

The Dating Lab Limited

Report and Financial Statements

Year Ended

30 June 2010

Company Number 5844348

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The Dating Lab Limited

Report and financial statements for the year ended 30 June 2010

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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 2010

The directors present their report for The Dating Lab Limited together with the audited financial statements for the year ended 30 June 2010

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.

The directors believe that growth for the company and group will come from overseas markets, especially Europe, and progress is being made in this regard.

Enhanced business review

Turnover and Gross Profit

Group Turnover and Gross Profit has increased due to the full year effect of the acquisition of Persuasion Lab Marketing (Pty) Limited.

Company Turnover and Gross Profit has also increased partly due to the full year effect of the transfer of all the dating business to The Dating Lab Limited but also through growth in activity.

Profitability

Profitability is in line with expectations. It is expected that the profitability will increase during the next financial period.

EBITDA

The company and group have a high level of depreciation and amortisation costs associated with technology and corporate acquisitions and this reduces the profit on ordinary activities.

The EBITDA of the group in 2010 was £756k compared to £409k in the previous period. The directors believe this measure gives a better indication of the underlying profitability of the operations of the group. The EBITDA has been calculated by adding depreciation and amortisation of £514k and £83k in 2010 and 2009 respectively to the operating profit of £242k and operating profit of £326k as reported in the profit and loss account.

The EBITDA of the company in 2010 was £529k compared to £356k in the previous period. The EBITDA has been calculated by adding depreciation and amortisation of £219k and £37k in 2010 and 2009 respectively to the operating profit of £310k and operating profit of £319k as reported in the profit and loss account.

The Dating Lab Limited

Report of the directors for the year ended 30 June 2010 (*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.

Post balance sheet event

On 26 October 2010 The Dating Lab Limited acquired 50% of the ordinary share capital of My Single Friend Limited, an internet dating site, for a consideration of £1.25m.

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.

The Dating Lab Limited

Report of the directors for the year ended 30 June 2010 (Continued)

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 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 2009.

By order of the Board


D Russell

Director

Date 31 March 2011

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 2010 which comprise the consolidated and company profit and loss account, the consolidated statement of total recognised gains and losses, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of the group and parent company'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 matters 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, or
- 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 31 March 2011

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 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Turnover					
Continuing operations			7,793		2,026
Acquired operations			-		268
	2		7,793		2,294
Cost of sales			(4,896)		(792)
Gross profit			2,897		1,502
Administrative expenses			(2,655)		(1,176)
Operating profit					
Continuing operations		242		318	
Acquired operations		-		8	
	5		242		326
Other interest receivable and similar income			6		1
Profit on ordinary activities before taxation			248		327
Taxation on profit from ordinary activities	6		(195)		(94)
Profit on ordinary activities after taxation			53		233

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

The notes on pages 11 to 21 form part of these financial statements

The Dating Lab Limited

Consolidated statement of total recognised gains and losses for the year ended 30 June 2010

	Note	2010 £'000	2009 £'000
Profit for the financial year	2	53	238
Exchange loss		(5)	-
Total recognised gain for the year		48	238

The notes on pages 11 to 21 form part of these financial statements

The Dating Lab Limited

Company profit and loss account for the year ended 30 June 2010

	Note	2010 £'000	2009 £'000
Turnover	2	5,915	2,026
Cost of sales		(4,113)	(695)
Gross profit		1,802	1,331
Administrative expenses		(1,492)	(1,012)
Profit on ordinary activities before taxation	5	310	319
Taxation on profit from ordinary activities	6	(134)	(81)
Profit on ordinary activities after taxation		176	238

All amounts relate to continuing activities

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

The notes on pages 11 to 21 form part of these financial statements

The Dating Lab Limited

Consolidated balance sheet at 30 June 2010

Company number 5844348	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Intangible assets	7		4,379		4,635
Tangible assets	9		59		57
			<hr/>		<hr/>
			4,438		4,692
Current assets					
Debtors	12	1,293		1,044	
Cash at bank and in hand		150		165	
		<hr/>		<hr/>	
		1,443		1,209	
Creditors: amounts falling due within one year	13	(833)		(1,152)	
		<hr/>		<hr/>	
Net current assets			610		57
Creditors: amounts falling due after more than one year	14		(4,761)		(4,510)
			<hr/>		<hr/>
Net assets			287		239
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		286		238
			<hr/>		<hr/>
Shareholders' funds	17		287		239
			<hr/>		<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 31 March 2011


D Russell
Director

The notes on pages 11 to 21 form part of these financial statements

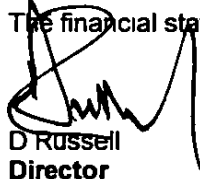
The Dating Lab Limited

Company balance sheet at 30 June 2010

Company number 5844348	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Intangible assets	8		1,893		2,107
Tangible assets	10		19		24
Fixed asset investments	11		128		128
			2,040		2,259
Current assets					
Debtors	12	809		724	
Cash at bank and in hand		65		-	
Creditors: amounts falling due within one year	13	(351)		(596)	
Net current assets			523	128	
Creditors: amounts falling due after more than one year	14		(2,143)		(2,143)
Net assets			420	244	
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		419		243
Shareholders' funds	17		420	244	

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 31 March 2011


D Russell
Director

The notes on pages 11 to 21 form part of these financial statements

The Dating Lab Limited

Notes forming part of the financial statements for the year ended 30 June 2010

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 2010 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.

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 timing differences for deferred taxation.

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 2010 (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 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
United Kingdom	5,915	2,026	5,915	2,026
Rest of the World	1,878	268	-	-
Total	<u>7,793</u>	<u>2,294</u>	<u>5,915</u>	<u>2,026</u>

3 Employees

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Wages and salaries	1,199	441	481	334
Social security costs	54	42	40	41
Other pension costs	15	13	15	13
Total	<u>1,268</u>	<u>496</u>	<u>536</u>	<u>388</u>

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

	Group 2010 Number	Group 2009 Number	Company 2010 Number	Company 2009 Number
Sales and Marketing	11	8	9	7
Administration	31	16	11	13
Total	<u>42</u>	<u>24</u>	<u>20</u>	<u>20</u>

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2010 (Continued)

4 Directors

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Directors' emoluments	420	61	-	-
Pension contributions	-	-	-	-
	<u>420</u>	<u>61</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 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
This has been arrived at after charging				
Depreciation of tangible fixed assets	14	3	5	1
Amortisation of goodwill	479	75	214	36
Amortisation of other intangible assets	21	5	-	-
Auditors remuneration – audit services	32	18	32	10
Auditors remuneration – non audit services	15	4	15	4
Operating lease rentals – land and buildings	45	7	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

6 Taxation

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
<i>Current tax</i>				
UK corporation tax	146	83	144	83
Adjustments in respect of prior periods	(10)	-	(10)	-
Overseas corporation tax	59	13	-	-
Overprovision in prior years	-	(2)	-	(2)
	<u></u>	<u></u>	<u></u>	<u></u>
Taxation on profit on ordinary activities	<u>195</u>	<u>94</u>	<u>134</u>	<u>81</u>

The Dating Lab Limited

Notes forming part of the financial statements for the year ended 30 June 2010 (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 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Profit on ordinary activities before tax	248	327	310	319
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	69	92	87	89
Effects of:				
Small companies tax rate	(4)	(6)	(4)	(6)
Expenses not deductible for tax purposes	-	17	-	7
Capital allowances in excess of depreciation	1	(7)	-	(7)
Overprovision in prior years	(10)	(2)	(10)	(2)
Effect of amortisation of goodwill	139	-	61	-
Group relief	-	-	-	-
Current tax charge for year	195	94	134	81

7 Intangible fixed assets

Group	Technology development £'000	Goodwill Acquired £'000	Goodwill Purchased £'000	Total £'000
<i>Cost</i>				
At 1 July 2009	78	2,493	2,143	4,714
Additions	-	-	-	-
Exchange rate differences	11	250	-	261
At 30 June 2010	89	2,743	2,143	4,975
<i>Amortisation</i>				
At 1 July 2009	4	39	36	79
Charge for the year	21	265	214	500
Exchange rate differences	1	16	-	17
At 30 June 2010	26	320	250	596
<i>Net book value</i>				
At 30 June 2010	63	2,423	1,893	4,379
At 30 June 2009	74	2,454	2,107	4,635

The Dating Lab Limited

Notes forming part of the financial statements for the year ended 30 June 2010 (Continued)

7 Intangible fixed assets (continued)

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).

8 Intangible fixed assets

Company	Goodwill £'000
<i>Cost</i>	
At 1 July 2009 and at 30 June 2010	2,143
<i>Amortisation</i>	
At 1 July 2009	36
Charge for the year	214
At 30 June 2010	250
<i>Net book value</i>	
At 30 June 2010	1,893
At 30 June 2009	2,107

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2010 (*Continued*)

9 Tangible fixed assets

Group	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 July 2009	53	7	60
Additions	7	4	11
Exchange rate differences	4	1	5
	<hr/>	<hr/>	<hr/>
At 30 June 2010	64	12	76
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 July 2009	2	1	3
Charge for the year	13	1	14
Exchange rate differences	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2010	15	2	17
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2010	49	10	59
	<hr/>	<hr/>	<hr/>
At 30 June 2009	51	6	57
	<hr/>	<hr/>	<hr/>

10 Tangible fixed assets

Company	Plant and equipment £'000
<i>Cost</i>	
At 1 July 2009 and at 30 June 2010	25
	<hr/>
<i>Depreciation</i>	
At 1 July 2009	1
Charge for the year	5
	<hr/>
At 30 June 2010	6
	<hr/>
<i>Net book value</i>	
At 30 June 2010	19
	<hr/>
At 30 June 2009	24
	<hr/>

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2010 (*Continued*)

11 Fixed asset investments

Company	Group undertakings £'000
<i>Cost</i>	
At 1 July 2009 and at 30 June 2010	128

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

12 Debtors

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Trade debtors	387	302	-	-
Amounts owed by joint venturers and their subsidiaries	717	608	717	608
Other debtors	102	18	5	-
Prepayments and accrued income	87	116	87	116
	1,293	1,044	809	724

The Dating Lab Limited

Notes forming part of the financial statements
for the year ended 30 June 2010 (Continued)

13 Creditors: amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Trade creditors	93	34	3	-
Amounts owed to joint venturers	26	314	26	314
Other taxation and social security	54	22	34	5
Corporation tax	170	137	135	38
Other creditors	334	400	3	-
Accruals and deferred income	156	245	150	239
	<u>833</u>	<u>1,152</u>	<u>351</u>	<u>596</u>

14 Creditors: amounts falling due after more than one year

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Amounts owed to joint venturers	2,143	2,143	2,143	2,143
Other creditors	2,618	2,367	-	-
	<u>4,761</u>	<u>4,510</u>	<u>2,143</u>	<u>2,143</u>

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

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. 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 2010 (Continued)

15 Share capital

	2010 Number	2010 £	2009 Number	2009 £
<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 14 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 2010 (Continued)

16 Reserves

	Group Profit and loss account £'000	Company Profit and loss account £'000
At 1 July 2009	238	243
Retained profit for the year	53	176
Exchange gain/(loss)	(5)	-
	<hr/>	<hr/>
At 30 June 2010	286	419
	<hr/>	<hr/>

17 Reconciliation of movements in shareholders' funds

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Profit for the year	53	233	176	238
Exchange gain/(loss)	(5)	-	-	-
Opening shareholders' funds	239	6	244	6
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	287	239	420	244
	<hr/>	<hr/>	<hr/>	<hr/>

18 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 (30 million Rand).

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 £Nil (2009 - £150,000)
- (b) Royalty income from Telecom Express Limited to the company £Nil (2009 - £1,065,342)
- (c) Cost recharges by Telecom Express Limited to the company £713,949 (2009 - £558,946)
- (d) Cost recharges by New Telecom Express Limited to the company £543,235 (2009 - £179,421)

There is an amount due to Telecom Express Limited of £23,886 (Due from Telecom Express 2009 - £608,215) and an amount due from New Telecom Express Limited of £717,135 (due to New Telecom Express 2009 - £254,230) as at 30 June 2010.

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 of £Nil (2009 - £150,000). The balance of £Nil (2009 - £60,000) is due to MD Online Limited as at 30 June 2010.

The Dating Lab Limited

Notes forming part of the financial statements for the year ended 30 June 2010 (Continued)

19 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.

20 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.

21 Post balance sheet event

On 26 October 2010 The Dating Lab Limited acquired 50% of the ordinary share capital of My Single Friend Limited, an internet dating site, for a consideration of £1.25m.