

## Coolabi PLC - Interim Results

RNS Number:0305U  
Coolabi PLC  
30 March 2007

Interim results of Coolabi plc for the six months ended 31 December 2006

### Chairman's Statement

#### Highlights:

- \* Turnover increased twenty fold to £717,530 for the 6 months to 31 December 2006 compared with the same period last year (31 December 2005: £33,530)
- \* Operating loss of £253,441\* for the 6 months to 31 December 2006, a reduction of 21% compared with the same period last year (31 December 2005: £322,495)
- \* Acquisition of the children's division of Zenith Entertainment Limited
- \* Series II of King Arthur's Disasters delivered to ITV on time and within budget
- \* King Arthur's Disasters DVD from the BAFTA nominated first series released in the UK to coincide with launch of Series II on ITV
- \* New management team in place with a track record of delivering value for shareholders in this space
- \* Clear acquisition strategy developed and now actively being pursued
- \* Coolabi plc now primed for growth, principally by way of acquisition
- \* before one-off re-organisation costs, £333,441 after

I present the company's interim results for the half year to 31 December 2006. The arrival of Jeremy Banks as Chief Executive in September has brought renewed focus and vigour to the company. As a consequence, the period has been one of great change and will, I believe, be seen to have been the catalyst for the future success of the group.

#### Activity Update

Coolabi plc specialises in the ownership and creative management of high quality children's and family intellectual property assets and their global exploitation.

The group owns or controls the rights to a number of intellectual properties which are currently managed through one or both of Coolabi's two principal divisions, Production and Licensing.

#### Production

In September 2006, we announced the acquisition of the children's division of Zenith Entertainment Limited for up to £100,000. By 31 December 2006 the

acquisition was already cash positive to Coolabi and we expect it to continue to make a positive contribution to the business for the foreseeable future.

As stated at the time, the acquisition included all rights to Zenith Entertainment's successful animated series of King Arthur's Disasters, co-produced with Neptuno Films in Spain. Featuring the voice talent of Matt Lucas, Rik Mayall, Morwenna Banks and Phil Cornwell, Series I of King Arthur's Disasters was first screened on ITV 1 in the UK in April 2005 where it was the highest rated new CiTV show that spring. Following the success of Series I, ITV commissioned a second series of 13 episodes each of half an hour duration.

At the time of the acquisition, a little over half of Series II had been delivered to the broadcaster. I'm pleased to report that Coolabi delivered the remaining episodes to our broadcast partners on time and within budget.

This exciting acquisition is, I hope, the first of a number that will, in short order, transform the company and its prospects.

We have also delivered a pilot episode for a new live action children's drama to Nickelodeon Junior on time and within budget during the period. All the costs of the pilot were met by Nickelodeon and have been expensed in full through the Profit & Loss Account. We will know whether we will receive a commission for a series later this year.

We own rights in and exploit and derive income from our library of completed feature films and television dramas. This library has been further enhanced by the acquisition of the children's division of Zenith Entertainment Limited.

#### Licensing

During the period under review, we started to make solid progress with a number of our properties. For example, amongst the properties we own or co-own, a material publishing deal is being concluded in the US that would see Scarlett & Crimson launched in that territory in 2008 and we in negotiations for a similar deal for that property in the UK.

Amongst the properties we represent, a Hammer interactive DVD Board Game entitled 'Forbidden Terrortory' was launched in November by our licensee, Britannia Games, which sold out in a number of stores over the Christmas period.

We also negotiated licensing agreements with The Cookie Jar Company, a Canadian based producer of children's programmes, to represent two of their properties in the UK - Doodlebops and Caillou.

#### Financial Review of the Period

Turnover of £717,530 was principally derived from commission and royalty revenues from our Licensing & Merchandising division and from production and distribution revenues from our Production division. This represented a twenty fold increase compared with the same period last year (31 December 2005: £33,530).

Importantly, all costs associated with the production and delivery of King Arthur's Disasters Series II and the production and delivery of the live action children's drama pilot to Nickelodeon Junior have been expensed in full through

the Profit & Loss Account in the period.

These factors resulted in an adjusted Operating Loss of £253,441 for the 6 months to 31 December 2006, a reduction of 21 % compared with the same period last year (31 December 2005: £322,495). The adjusted Operating Loss is stated before the cost of the reorganisation of the management team undertaken in September last year.

In January 2007, Jeremy Banks subscribed £100,000 for 10 million new ordinary shares of 1 penny each at par.

#### Prospects

It is clear that whilst we own and/or represent some attractive properties and have a strong development slate, transformational growth in the short-term can only come from acquisitions.

Since September, we have devoted a great deal of time to developing the acquisition strategy of the group. Following the purchase of the children's business of Zenith Entertainment Ltd in September 2006, we have begun to progress a number of other potential opportunities.

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

6 months ended December 2005 (Unaudited)	Year to 30 June 2006 (Audited)	Note	6 months ended 31 December 2006 (Unaudited)	
£	£		£	
Turnover		3	717,530	
33,530	108,006			
Cost of sales			(529,452)	
(9,371)	(32,370)			
Gross profit			188,078	
24,159	75,636			
Administrative expenses			(521,519)	
(346,654)	(693,760)			
Operating loss			(333,441)	
(322,495)	(618,124)			
Joint venture - share of operating loss			(25)	
(14)	(30)			
Interest receivable and similar income			4,854	
7,974	9,161			
Interest payable and similar charges			(6,326)	
(28,646)	(32,084)			
Loss on ordinary activities before and after taxation and transferred to reserves			£(334,938)	
£(343,181)	£(641,077)			
Basic loss per share		4	(0.3p)	
(0.7p)	(1.3p)			
Fully diluted loss per share		4	(0.3p)	
(0.6p)	(1.1p)			

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

Interim December 2005 (Unaudited) £	As at 30 June 2006 (Audited) £	Interim 31 December 2006 (Unaudited) £	31
Fixed assets			
Intangible assets		106,879	
283,479	292,220		
Tangible assets		17,329	
13,306	16,054		
Joint venture - share of gross assets		200,241	
216,843	199,536		
	- share of gross liabilities	(200,241)	
(198,728)	(199,536)	124,208	
314,900	308,274		
Current assets			
Work in progress		10,500	
7,250	3,937		
Debtors		211,672	
47,473	86,203		
Cash at bank and in hand		321,026	
287,355	664,616	543,198	
342,078	754,756		
Creditors: Amounts falling due within one year		(336,584)	
(92,453)	(184,253)		
Net current assets		206,614	
249,625	570,503		
Creditors: Amounts falling due after one year		(230,000)	
(250,000)	(230,000)		
Deferred Income		(41,025)	
(24,777)	(49,875)		
Net assets		£59,797	
£289,748	£598,902		
Capital and reserves			
Called up share capital		1,138,541	
508,541	1,138,541		
Share premium account		2,407,667	
2,430,617	2,407,667		
Shares to be issued		-	
204,167	204,167		
Profit and loss account		(3,486,411)	
(2,853,577)	(3,151,473)		
Equity shareholders' funds		£59,797	
£289,748	£598,902		

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

6 months ended December	Year to 30 June 2006	Note	6 months ended 31 December	31
Reconciliation of operating loss to net				



Interest paid and similar charges		(6,326)
-	(32,084)	
Net cash inflow from returns on investments and servicing of finance		£(1,472)
£7,974	£(22,923)	
(b) Capital expenditure		
Purchase of intangible fixed assets		(29,197)
-	(16,961)	
Purchase of tangible fixed assets		(5,066)
(9,425)	(15,438)	
(c) Acquisitions		£(34,263)
£(9,425)	£(32,399)	
Investment in joint venture		-
(900)	(900)	
(d) Financing		-
(900)	(900)	
Issue of ordinary share capital		-
-	607,050	
(e) Analysis of changes in net funds		-
-	£607,050	
		At
At		1 July
Cash	31 December	2006
Flows	2006	£
£	£	
Cash at bank and in hand		664,616
(343,590)	321,026	

COOLABI PLC NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

1. BASIS OF PREPARATION

The financial information set out in this interim report does not comprise the company's statutory financial statements. Statutory financial statements for the previous financial year ended 30th June 2006 have been delivered to the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

2. ACCOUNTING POLICIES

The interim results have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the Group have remained unchanged from the previous year.

3. TURNOVER

The Group's turnover, net of value added tax, represents the amounts invoiced and accrued during the year in respect of commissions, production/licence fees and the exploitation of film and television rights to the extent that projects are completed or delivered during the year. All amounts are in respect of continuing operations.

4. EARNINGS PER SHARE

The calculation of basic loss per ordinary share is based on the consolidated loss for the period after tax of £334,938 and 113,854,198 ordinary shares, being the weighted average number of shares in issue during the six month period ended 31st December 2006. The fully diluted loss per share has been calculated on the consolidated loss for the period after tax of £334,938 and 113,854,198 ordinary shares, being the weighted average number of ordinary shares in issue during the six month period ended 31st December 2006.

This information is provided by RNS  
The company news service from the London Stock Exchange

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