salaries	441,286	334,046	390,484
Social security costs	41,978	41,211	42,650
Other pension costs	12,725	12,725	11,564
Total	495,989	387,981	444,698

The average number of employees, including directors, during the year analysed by category was

	Group 2009 Number	Company 2009 Number	Company 2008 Number
Sales and Marketing	8	7	7
Administration	16	13	13
Total	24	20	20

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

4 Directors

	Group 2009 £	Company 2009 £	Company 2008 £
Directors' emoluments	61,253	-	-
Pension contributions	-	-	-
	<u>61,253</u>	<u>-</u>	<u>-</u>

Directors' emoluments costs for the company are borne by Telecom Express Limited and Persuasion Lab Marketing (Pty) Limited

5 Operating profit

	Group 2009 £	Company 2009 £	Company 2008 £
This has been arrived at after charging			
Depreciation of tangible fixed assets	2,657	1,221	-
Amortisation of goodwill	75,134	35,714	-
Amortisation of other intangible assets	4,608	-	-
Auditors remuneration – audit services	18,000	9,500	6,000
Auditors remuneration – non audit services	4,000	4,000	-
Operating lease rentals – land and buildings	7,234	-	-
	<u></u>	<u></u>	<u></u>

6 Taxation

	Group 2009 £	Company 2009 £	Company 2008 £
<i>Current tax</i>			
UK corporation tax	82,933	82,933	7,657
Overseas corporation tax	13,276	-	-
Overprovision in prior years	(2,299)	(2,299)	-
	<u></u>	<u></u>	<u></u>
Taxation on profit on ordinary activities	<u>93,910</u>	<u>80,634</u>	<u>7,657</u>

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

6 Taxation (Continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	Group 2009 £	Company 2009 £	Company 2008 £
Profit on ordinary activities before tax	326,936	318,892	6,212
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 29.5%)	91,542	89,290	1,833
Effects of			
Small companies tax rate	(5,972)	(5,972)	(1,424)
Expenses not deductible for tax purposes	17,315	6,291	7,248
Capital allowances in excess of depreciation	(6,676)	(6,676)	-
Overprovision in prior years	(2,299)	(2,299)	-
Current tax charge for year	93,910	80,634	7,657

7 Acquisitions during the year

On 1 May 2009, the group acquired 100% of the share capital of Persuasion Lab Marketing (Pty) Limited, a company whose principal activity is the provision of internet dating, and the dating business of Telecom Express Limited, a subsidiary of New Telecom Express Limited

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration are as follows

	Persuasion Lab Marketing Book Value £	Telecom Express Book Value £	Total £
Plant and equipment	28,134	-	28,134
Other intangibles – technology development	78,334	-	78,334
Bank and cash balances	99,461	-	99,461
Debtors	360,428	-	360,428
Creditors	(564,025)	-	(564,025)
Net assets acquired	2,332	-	2,332

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

7 Acquisitions during the period (Continued)

	Persuasion Lab Marketing Book Value £	Telecom Express Book Value £	Total £
Consideration paid			
Consideration	2,367,555	-	2,367,555
2,142,857 £1 redeemable 'C' shares	-	2,142,857	2,142,857
Costs of acquisition	127,974	-	127,974
Less net assets acquired	(2,332)	-	(2,332)
	<u>2,493,197</u>	<u>2,142,857</u>	<u>4,636,054</u>
Goodwill (note 8)	2,493,197	2,142,857	4,636,054

8 Intangible fixed assets

Group	Technology Development £	Goodwill Acquired £	Purchased £	Total £
<i>Cost</i>				
At 1 July 2008	-	-	-	-
Additions	78,334	2,493,197	2,142,857	4,714,388
	<u>78,334</u>	<u>2,493,197</u>	<u>2,142,857</u>	<u>4,714,388</u>
At 30 June 2009	78,334	2,493,197	2,142,857	4,714,388
<i>Amortisation</i>				
At 1 July 2008	-	-	-	-
Charge for the year	4,608	39,420	35,714	79,742
	<u>4,608</u>	<u>39,420</u>	<u>35,714</u>	<u>79,742</u>
At 30 June 2009	4,608	39,420	35,714	79,742
<i>Net book value</i>				
At 30 June 2009	<u>73,726</u>	<u>2,453,777</u>	<u>2,107,143</u>	<u>4,634,646</u>
At 30 June 2008	-	-	-	-

The goodwill arose through a transaction on 1 May 2009

- (a) Telecom Express Limited contributed its dating business in return for redeemable 'C' shares, and
- (b) The Dating Lab Holdings (Pty) Limited, a wholly owned subsidiary of the company, purchased 100% of Persuasion Lab Marketing (Pty) Limited for £2,367,555 (30 million Rand)

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

9 Intangible fixed assets

Company	Goodwill £
<i>Cost</i>	
At 1 July 2008	-
Additions	2,142,857
	<hr/>
At 30 June 2009	2,142,857
	<hr/>
<i>Amortisation</i>	
At 1 July 2008	-
Charge for the year	35,714
	<hr/>
At 30 June 2009	35,714
	<hr/>
<i>Net book value</i>	
At 30 June 2009	2,107,143
	<hr/>
At 30 June 2008	-
	<hr/>

The goodwill resulted from the acquisition of the dating business of Telecom Express Limited on 1 May 2009

10 Tangible fixed assets

Group	Plant and equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 July 2008	-	-	-
Additions	53,197	7,027	60,224
	<hr/>	<hr/>	<hr/>
At 30 June 2009	53,197	7,027	60,224
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 July 2008	-	-	-
Charge for the year	2,350	307	2,657
	<hr/>	<hr/>	<hr/>
At 30 June 2009	2,350	307	2,657
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2009	50,847	6,720	57,567
	<hr/>	<hr/>	<hr/>
At 30 June 2008	-	-	-
	<hr/>	<hr/>	<hr/>

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (*Continued*)

11 Tangible fixed assets

Company	Plant and equipment £
<i>Cost</i>	
At 1 July 2008	-
Additions	25,063
	<hr/>
At 30 June 2009	25,063
	<hr/>
<i>Depreciation</i>	
At 1 July 2008	-
Charge for the year	1,221
	<hr/>
At 30 June 2009	1,221
	<hr/>
<i>Net book value</i>	
At 30 June 2009	23,842
	<hr/>
At 30 June 2008	-
	<hr/>

12 Fixed asset investments

Company	Group undertakings £
<i>Cost</i>	
At 1 July 2008	-
Additions	127,974
	<hr/>
At 30 June 2009	127,974
	<hr/>

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration and operation	Proportion of voting right and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
The Dating Lab Holdings (Pty) Limited	South Africa	100%	Holding company

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

13 Debtors

	Group 2009 £	Company 2009 £	Company 2008 £
Trade debtors	302,371	-	-
Amounts owed by joint venturers and their subsidiaries	608,215	608,215	346,948
Other debtors	17,571	447	-
Prepayments and accrued income	115,860	115,860	-
	<u>1,044,017</u>	<u>724,522</u>	<u>346,948</u>

14 Creditors: amounts falling due within one year

	Group 2009 £	Company 2009 £	Company 2008 £
Trade creditors	33,775	342	-
Amounts owed to joint venturers	314,230	314,230	269,500
Other taxation and social security	22,099	4,774	5,483
Corporation tax	137,322	38,481	7,657
Other creditors	399,413	-	-
Accruals and deferred income	244,824	238,648	58,417
	<u>1,151,663</u>	<u>596,475</u>	<u>341,057</u>

15 Creditors: amounts falling due after more than one year

	Group 2009 £	Company 2009 £	Company 2008 £
Amounts owed to joint venturers	2,142,857	2,142,857	-
Other creditors	2,367,555	-	-
	<u>4,510,412</u>	<u>2,142,857</u>	<u>-</u>

The other creditors arose from the purchase of Persuasion Lab Marketing (Pty) Limited (note 7)

The amount owed to joint venturers by the company is in respect of redeemable 'C' shares issued to New Telecom Express. These shares have first entitlement to any distributions up to £2,142,857 (note 7). The 'C' shares shall be redeemed as soon as reasonably practical following the first anniversary of the completion date of 1 May 2009, and at the same rate and to the same extent as repayment is made of the loans from MD Online Limited. In any event the loans must be repaid in full by 30 April 2019.

The Dating Lab Limited

Notes forming part of the financial statements for the year ended 30 June 2009 (Continued)

16 Share capital

	2009 Number	2009 £	2008 Number	2008 £
<i>Allotted, called up and fully paid</i>				
'A' ordinary shares of £1 each	500	500	500	500
'B' ordinary shares of £1 each	500	500	500	500
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Rights of 'A' and 'B' shares

The holders of the 'A' and 'B' ordinary shares have the voting rights and rights to appoint and remove directors as set out below but in all other respects shall be identical and rank *pari passu*

Appointment and removal of directors

The full rights in relation to appointment and removal of directors are contained with the Articles of Association. In summary, the number of directors shall not be subject to any maximum but shall not be less than 4 of whom not more than 2 shall be appointed by the holder or holders of the 'A' shares (the "A Directors") and not more than 2 shall be appointed by the holder or holders of the 'B' shares (the "B Directors")

Voting rights

For every share of which he is the holder provided always that upon any vote for the appointment or removal of an A Director, as set out above, the 'B' shares shall carry no vote and upon any vote for the appointment or removal of a 'B' Director, as set out above, the 'A' shares shall carry no vote

No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares unless all calls or other sums presently payable by him in respect of shares of the company have been paid

'C' Shares

On 1 May 2009, the company increased its authorised share capital by the creation of 2,500,000 'C' shares of £1 each. Subsequently, in the year the company issued 2,142,857 of these shares. These have been disclosed in note 15 as a liability in accordance with FRS 25. Unless otherwise agreed by the Board, no dividends or other distributions shall be declared or paid in respect of the 'A' or 'B' shares until such time as the holders of the 'C' shares have received the sum of £2,142,857

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

17 Reserves

	Group Profit and loss account £	Company Profit and loss account £
At 1 July 2008	4,891	4,891
Retained profit for the year	233,026	238,258
	<hr/>	<hr/>
At 30 June 2009	237,917	243,149
	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	Group 2009 £	Company 2009 £	Company 2008 £
Profit / (loss) for the year	233,026	238,258	(1,445)
Opening shareholders' funds	5,891	5,891	7,336
	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	238,917	244,149	5,891
	<hr/>	<hr/>	<hr/>

19 Related party transactions

On 1 May 2009, Telecom Express Limited, a related undertaking, transferred its classified dating business to the company in consideration for 2,142,857 'C' shares issued to New Telecom Express Limited. Also on this date the company acquired Persuasion Lab Marketing (Pty) Limited for £2,367,555.

During the year, the company entered into the following arrangements in which New Telecom Express had an interest:

- (a) Management Charge payable to Telecom Express Limited £150,000 (2008 - £180,000)
- (b) Royalty income from Telecom Express Limited to the company £1,065,342 (2008 - £914,117)
- (c) Cost recharges by Telecom Express Limited to the company £558,946 (2008 - £481,988)
- (d) Cost recharges by New Telecom Express Limited to the company £179,421 (2008 - nil)

There is an amount due from Telecom Express Limited of £608,215 (2008 - £347,712) and an amount due to New Telecom Express Limited of £254,230 (2008 - nil) as at 30 June 2009.

During the year, the company entered into the following arrangements in which MD Online Limited had an interest:

- (a) Management Charge payable to MD Online Limited £150,000. The balance of £60,000 is due to MD Online Limited as at 30 June 2009.

The Dating Lab Limited

**Notes forming part of the financial statements
for the year ended 30 June 2009 *(Continued)***

20 Joint venture agreement

The company is jointly owned and controlled by New Telecom Express Limited and MD Online Limited. New Telecom Express Limited is registered in England and Wales, and MD Online Limited is registered in Jersey.

Copies of the consolidated financial statements of New Telecom Express Limited are available from Companies House.

21 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1 (Revised), "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under section 382 of the Companies Act 2006.