

Coolabi PLC - Final Results

RNS Number:6431I
Coolabi PLC
08 September 2006

COOLABI PLC ('Coolabi' or the 'Company')

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2006

CHAIRMAN'S STATEMENT

The Company has made steady progress over the past year with its existing portfolio of intellectual properties, albeit at a slower pace than we might have wished. However, it is disappointing that we have not been able to progress our ambitions to bulk up the business through the acquisition of companies and intellectual properties.

I am therefore delighted that we have been able to secure the services of Jeremy Banks, who joins us as Chief Executive. Jeremy was formerly Group Commercial Director and before that Group Finance Director of Chorion plc and, with his extensive business development experience, is well-qualified to lead Coolabi and deliver the strategic vision of the company.

Fundraising

At the time of our Interim Results announcement in March we reported that progress with our properties had been slower than we envisaged, partly as a result of the poor retail climate and partly due to corporate activity at three of our largest licensees. This resulted in a delay in the generation and receipt of royalty income from product sales which led to a greater than expected call on our cash reserves.

In May 2006 we announced a placing to raise additional funds for the company and an Extraordinary General Meeting was called in order to give the necessary authorities for this to proceed. I am pleased to report that all resolutions proposed at the EGM held in June 2006 were passed. Consequently, 63,000,000 new ordinary shares in the company were issued and allotted at 1 penny per share. This fundraising raised £630,000 before expenses and secured the Company's immediate future.

Financial Review of the Period

Turnover of £108,006 was derived from revenues from our brand properties, continuing distribution revenue from our film and television projects and from our agreement with Hammer Films. Additional overheads were invested in marketing our brand properties and further developing our entertainment properties. The loss for the period amounted to £641,077 (2005 - £576,297).

Strategy

Our strategy is to build a balanced portfolio of cash-generative intellectual properties, some of which we own and others where we act as agent, being:-

Brand Properties - which are not TV dependent, require little initial investment and can be licensed and provide income quickly; and

Entertainment Properties - which are TV driven, require significant investment, take time to develop, finance and produce but have the potential for high reward.

Our Properties

Coolabi owns or controls rights in the following core properties:-

Brand Properties

Somebunny To Love - Our cuddly bunny rabbit property created by talented artist Michael Abrams. Key licences are as follows:-

*Soft toys, key rings, mugs and gift products - Products have been developed, manufactured and are now in 367 WH Smith stores. Additional products were added to the range in August. WH Smith has ordered a winter range for sale in the period leading up to Christmas and these products are now being manufactured for delivery in October. A further range for spring 2007, including Valentine's Day, Mother's Day and Easter, is in development.

*Greetings cards, calendars and diaries - These have been developed, manufactured and are now in store. Having taken an initial range of twelve greetings cards WH Smith ordered a further range of twelve which are now on sale alongside the soft toys and gift products.

Stitch kits and scrap books featuring the property are being sold into retailers. We are in discussions with publishers for a series of books and have a range of other licences pending.

Hammer Films - The iconic UK brand based on the classic gothic horror feature films made in the 1960s. Key licences have been signed in respect of the following products:-

*Clothing and accessories - The first products to be developed and which are now being manufactured are ties and cufflinks. A cape is being developed and a range of clothing is scheduled for 2007.

*Board Games and chess sets - An interactive board game was launched at the London Toy Fair in January and has been listed by Forbidden Planet, Hamley's, John Lewis, Debenhams, House of Fraser and Amazon. The product is scheduled to be manufactured and in store in October 2006.

*Costumes / Dress Up - These are being developed and samples produced with the prospect of products being sold alongside the Board Games.

Licences are also in place for T-Shirts, Casino Chips, Sets of Limited Edition Stamps and an On-Line Shop, which is linked to the Hammer website and is selling products via the internet.

Planning for a 'Hammer' exhibition at the National Museum of Film, Photography and Television in Bradford, now proposed to run from October 2007 - February 2008, continues.

We have also appointed an agent in the United States who reports strong interest from potential licensees.

iloveegg - Created in South Korea, there are 13 x 2 minute animations featuring these transforming egg characters on the web. Key Licences have been signed in respect of the following products:-

- * Plastic charms/danglers for mobile phones - Products have been developed, manufactured and are on sale from a network of 25,000 vending machines across Europe, including 5,000 in the UK. A contract has been signed for these products to be distributed and sold from a network of vending machines in the USA.
- * Plastic toy eggs and collectibles - Products have been developed and samples produced. Toys R Us has listed the toy eggs to be sold from the collectibles section of its stores.
- * Mobile phone content - Downloads featuring the characters are available from O2 and T-Mobile in the UK and from several European providers.

Posters featuring the iloveegg characters are on sale and we are in discussions with a number of other potential licensees.

Rambling Ted - Our classic outdoors-loving teddy bear. We are updating Ted's design and presentation for his re-launch into the greetings and gift markets.

Child Hazel - A beautifully illustrated manuscript. A licence is in place for limited edition prints and discussions continue with book publishers.

Entertainment Properties

The Shaila Show - Our live action children's sitcom which has the potential to be a long running series. The BBC has committed to fund a further stage of development for this show with a view to its commission.

Pepper's Patrol - Our Police-based animated action adventure series for pre-schoolers. Originally created by Rob Lee, the creator of Fireman Sam, this property is being developed in a joint venture with Galleon Group plc for production in stop-frame model animation. We have been pitching and continue to pitch to key broadcasters. Unfortunately the reduction in the number of new animation projects commissioned by UK terrestrial broadcasters has had an impact upon the Company's ability to finance and produce the series.

DreamMakers - Our animated sitcom for 6 to 9 year olds set in the factory where children's dreams are made. Pete Dodd, a talented animator and the creator of the concept, has produced high quality pilot animation. We continue to further develop the concept and stories with him prior to pitching to broadcasters.

Films and TV Drama

We continue to own rights in, exploit and derive income from our library of completed feature films and television dramas including Secretary, The Hard Word, The Safe House, Goodbye Mr Steadman and two series of Sir Gadabout.

Board Changes

As noted above, Jeremy Banks has joined the Board as Chief Executive.

Roger Holmes has resigned from the Board. Roger co-founded the Company in 1999 and has been Chief Executive throughout its life. Having successfully steered the company through a number of transitions, to ensure its survival in turbulent times, and laid the foundations for the present business, Roger feels the time is right for someone new to lead the company through its next stages.

The Board is grateful to Roger for the enormous contribution he has made to the Company over the past seven years and I would like to add my personal thanks for the support Roger has always given me. We wish him well for the future.

Prospects

We are starting to see increased levels of revenue being generated by our existing intellectual properties, as licensed products reach the retail market.

Finally, with Jeremy Banks now on board we will devote renewed energy to the search for suitable acquisition opportunities, in order to add critical mass to the business.

William Harris
Chairman

8 September 2006

COOLABI PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	2006 £	2005 £
TURNOVER	108,006	79,373
COST OF SALES	(32,370)	(38,349)
GROSS PROFIT	75,636	41,024
ADMINISTRATIVE EXPENSES	(693,760)	(628,817)
OPERATING LOSS	(618,124)	(587,793)
JOINT VENTURE - SHARE OF OPERATING LOSS	(30)	(838)
INTEREST RECEIVABLE AND SIMILAR INCOME	9,161	12,334
INTEREST PAYABLE AND SIMILAR CHARGES	(32,084)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(641,077)	(576,297)
TAXATION	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(641,077)	(576,297)
	=====	=====

BASIC LOSS PER SHARE	(1.3p)	(1.6p)
FULLY DILUTED LOSS PER SHARE	(1.1p)	(1.3p)

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year and all profits or losses have been accounted for on an historical cost basis.

COOLABI PLC

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

	2006 £	2005 £
FIXED ASSETS		
Intangible assets	292,220	291,701
Tangible assets	16,054	6,131
Joint Venture - share of gross assets	199,536	209,111
share of gross liabilities	(199,536)	(191,884)
	<u>308,274</u>	<u>315,059</u>
CURRENT ASSETS		
Work in progress	3,937	1,250
Debtors	86,203	50,516
Cash at bank and in hand	664,616	595,106
	<u>754,756</u>	<u>646,872</u>
CREDITORS : Amounts falling due within one year	(184,253)	(62,478)
	<u>570,503</u>	<u>584,394</u>
NET CURRENT ASSETS		
CREDITORS : Amounts falling due within one year	(230,000)	(250,000)
Deferred Income	(49,875)	(16,524)
	<u>£598,902</u>	<u>£632,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	=====	=====
CAPITAL AND RESERVES		
Called up share capital	1,138,541	508,541
Share premium account	2,407,667	2,430,617
Shares to be issued	204,167	204,167
Profit and loss account	(3,151,473)	(2,510,396)
	<u>£598,902</u>	<u>£632,929</u>
EQUITY SHAREHOLDERS' FUNDS	=====	=====

COOLABI PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Reconciliation of operating loss to net cash			
outflow from operating activities			
Operating loss		(618,124)	(587,793)
Depreciation charges		5,515	3,601
Amortisation charges		16,442	16,444
(Increase)/decrease in work in progress		(6,437)	99,140
Increase in provisions		21,847	8,519
Increase in debtors		(35,687)	(22,088)
Increase/(decrease) in creditors		146,640	(20,686)
		<hr/>	<hr/>
Net cash outflow from operating activities		£(469,804)	£(502,863)
		=====	=====
Cash flow statement			
Net cash outflow from operating activities		(469,804)	(502,863)
Returns on investments and servicing of finance	a	(22,923)	12,334
Capital expenditure	b	(32,399)	(1,529)
Acquisitions	c	(900)	(26,584)
		<hr/>	<hr/>
Cash outflow before use of liquid resources and financing		(526,026)	(518,642)
Management of liquid resources		-	-
Financing	d	607,050	1,115,425
		<hr/>	<hr/>
Increase in cash		£81,024	£596,783
		=====	=====
Reconciliation of net cash flow to movement in net funds			
Movement in net funds in the year		81,024	596,783
Net debt at 1 July, 2005		583,592	(13,191)
		<hr/>	<hr/>
Net funds at 30 June, 2006	e	£664,616	£583,592
		=====	=====

COOLABI PLC

Notes to the consolidated cash flow statement for the year ended 30 June 2006

	2006 £	2005 £
(a) Returns on investments and servicing of finance		
Interest received	9,161	12,334
Interest paid and similar charges	(32,084)	-
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Net cash (outflow)/inflow from returns on investments and servicing of finance	£(22,923)	£12,334
	=====	=====

(b) Capital expenditure

Purchase of intangible fixed assets	(16,961)	-
Purchase of tangible fixed assets	(15,438)	(1,529)
	<u>£(32,399)</u>	<u>£(1,529)</u>
	=====	=====

(c) Acquisitions

Investment in joint venture	£(900)	£(26,584)
	=====	=====

(d) Financing

Issue of ordinary share capital	£607,050	£1,115,425
	=====	=====

(e) Analysis of changes in net debt

	At 1 July, 2005 £	Cash Flows £	At 30 June, 2006 £
Cash at bank and in hand	595,106	69,510	664,616
Bank overdraft	(11,514)	11,514	-
Total	<u>£583,592</u>	<u>£81,024</u>	<u>£664,616</u>
	=====	=====	=====

COOLABI PLC

NOTES TO ACCOUNTS

1. General

The financial information herein does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

Copies of the annual report will shortly be posted to shareholders and copies will be available from the company's registered office at 48 Broadley Terrace, London NW1 6LG.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the historical cost convention and are prepared in accordance with applicable accounting standards. The principal accounting policies are unchanged from the previous year.

3. Loss per ordinary share

In accordance with Financial Reporting Standard 22 Earnings Per Share, loss per share has been calculated on the loss for the year ended 30 June 2006 of £641,077 and 51,386,617 ordinary shares, being the weighted average number of shares in issue during the year. The fully diluted loss per share has been calculated on the loss for the year ended 30 June 2006 of £641,077 and 56,192,937 ordinary shares, being the weighted average number of shares in issue or under option during the year.

4. Reconciliation of movements in shareholders' funds

	£
Opening shareholders' funds at 1 July 2005	632,929
Issue of ordinary share capital in the year	630,000
Issue costs	(22,950)
Retained loss for the year	(641,077)
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Closing shareholders' funds at 30 June 2006	£598,902
	=====

The cumulative, redeemable, non convertible preference shares of £1 each mature in December 2008 and attract an interest rate of 5.5%. The preference shares may be redeemed earlier than this under certain limited circumstances.

For further information contact:

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