

# coolabi plc

**Coolabi plc ('Coolabi' or 'the Company')**

**Interim results for the twelve months ended 30 June 2009**

## **Highlights:**

### *Financial*

- Revenue increased by 63% to £2,588,266 (2008: £1,589,585).
- Gross profit increased by 44% to £1,332,937 (2008: £925,535).
- Deliver first positive EBITDA of £117,693 (2008: loss of £249,924).

### *Acquisitions*

- Acquisition of 'Licensing By Design' and the 'Eric Ambler', 'Michael Innes' and 'John Creasey' literary estates completed during the period under review; all have made a positive contribution to the group's results.

### *Owned Properties*

- 'Purple Ronnie' sales continue to grow despite the recession on the High Street, with greetings cards and books both demonstrating good growth over the same period last year. New brand extension activities launching later this year to further extend the reach and revenue of this brand.
- Successful launch of 'Scarlett & Crimson' brand in UK and US markets. The first two books are now in-store at Barnes & Noble (US) and Waterstones (UK) and an exclusive 'Scarlett & Crimson' cosmetics line designed by Ruby & Millie has this month launched in Boots.

### *Licensed Properties*

- Earnings potential of 'Bagpuss' (UK's best loved children's television character) 'Clangers' and 'Ivor The Engine' significantly improved through exclusive new option to develop and produce new content thereby raising the public profile of the brands.

### *Production*

- 13-episode live action drama 'Dead Gorgeous' fully financed, in production and will be delivered to the BBC (UK) and ABC (Australia), amongst others, later this year.
- Series II of animated children's TV show 'The Large Family' will be delivered on time and on budget and is due to hit screens in the new year (BBC2 and Cbeebies). This follows the success of Series I which was one of Cbeebies top five shows, consistently averaging over 20% share of children aged 4-6 (source BBC Worldwide) and has been sold into over 30 countries.

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William Harris, Chairman of Coolabi, said:

“During the period we have driven growth in both our owned and our licensed properties, including many exciting new developments that will help to drive future growth. All these activities have enabled us to deliver a positive EBITDA for the period despite prevailing market conditions, demonstrating the quality of our brands and the hard work and dedication of our team. I am confident that we can further grow our current portfolio. The Company will continue to seek acquisition opportunities that offer significant value to our shareholders.

“The Company announced on 8 April 2009 that it is pursuing a transaction which would, should it proceed, constitute a reverse takeover of the Company under the AIM Rules. Discussions in relation to this transaction remain ongoing. The Company’s shares will remain suspended from trading, in accordance with the AIM Rules, until such time as discussions are ended or the transaction is successfully completed. Your board is conscious of the length of time the shares in the Company have remained suspended and is therefore focused on bringing a swift resolution to the transaction. Shareholders should expect to receive a further update on the transaction shortly.”

**Enquiries:**

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**Chairman's Statement**

I am pleased to present the Company's unaudited interim results for the twelve months to 30 June 2009 and to report on progress since the time of our last announcement in March this year. This is the second interim statement we are making in this financial period because we have moved our Accounting Reference Date to 31 December, as previously announced.

During the period we have driven growth in both our owned and our licensed properties. Our irreverent lifestyle brand 'Purple Ronnie' secured increased market share and revenue growth despite the general shrinkage in High Street sales and our new 'Scarlett and Crimson' brand has been recently launched including an exclusive teen cosmetic range in Boots. Our new option involving the much loved children's brands 'Bagpuss', the 'Clangers' and 'Ivor the Engine' has given Coolabi an exciting opportunity to drive significant long term growth. Our children's television production activities are also producing good results.

All these activities have enabled us to deliver our first positive EBITDA for the period despite prevailing market conditions and these results have also been achieved during a period when the Company has been engaged in lengthy discussions with a sizeable acquisition target, demonstrating the quality of our brands and the hard work and dedication of our team. I am confident that we can further grow our current portfolio and the Company will continue to seek acquisition opportunities that offer significant value to our shareholders.

*Strategy*

Our strategy is to build a diversified portfolio of cash-generative intellectual property ("IP") assets that have international potential across a broad range of media platforms. We will aim to achieve this through quality acquisitions and investment in the development of our own assets. Our primary focus is to exploit properties where we have a material ownership interest, but we will continue to manage properties owned by others where we have a long term license and can earn sufficient commission to produce a good return for our shareholders.

*Acquisitions*

During the period under review we successfully concluded the acquisition of 'Licensing By Design' ("LBD") and the 'Eric Ambler', 'Michael Innes' and 'John Creasey' literary estates. LBD, a privately owned licensing and merchandising company, represents a number of intellectual property assets including 'Bagpuss', the 'Clangers' and 'Ivor The Engine', which it has represented since 1991. 'Bagpuss' has been voted the nation's favourite children's television character, despite only 13 episodes of the series ever being made and, as such, there is significant potential to build on the affection in which this classic brand is held.

Ambler, Innes and Creasey wrote over 600 titles between them, selling millions of books worldwide; Creasey alone is said to have sold more than 80 million books in 26 languages. Many of their titles have been adapted for film, television and radio, including Ambler's 'Journey Into Fear' starring Orson Welles and 'The Light of Day', filmed as 'Topkapi' and starring Peter Ustinov. We are excited by the potential of these literary estates and we believe there is scope to acquire other attractive literary estates and to build a significant presence in this lucrative market.

*Owned Properties*

**(i) Purple Ronnie**

'Purple Ronnie' is our key wholly-owned asset and we are delighted with the brand's ongoing development and growth during this period.

Greetings cards continue to increase revenue, with sales up 20% between January and June 2009 over the same period in 2008. We have further extended reach in this area with nearly all major supermarkets now stocking cards, making a significant contribution to sales in the UK. An important component in the brand's success in this sector is our relationship with Hallmark which continues to go from strength to strength.

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We are now entering the second year of our three year development plan for 'Purple Ronnie' books. Excellent sales levels continue. The first titles of the multi-year Macmillan deal have been released into market with the 2009 Christmas gifting title, the 'Ultimate Toilet Humour Book', still to come. Five further titles have now been agreed for 2010 release.

We are also delighted to have appointed award-winning agency Big Tent Entertainment in May this year to look after the property in North and South America, an important market for the further development of the brand.

Adding a new dimension to the greetings card element, we are delighted to announce that an iPhone application is due to launch later this year which will allow users to create their very own 'Purple Ronnie' e-greeting. This application will be available to some 45 million iPhone users worldwide and we expect it to offer attractive returns.

Development of 'Purple Ronnie's' online presence has progressed smoothly since our last update. The website is in beta testing and we expect it to launch fully shortly. The focus is on delivering a digital extension of social expression, one of the brand's key strengths. This is an exciting development for the brand following the successful 'Love Guru' soft launch around Valentine's Day earlier this year and users can now animate, customise poetry and send unlimited mails to friends/family. The site also provides links to Hallmark and Macmillan for purchase opportunities.

**(ii) Scarlett & Crimson**

Significantly, during this period we successfully launched 'Scarlett & Crimson' in both the UK and US. The brand has generated much interest in both markets, featuring on a series of 'one to watch' lists.

The first two titles have been published by Simon & Schuster and these are now available in store at Barnes & Noble in the US and Waterstones in the UK. With sell-in at Barnes & Noble alone for the first two titles standing at 50,000 units, we anticipate good revenues from the range.

Our Ruby and Millie cosmetics deal, announced earlier this year, has seen an exclusive 'Scarlett & Crimson' line launch in Boots and online this month. We anticipate providing further updates on this in due course. Furthermore, our US agent has achieved early success, having concluded a deal with 'Jem', the US sportswear apparel giant.

We have also increased the brand's reach, with the launch of an interactive 'Scarlett & Crimson' website which includes an innovative music related feature that we anticipate will drive popularity among the core audience, including seven original tracks that have been recorded to represent 'DarqStarz', the Scarlett & Crimson band. The first track "Be Your Own Scene", the Scarlett & Crimson brand mantra, is downloadable for free from the website.

**(iii) Literary Estates**

The 'Eric Ambler', 'Michael Innes' and 'John Creasey' literary estates have been seamlessly integrated into the Company and have contributed three months of trading to the period under review. In May this year, five of Ambler's titles were re-launched by Penguin Classics to celebrate the author's centenary. There have been over 20,000 copies sold to date and a re-print is already underway.

In addition, we are pleased to report that we have held early film and television discussions with various parties regarding certain Ambler works and hope to update shareholders on this in due course.

*Licensed Properties*

We are delighted to have secured a 4 year extension to our licence to distribute the existing series of 'Bagpuss', 'Clangers' and, now, also 'Ivor The Engine'. Furthermore, we are excited to have added to this an exclusive option to develop and produce new content for all three of these classic and much-loved brands. The Company has achieved all of the above on a sound commercial basis and I look forward to providing an update on progress with this in due course.

## **Coolabi plc**

### **Interim statement for the twelve months ended 30 June 2009**

#### *Production*

The 13-episode live action drama 'Dead Gorgeous', which was commissioned by BBC in March 2009, is fully financed and went into production in the week commencing 19<sup>th</sup> September. The series will be delivered to the BBC in the UK and ABC in Australia from later this year and we expect it to generate attractive returns.

Season II of animated production 'The Large Family' is expected to be delivered on time and on budget to BBC in the UK and TF1 in France and is due to hit screens in the new year. This follows the success of Series I which was one of Cbeebies top five shows, consistently averaging over 20% share of children aged 4-6 (source BBC Worldwide). To date, the show has been sold into over 30 countries.

Our other animated production 'Poppy Cat', commissioned by Nickelodeon, is expected to go into production later this year. In addition, we believe 'Poppy Cat' offers excellent potential for upside on the licensing and merchandising side.

Once again we are, importantly, seeing strong performances from our catalogue of TV assets. 'Bagpuss' and 'The Clangers' continue to be broadcast daily on Nickelodeon's Nick Jr channel and repeats of 'Sir Gadabout' and 'The Worst Witch' are shown on CiTV.

#### *Financial Review of the Period*

The Earnings before interest, tax, depreciation, amortisation, share-based payments and exceptional items improved by £367,617 to £117,693 in comparison with the twelve months to 30 June 2008 (2008 loss: £249,924). The Loss before income tax for the period was £691,365 (2008 loss: £994,420).

Revenue has increased by £998,681 (63%) to £2,588,266 (2007: £1,589,585). £549,461 of the increase is from Licensing & Merchandising, driven particularly by royalties from Purple Ronnie with £449,220 in Film & Television arising from the increase in production deliveries in the period under review.

The Gross profit has increased by £407,402 to £1,332,937 from £925,535 in the comparative period. This has been achieved by a £352,206 (55%) increase in the gross profit from Licensing & Merchandising and a £55,196 (20%) increase in the gross profit from Production in the twelve months.

Cash at 30 June 2009 was £115,485 and net debt was £1,071,276. The Company has borrowing facilities of £2million available to it.

#### *Key Performance Indicators*

We previously set ourselves a number of key objectives for the year ending 30 June 2009. These are set out below:

- Negotiate and conclude a facility agreement appropriate for the Group's current needs
- Achieve a positive EBITDA in the year ending 30 June 2009
- Extend the licensing programme for Purple Ronnie in the UK
- Launch Purple Ronnie as an online property
- Make tangible progress with Purple Ronnie in the USA
- Launch Scarlett & Crimson in the US and the UK
- Put at least one series into production with a UK broadcast partner
- Continue to identify and pursue cash generative, earnings enhancing acquisitions

As can be seen both from the announcements we have made to date and from my report as set out above, we have achieved all of our KPIs for the year in spite of difficult market conditions. We believe this is

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testament to the quality of our brands and the hard work and dedication of our team and indicates the Company's potential to deliver attractive returns for investors.

We look forward to publishing our Key Performance Indicators for the year to 31 December 2010 when we publish our preliminary results early next year.

*Change of accounting reference date*

Earlier this month Coolabi changed its accounting reference date from 30 June to 31 December with immediate effect. The Board believes this change is appropriate in order to improve the usefulness of the Company's financial statements. Results for the eighteen months ended 31 December 2009 will be published by 31 March 2010.

*Board Changes*

In March this year, we welcomed Nicholas James on to the Board as a non-executive director. Until July 2007 Nick was CEO of Chorion, one of the UK's leading intellectual property groups.

*Prospects*

We firmly believe that the exciting assets we have in our portfolio and the momentum we have generated will deliver attractive organic growth to the group. We also expect to pursue transformational growth through acquisition, with this remaining a core motivation for the group for the foreseeable future.

**Consolidated Interim Statement of Comprehensive Income**

	twelve months to 30 June 2009 unaudited £	twelve months to 30 June 2008 audited £
<b>Revenue</b>	2,588,266	1,589,585
Cost of sales	(1,255,329)	(664,050)
<b>Gross profit</b>	1,332,937	925,535
Operating expenses	(1,215,244)	(1,175,459)
<b>Earnings before interest, tax, depreciation, amortisation, share-based payment costs and exceptional items</b>	117,693	(249,924)
Depreciation	(16,919)	(9,201)
Share-based payment costs	(56,952)	(46,867)
Exceptional items	-	(74,569)
Amortisation of intangible assets	(649,250)	(531,549)
<b>Total administrative costs</b>	(1,938,365)	(1,837,645)
Operating loss	(605,428)	(912,110)
Interest charged	(86,544)	(104,749)
Interest received	607	22,439
<b>Loss before income tax</b>	(691,365)	(994,420)
Income tax credit	174,110	146,279
<b>Total comprehensive loss for the period</b>	<b>(517,255)</b>	<b>(848,141)</b>
<b>Profit attributable to minority interests</b>	<b>16,806</b>	-
<b>Loss attributable to parent's equity holders</b>	<b>(534,061)</b>	<b>(848,141)</b>
Basic loss per share total and continuing	(1.6p)	(3.5p)
Diluted loss per share total and continuing	(1.6p)	(3.5p)

**Consolidated Interim Statement of Financial Position**

	<b>as at 30 June 2009</b>	<b>as at 30 June 2008</b>
	unaudited	audited
	£	£
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52,846	61,621
Goodwill	1,145,423	1,174,493
Other intangible assets	5,381,601	5,217,091
	<u>6,579,870</u>	<u>6,453,205</u>
<b>Current Assets</b>		
Inventories	501,412	171,741
Trade and other receivables	890,988	418,802
Cash and cash equivalents	115,485	463,922
	<u>1,507,885</u>	<u>1,054,465</u>
<b>Total assets</b>	<b><u>8,087,755</u></b>	<b><u>7,507,670</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	(995,203)	(1,498,044)
Current portion of long term borrowings	(274,395)	-
	<u>(1,269,598)</u>	<u>(1,498,044)</u>
<b>Non-current liabilities</b>		
Deferred consideration	(51,000)	(356,126)
Deferred tax liabilities	(1,407,704)	(1,450,031)
Long term borrowings	(912,366)	-
	<u>(2,371,070)</u>	<u>(1,806,157)</u>
<b>Total Liabilities</b>	<b><u>(3,640,668)</u></b>	<b><u>(3,304,201)</u></b>
<b>NET ASSETS</b>	<b><u>4,447,087</u></b>	<b><u>4,203,469</u></b>
<b>EQUITY</b>		
Share capital	4,998,958	4,905,208
Share premium account	4,572,281	3,969,411
Profit and loss account	(5,148,259)	(4,671,150)
Total shareholders equity	<u>4,422,980</u>	<u>4,203,469</u>
Minority interest in equity	24,107	-
<b>Total equity</b>	<b><u>4,447,087</u></b>	<b><u>4,203,469</u></b>

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**Consolidated Statement of Changes in Equity**

	share capital	share premium account	minority interest	profit & loss account	total equity
	£	£	£	£	£
Balance as at 1 July 2007	4,905,208	3,979,411	-	(3,908,733)	4,975,886
Transactions with owners					
Cost of consolidation of share capital	-	(10,000)	-	-	(10,000)
Share-based payment costs	-	-	-	85,724	85,724
	-	(10,000)	-	85,724	75,724
Loss and total comprehensive loss for the period	-	-	-	(848,141)	(848,141)
<b>Balance as at 30 June 2008</b>	<b>4,905,208</b>	<b>3,969,411</b>	<b>-</b>	<b>(4,671,150)</b>	<b>4,203,469</b>
Transactions with owners					
Issue of share capital	93,750	602,870	-	-	696,620
Share-based payment costs	-	-	-	56,952	56,952
Minority interest acquired	-	-	7,301	-	7,301
	93,750	602,870	7,301	56,952	760,873
Loss and total comprehensive loss for the period	-	-	16,806	(534,061)	(517,255)
<b>Balance as at 30 June 2009</b>	<b>4,998,958</b>	<b>4,572,281</b>	<b>24,107</b>	<b>(5,148,259)</b>	<b>4,447,087</b>

**Consolidated Interim Statement of Cash Flows**

	twelve months to 30 June 2009 unaudited £	twelve months to 30 June 2008 audited £
<b>Cash flows from operating activities</b>		
Loss before income tax	(691,365)	(994,420)
Adjustments for:		
Depreciation	16,919	9,201
Amortisation of intangible assets	649,250	531,549
Share-based payment costs	56,952	46,867
Interest expense	85,937	82,310
Decrease/(Increase) in inventories	(329,671)	254,218
Decrease/(Increase) in trade and other receivables	(472,188)	29,124
Increase/(Decrease) in trade payables	90,349	(438,948)
Cash absorbed by operations	(593,817)	(480,099)
Interest paid	(35,935)	(200)
Income taxes paid	(3,325)	-
<b>Net cash absorbed by operating activities</b>	<b>(633,077)</b>	<b>(480,299)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(1,484,691)	(381,833)
Purchase of property, plant and equipment	(94,657)	(56,551)
Interest received	607	22,439
<b>Net cash absorbed by investing activities</b>	<b>(1,578,741)</b>	<b>(415,945)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	750,000	-
Share issue costs	(73,380)	(10,000)
Bank facility	1,186,761	-
<b>Net cash generated by/(used in) financing activities</b>	<b>1,863,381</b>	<b>(10,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(348,437)</b>	<b>(906,244)</b>
Cash and cash equivalents at beginning of period	463,922	1,370,166
<b>Cash and cash equivalents at end of period</b>	<b>115,485</b>	<b>463,922</b>

## **Notes to the Consolidated Interim Financial Statements**

### **1. General information**

Coolabi plc is the Group's ultimate parent company. It is incorporated and domiciled in England and its registered address is 48 Broadley Terrace, London, NW1 6LG. Its shares are listed on AIM, a market of the London Stock Exchange plc.

The interim results for the twelve months ended 30 June 2009 are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information in respect of the year ended 30 June 2008 has been extracted from the company's statutory accounts for that financial year which have been delivered to the Registrar of Companies. The auditors have reported on the statutory accounts for that financial year. That report was unqualified and did not contain a statement under sections 237 (2) and (3) of the Companies Act 1985.

Coolabi plc's consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

The group has elected to change its accounting reference date from 30 June to 31 December with immediate effect.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 29<sup>th</sup> September 2009. A complete list of the directors of the company can be found on the company's website [www.coolabi.com](http://www.coolabi.com).

### **2. Accounting policies and basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2008. The accounting policies and methods of computation used in these condensed interim financial statements are the same as those used in the most recent annual financial statements, except for the adoption of IAS 1 Presentation of Financial Statements (revised 2007).

The adoption of IAS1 (revised 2007) does not affect the financial position or profits of the group, but gives rise to additional disclosures. The measurement of the group's assets, liabilities, income and expenses is unchanged. IAS 1 (revised 2007) affects the presentation of owner changes in equity and introduces a "statement of comprehensive income".

### **3. Seasonal fluctuations**

These condensed interim statements are prepared for a 12 month period. Any seasonality in the business therefore does not impact the results presented.

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**4. Segmental analysis**

The Group's performance by its primary (and sole) segmental split as regularly reviewed by the chief operating decision maker is as follows:

	<b>twelve months to 30 June 2009</b>	<b>twelve months to 30 June 2008</b>
	unaudited	audited
	£	£
<b>Revenue</b>		
Licensing & Merchandising	1,379,797	830,336
Film & Television	1,208,469	759,249
Group	<u>2,588,266</u>	<u>1,589,585</u>
<b>Gross profit</b>		
Licensing & Merchandising	997,979	645,773
Film & Television	334,958	279,762
Group	<u>1,332,937</u>	<u>925,535</u>

**5. Earnings per share**

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. In view of the pricing of share options currently in issue, these options are considered to have no dilutive effect.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	<b>twelve months to 30 June 2009</b>	<b>twelve months to 30 June 2008</b>
	£	£
Loss for the year attributable to parent's equity holders	(534,063)	(848,141)
Weighted average number of ordinary shares in issue during the year	33,901,043	24,526,043
Basic EPS (pence)	(1.6p)	(3.5p)
Weighted average number of ordinary shares in issue or under option during the year	33,901,043	24,526,043
Fully diluted EPS (pence)	(1.6p)	(3.5p)

**6. Bank facilities**

As at 30 June 2009 the Group was utilising a bank facility of £1.2m with Coutts & Co. The total facility package of £2m is secured by way of a debenture and cross guarantee across Coolabi plc and its subsidiaries.

**7. Share capital**

In November 2008 the Group issued 9,375,000 ordinary shares with a par value of 1p, at a price of 8p.

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**Notes to the Consolidated Interim Financial Statements continued**

**8. Acquisitions**

a) Licensing By Design.

On 21 November 2008 the Group acquired 100% of the issued share capital of Licensing By Design Limited, a licensing and merchandising company which represents a number of intellectual property assets. Intangible assets arising on the acquisition are subject to an annual impairment review in accordance with IAS 36 and comprise:

	£
Initial purchase consideration	400,000
Fees	158,493
Total consideration	<u>558,493</u>
Represented by :	
Current assets	108,943
Cash	25,283
Current liabilities	<u>(134,226)</u>
	-
Intangible assets	460,147
Goodwill	227,187
Deferred taxation	<u>(128,841)</u>
	<u>558,493</u>

The fair value of the acquired assets and liabilities recognised by the Group is considered to be the same as the carrying amount held in the acquiree's own books immediately before acquisition. The acquisition has been accounted for by the purchase method of accounting. Goodwill arising on acquisition is attributable to operational synergies and earnings potential expected over the long term.

Licensing By Design has contributed a profit of £116,000 to the Group's results since acquisition. The Group's results for the period July 2008 to June 2009 would not have been materially different if Licensing By Design had been owned for the full twelve month period.

**Notes to the Consolidated Interim Financial Statements continued**

**8. Acquisitions continued**

b) Eric Ambler, John Creasey and Michael Innes literary estates.

On 2 March 2009 the Group acquired three literary estates: 51% of the issued share capital of Eric Ambler Literary Management Limited; 100% of the issued share capital of Michael Innes Literary Management Limited; and 100% of the issued share capital of John Creasey Literary Management Limited. The initial consideration for the three estates was £85,000, with deferred consideration of a further £85,000 to follow over the next 5 years and a potential earn out of £40,000 subject to the achievement of certain criteria.

Intangible assets arising on the acquisition are subject to an annual impairment review in accordance with IAS 36 and comprise:

		£
Initial purchase consideration		85,000
Fees		23,166
Total consideration		<u>108,166</u>
Represented by :	Carrying amount in acquiree's own books immediately before acquisition	Fair value recognised by the Group
	£	£
Intangible assets	134,930	134,930
Current assets	1,300	89
Cash	1,734	1,734
Current liabilities	(2,701)	(4,318)
Non-current liabilities	(43,350)	(43,350)
	<u>91,913</u>	<u>89,085</u>
Intangible assets		10,500
Goodwill		11,522
Deferred taxation		(2,940)
		<u>108,166</u>

The acquisition has been accounted for by the purchase method of accounting. Goodwill arising on acquisition is attributable to operational synergies and earnings potential expected over the long term.

The three literary estates have together contributed a profit of £41,000 to the Group's results since acquisition. The Group's results for the period July 2008 to June 2009 would not have been materially different if the literary estates had been owned for the full twelve month period.