



Final

SPARK NETWORKS® REPORTS SECOND QUARTER 2008 FINANCIAL RESULTS

Revenue - \$15.0 Million
Contribution Margin – 73%
Net Income – \$1.6 Million
EPS – \$0.07

BEVERLY HILLS, Calif., August 7, 2007- Spark Networks, Inc. (AMEX:LOV) today reported financial results for the second quarter and six months ended June 30, 2008.

"Our overall strategy continues to be to strengthen our position in the affinity-based segment of the subscription-driven dating market," stated Adam Berger, Chairman and Chief Executive Officer of Spark Networks, Inc. "Over the past five quarters, we've been focused on increasing stockholder value and return by growing our Other Affinity Networks segment, maximizing the yield from our Jewish Networks, optimizing our marketing spend, adding an advertising revenue stream, reducing overhead, and prudently allocating capital."

"This strategy has translated into increased profitability and cash flow in the second quarter. Adjusted EBITDA¹, excluding currency translation adjustments, was \$4.4 million or a 29% margin. Cash flow was \$4.2 million, a 19% increase over the same period last year, and a 43% sequential increase."

Second Quarter 2008 Financial Highlights

Revenue for the second quarter of 2008 was \$15.0 million, a 10% decrease compared to \$16.6 million in the second quarter of 2007, and flat compared to the prior quarter. Revenue for the six months was \$30.0 million, a 10% decrease compared to \$33.4 million for the same period last year.

Contribution² for the second quarter of 2008 was \$11.0 million, a 2% decrease compared to \$11.2 million for the second quarter of 2007, and flat compared to the prior quarter. Contribution for the six months was \$21.9 million, a 3% increase compared to \$21.2 million for the same period last year.

Operating expenses for the second quarter of 2008 were \$8.0 million, a 15% decrease compared to \$9.5 million for the second quarter of 2007, and a 5% decrease compared to \$8.5 million for the prior quarter. Second quarter 2007 operating expenses include approximately \$687,000 of charges related to our Scheme of Arrangement. Operating expenses for the six months were \$16.5 million, a 22% decrease compared to \$21.2 million for the same period last year. Operating expenses for the six months ending June 30, 2007 include \$1.1 million of charges related to the Company's Scheme of Arrangement.

Net income for the second quarter of 2008 was \$1.6 million, or \$0.07 per share, compared to \$1.9 million, or \$0.06 per share for the second quarter of 2007, and \$1.6 million or \$0.06 per share in the prior quarter. Net income for the six months was \$3.2 million, or \$0.13 per share, compared to \$534,000, or \$0.02 per share, for the same period last year.

Adjusted EBITDA for the second quarter of 2008, excluding currency translation adjustments and Scheme of Arrangement costs, was \$4.4 million, compared to \$4.5 million for the second quarter of 2007, and \$4.0 million in the prior quarter. Adjusted EBITDA, excluding currency translation adjustments, for the six months was \$8.4 million, compared to \$7.5 million during the same period last year.

Average paying subscribers³ in the second quarter of 2008 were 190,455, a 13% decrease compared to 219,196 for the second quarter of 2007, and a 1% decrease compared to 192,652 in the prior quarter. Average paying subscribers for the six months were 191,554, a 14% decrease compared to 223,664 for the same period last year.

Segment Reporting⁴

Second quarter 2008 revenue for Jewish Networks was \$8.6 million, a 5% increase compared to \$8.2 million for the second quarter of 2007, and flat compared to the prior quarter. Jewish Networks revenue for the six months was \$17.3 million, a 4% increase compared to \$16.6 million for the same period last year.

Second quarter 2008 revenue for General Market Networks was \$2.2 million, a 49% decrease compared to \$4.3 million for the second quarter of 2007, and a 16% decrease compared to \$2.6 million in the prior quarter. General Market Networks revenue for the six months was \$4.8 million, a 49% decrease compared to \$9.3 million for the same period last year.

Second quarter 2008 revenue for Other Affinity Networks was \$3.4 million, a 6% increase compared to \$3.2 million for the second quarter of 2007, and a 2% increase compared to the prior quarter. Other Affinity Networks revenue for the six months was \$6.8 million, a 5% increase compared to \$6.4 million for the same period last year.

Second quarter 2008 revenue for Offline & Other Businesses was \$765,000, a 14% decrease compared to \$886,000 for the second quarter of 2007, and an 80% increase compared to \$426,000 in the prior quarter. Offline & Other Businesses revenue for the six months was \$1.2 million, a 7% increase compared to \$1.1 million for the same period last year.

Average paying subscribers for Jewish Networks were 91,598 during the second quarter of 2008, a 2% decrease compared to 93,408 for the second quarter of 2007, and a 1% decrease compared to 92,719 in the prior quarter. Average paying subscribers for the six months were 92,159, a 3% decrease compared to 94,687 for the same period last year.

Average paying subscribers for General Market Networks were 33,573 during the second quarter of 2008, a 45% decrease compared to 61,529 for the second quarter

of 2007, and a 10% decrease compared to 37,435 in the prior quarter. Average paying subscribers for the six months were 35,504, a 47% decrease compared to 66,985 for the same period last year.

Average paying subscribers for Other Affinity Networks were 63,309 during the second quarter of 2008, a 1% increase compared to 62,450 for the second quarter of 2007, and a 5% increase compared to 60,133 in the prior quarter. Average paying subscribers for the six months were 61,721, a 2% increase compared to 60,781 for the same period last year.

Balance Sheet, Cash, Debt

Cash and marketable securities were \$10.8 million at June 30, 2008, compared to \$9.0 million at December 31, 2007.

The Company purchased approximately 1.3 million shares during the quarter at an average price of \$4.35 per share or approximately \$5.6 million. Subsequent to the quarter close, on July 18, 2008, the Company purchased approximately 1.6 million shares at an average price of \$3.81 per share or approximately \$6.1 million.

Cash flow from operations for the second quarter of 2008 was \$4.2 million, an increase of 19% compared to \$3.6 million during the second quarter of 2007, and an increase of 43% compared to \$2.9 million in the prior quarter. Cash flow from operations for the six months was \$7.2 million, an increase of 10% compared to cash flow from operations of \$6.5 million in the first half of 2007.

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 '08 Financial Results
Toll-Free (United States):	+866-862-3927
International:	+416-340-2216

One-Week Replay	
Toll-Free (United States):	+1-800-408-3053
International:	+1-416-695-5800
Pass Code:	3259888

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; and successfully implement 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), AmericanSingles[®].com (www.americansingles.com), BlackSingles.com[®] (www.blacksingles.com) and ChristianMingle[®].com.

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¹ "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, share-based compensation and impairment of long-lived assets. Adjusted EBITDA should not be construed as a substitute for net income (loss) or net cash provided by (used in) operating activities (all as determined in accordance with GAAP) for the purpose of analyzing our operating performance, financial position and cash flows, as adjusted EBITDA is not defined by GAAP. However, the Company regards adjusted EBITDA as a complement to net income and other GAAP financial performance measures, including an indirect measure of operating cash flow. As such, management believes that the investment community finds it to be a useful tool to perform meaningful comparisons of past, present and future operating results and as a means to evaluate the results of core on-going operations.

² "Contribution" is defined as revenue less direct marketing expenses and "Contribution Margin" is defined as Contribution divided by revenue.

³ Paying subscribers are defined as individuals who have paid a monthly fee for access to communication and website 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. In the second quarter of 2008, the Company made a modification to its method of calculating period end subscribers.

⁴ In accordance with Financial Accounting Standard No. 131, 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 and Cupid.co.il[®] websites and their respective co-branded websites. The General Market Networks segment consists of the Company's AmericanSingles.com website, its co-branded and private label websites, and Date.co.uk and Date.ca[®]. The Other Affinity Networks segment consists of all of the Company's Provo, Utah-based properties which primarily consist of sites targeted towards various religious, ethnic, geographic and special interest groups including BlackSingles.com and ChristianMingle.com. The Company has previously referred to this segment as Affinity Networks. The Offline & Other Businesses segment consists of revenue generated from offline activities, HurryDate[®] events and subscriptions and other websites and businesses.

(Consolidated financial statements to follow)

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

	June 30,	December 31,
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,797	\$ 8,796
Marketable securities	-	200
Restricted cash	992	1,706
Accounts receivable	1,333	1,433
Deferred tax asset – current	11	2,094
Prepaid expenses and other	1,448	1,289
Total current assets	14,581	15,518
Property and equipment, net.....	1,367	1,383
Goodwill, net	20,031	18,358
Intangible assets, net.....	4,630	5,177
Deferred tax asset – long-term.....	2,941	3,106
Deposits and other assets	420	66
Total assets	\$ 43,970	\$ 43,608
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 446	\$ 1,585
Accrued liabilities.....	4,570	5,529
Deferred revenue	4,744	4,140
Notes payable and other short-term debt	5,000	21
Total current liabilities.....	14,760	11,275
Deferred tax liabilities	770	595
Other non-current liabilities	830	830
Total liabilities	16,360	12,700
Shares subject to rescission	--	7,480
Commitments and contingencies	--	--
Stockholders' equity:		
Authorized capital stock consists of 100,000,000 Common Shares, \$0.001 par value; issued and outstanding 24,055,544 and 26,132,789 at June 30, 2008 and December 31, 2007, respectively at stated values of:	24	26
Additional paid-in-capital	52,918	52,262
Accumulated other comprehensive income.....	993	672
Accumulated deficit.....	(26,325)	(29,532)
Total stockholders' equity	27,610	23,428
Total liabilities and stockholders' equity.....	\$ 43,970	\$ 43,608

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net revenues	\$ 14,987	\$ 16,616	\$ 30,009	\$ 33,436
Direct marketing expenses.....	4,023	5,444	8,095	12,201
Contribution.....	10,964	11,172	21,914	21,235
Operating expenses:				
Sales & marketing (including share-based compensation of \$196, \$197, \$389, and \$393)	1,128	865	2,181	1,698
Customer service (including share-based compensation of \$17, \$27, \$38, and \$53)	581	861	1,212	1,703
Technical operations(including share-based compensation of \$171, \$171, \$342, and \$309)	1,021	1,180	2,084	2,366
Development(including share-based compensation of \$159, \$145, \$318, and \$287)	1,110	975	2,331	2,121
General and administrative (including share-based compensation of \$524, \$583, \$1,048, and \$1,553)	3,979	5,223	8,155	10,701
Amortization of intangible assets	222	354	551	698
Impairment of goodwill	--	--	--	1,894
Total operating expenses	8,041	9,458	16,514	21,181
Operating income	2,923	1,714	5,400	54
Interest (income) and other expenses, net.....	(224)	(297)	(558)	(502)
Income before income taxes	3,147	2,011	5,958	556
Provision for income taxes	1,506	95	2,751	22
Net income	\$ 1,641	\$ 1,916	\$ 3,207	\$ 534
Net income per share – basic	\$ 0.07	\$ 0.06	\$ 0.13	\$ 0.02
Net income per share – diluted	\$ 0.07	\$ 0.06	\$ 0.13	\$ 0.02
Weighted average shares outstanding – basic.....	24,555	30,677	25,279	30,772
Weighted average shares outstanding – diluted ...	24,575	30,904	25,301	30,979
Reconciliation of Net Income to Adjusted EBITDA	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net income	\$ 1,641	\$ 1,916	\$ 3,207	\$ 534
Interest	39	(220)	(9)	(446)
Taxes	1,506	95	2,751	22
Depreciation	173	504	413	1,052
Amortization	222	354	552	698
EBITDA	3,581	2,649	6,914	1,860
Share based compensation	1,067	1,123	2,135	2,595
Impairment of goodwill	--	--	--	1,894
Adjusted EBITDA	\$ 4,648	\$ 3,772	\$ 9,049	\$ 6,349

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net Revenues				
Jewish Networks	\$ 8,643	\$ 8,239	\$ 17,310	\$ 16,576
General Market Networks	2,174	4,284	4,750	9,316
Other Affinity Networks	3,405	3,207	6,758	6,436
Offline & Other Businesses.....	765	886	1,191	1,108
Total Net Revenues.....	<u>\$ 14,987</u>	<u>\$ 16,616</u>	<u>\$ 30,009</u>	<u>\$ 33,436</u>
Direct Marketing Expenses				
Jewish Networks	\$ 624	\$ 940	\$ 1,329	\$ 1,929
General Market Networks	962	2,040	2,298	5,678
Other Affinity Networks	1,968	1,918	3,810	3,913
Offline & Other Businesses.....	469	546	658	681
Total Direct Marketing Expenses	<u>\$ 4,023</u>	<u>\$ 5,444</u>	<u>\$ 8,095</u>	<u>\$ 12,201</u>
Contribution				
Jewish Networks	\$ 8,019	\$ 7,299	\$ 15,981	\$ 14,647
General Market Networks	1,212	2,244	2,452	3,638
Other Affinity Networks	1,437	1,289	2,948	2,523
Offline & Other Businesses.....	296	340	533	427
Total Contribution	<u>\$ 10,964</u>	<u>\$ 11,172</u>	<u>\$ 21,914</u>	<u>\$ 21,235</u>
Average Paying Subscribers*				
Jewish Networks	91,598	93,408	92,159	94,687
General Market Networks	33,573	61,529	35,504	66,985
Other Affinity Networks	63,309	62,450	61,721	60,781
Offline & Other Businesses.....	1,975	1,809	2,170	1,211
Total Average Paying Subscribers	<u>190,455</u>	<u>219,196</u>	<u>191,554</u>	<u>223,664</u>

* In the second quarter of 2008, the Company made a modification to its method of calculating period end subscribers. Historical data reflects this modification.