

COMPANY NUMBER: 4719448

COOLABI LICENSING LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH JUNE, 2006



COOLABI LICENSING LIMITED

Directors

W Harris
J Woodward
J Banks

Secretary and Registered Office

D Glennon
48 Broadley Terrace,
London NW1 6LG.

DIRECTORS' REPORT

The directors submit their report and financial statements for the period ended 30th June, 2006

ACTIVITIES

The principal activity of the company is the development of a portfolio of branded intellectual properties and their exploitation in licensing throughout the world

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the period are shown in the profit and loss account on page 5. The directors anticipate that there will be further development of these intellectual properties in future. The directors do not recommend the payment of a dividend.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the result for that period. The directors consider that in preparing the financial statements the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their interest in the share capital of the company are named below -

£1 Ordinary Shares At 30th June, 2006 and 2005

W Harris	Nil
J Woodward	Nil
J Banks (appointed 08/09/2006)	Nil
R Holmes (resigned 08/09/2006)	Nil

COOLABI LICENSING LIMITED
DIRECTORS' REPORT – CONTINUED

ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Coolabi plc, a company incorporated in England and Wales

The interest of the directors in that company are disclosed in the financial statements of Coolabi plc

AUDITORS

A resolution to reappoint Shipleys LLP will be proposed at the Annual General Meeting

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985

By Order of the Board

A handwritten signature in black ink, appearing to read 'D. Glennon', with a stylized flourish at the end.

D. Glennon
Secretary

8 September 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COOLABI LICENSING LIMITED**

We have audited the financial statements of Coolabi Licensing Limited for the period ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

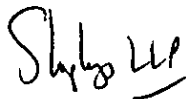
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COOLABI LICENSING LIMITED – CONTINUED**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the information given in the Directors' Report is consistent with the financial statements



SHIPLEYS LLP

Registered Auditors
10 Orange Street
London
WC2H 7DQ

8 September 2006

COOLABI LICENSING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2006

	Notes	2006 £	2005 £
TURNOVER	1 1	26,166	63,058
COST OF SALES		<u>7,283</u>	<u>13,134</u>
GROSS PROFIT		18,883	49,924
ADMINISTRATIVE EXPENSES		<u>26</u>	<u>90</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND CARRIED FORWARD		<u>£18,857</u>	<u>£49,834</u>

The notes on pages 7 and 8 form part of these financial statements

COOLABI LICENSING LIMITED

BALANCE SHEET

AS AT 30TH JUNE, 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Intangible assets	2	2,409	3,480
CURRENT ASSETS			
Trade debtors		41,037	17,038
Other debtors		-	1,750
Amounts due from group undertakings		52,665	47,557
Cash at bank and in hand		<u>23,478</u>	<u>8,472</u>
		117,180	74,817
CREDITORS: Amounts falling due within one year	3	<u>(4,801)</u>	<u>(6,866)</u>
NET CURRENT ASSETS		114,788	67,951
Deferred income		<u>33,000</u>	<u>8,500</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£81,788</u></u>	<u><u>£62,931</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account		<u>81,786</u>	<u>62,929</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>£81,788</u></u>	<u><u>£62,931</u></u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

Approved by the Board on 8 September 2006 and signed on its behalf by



J. Banks - Director

The notes on pages 7 and 8 form part of these financial statements

COOLABI LICENSING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30TH JUNE, 2006

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) under the historical cost convention and in accordance with the following policies

1.1 Turnover

Turnover represents amounts receivable from the company's principal activity, and is stated net of value added tax

1.2 Intangible Fixed Assets

Amortisation is provided at the following rates in order to write off each assets over its estimated useful life

Intellectual Property Rights - 20% straight line

1.3 Cash Flow Statement

The company is a small company as defined by Sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 (Revised 1996) not to prepare a cash flow statement

1.4 Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

2. INTANGIBLE FIXED ASSETS

	Intellectual Property Rights
Cost	£
At 1st April, 2005	5,351
Additions	<u>-</u>
At 30th June, 2006	<u>5,351</u>
Depreciation	
At 1st April, 2005	1,871
Charge for the year	<u>1,071</u>
At 30th June, 2006	<u>2,942</u>
Net Book Value	
At 30th June, 2006	<u>£2,409</u>
At 30th June, 2005	<u>£3,480</u>

COOLABI LICENSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 2006

3. CREDITORS : Amounts falling due within one year	2006	2005
	£	£
Other creditors	583	583
Accruals	4,218	6,283
	<u>£4,801</u>	<u>£6,866</u>
4. CALLED UP SHARE CAPITAL	2006	2005
Authorised	£	£
100 ordinary shares of £1 each	£100	£100
Allotted and called up		
2 ordinary shares of £1 each	£2	£2

5. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Coolabi plc, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by Coolabi plc

6. ULTIMATE PARENT UNDERTAKING

The directors consider the ultimate parent undertaking and the ultimate controlling party of this company to be Coolabi plc

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Coolabi plc

Copies of the group financial statements can be obtained from that company's registered office

48 Broadley Terrace,
London NW1 6LG