

**REGISTRAR OF
COMPANIES**

**Figleaves Global Trading Limited
(formerly GDN Limited)**

Report and Financial Statements

Year Ended

30 June 2005

BDO

**BDO Stoy Hayward
Chartered Accountants**



Figleaves Global Trading Limited

Annual report and financial statements for the year ended 30 June 2005

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Directors

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Directors

Mr D Nabarro
Mrs J Eastwood
Mr M Ross
Mr H Bryant
Mr M Evans
Mr R Terrell

Secretary and registered office

WCPHD Secretaries Limited, 5th Floor, Alder Castle, 10 Noble Street, London, EC2V 7QJ.

Company number

3060702

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Figleaves Global Trading Limited

Report of the directors for the year ended 30 June 2005

The directors present their report together with the audited financial statements for the year ended 30 June 2005.

Change of name

On 24 June 2005 the company changed its name from GDN Limited to Figleaves Global Trading Limited.

Results and dividends

The consolidated profit and loss account is set out on page 5 and shows the result of the group for the year.

The directors do not recommend the payment of a dividend.

Principal activity, trading review and future developments

The principal activity of the group is the provision of internet retailing.

The results for the year and the financial position at the end of the year were considered satisfactory by the directors and showed continuing progress toward profitability. Internet operations are supported by catalogue marketing.

The group continues to invest in software development as a means to provide scalable, world class operations and a high quality customer experience in a highly competitive environment.

As part of a corporate reorganisation, on 6 May 2005 the entire share capital of the company was transferred to Figleaves.com, inc, a company incorporated in the state of Delaware, USA.

Directors

The directors and their interests in shares of the company and parent company during the year were:

	Figleaves.com, inc		Figleaves.com, inc		Figleaves Global Trading Ltd	
	Series A Preferred Stock ¹ / ₁₀₀ US Cent each		Common Stock ¹ / ₁₀₀ US Cent each		Ordinary Shares ¹ / ₁₀₀ p each	
	2005	2004	2005	2004	2005	2004
D Nabarro (Chairman)	2,860,912	-	9,004,850	-	-	8,903,600
M Ross	-	-	1,624,964	-	-	1,624,964
J Eastwood	-	-	289,486	-	-	269,486
E Bussey	10,000	-	260,147	-	-	225,147
H Bryant	-	-	161,147	-	-	121,147
D Cochrane (resigned 24 March 2005)	-	-	-	-	-	-

Figleaves Global Trading Limited

Report of the directors for the year ended 30 June 2005 (Continued)

Directors (Continued)

The following directors have been granted share options over ordinary shares:

	2005 Number	2004 Number
J Eastwood	63,000	58,000
E Bussey	237,200	72,200
H Bryant	236,800	76,800

M Evans and R Terrell were appointed directors of the company on 15 February 2006 and E Bussey resigned as director on 6 April 2006.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

D Nabarro



Director

Date

20/4/06

Figleaves Global Trading Limited

Report of the independent auditors

To the shareholders of Figleaves Global Trading Limited

We have audited the financial statements of Figleaves Global Trading Limited for the year ended 30 June 2005 on pages 5 to 23 which have been prepared under the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

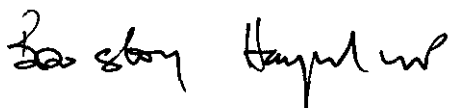
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Figleaves Global Trading Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and Group as at 30 June 2005 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

20 April 2006

Figleaves Global Trading Limited

Consolidated profit and loss account for the year ended 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Turnover	2		17,760,142		12,450,480
Cost of sales			10,738,663		7,169,868
Gross profit			7,021,479		5,280,612
Distribution costs			8,342,263		5,819,113
Administrative expenses					
- Research and development costs		6,637		8,653	
- Other		1,847,141		1,531,266	
Total administrative expenses			1,853,778		1,539,919
Operating loss before other income			(3,174,562)		(2,078,420)
Other income	5		-		500,000
Operating loss			(3,174,562)		(1,578,420)
Interest receivable	6		11,822		9,210
Interest payable and similar charges	7		425,848		329,089
Loss on ordinary activities before and after taxation transferred to reserves	8,17		(3,588,588)		(1,898,299)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 9 to 23 form part of these financial statements.

Figleaves Global Trading Limited

Consolidated balance sheet at 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	11		79,544		84,833
Tangible assets	12		1,003,199		1,552,419
			<u>1,082,743</u>		<u>1,637,252</u>
Current assets					
Stocks – goods for resale		2,562,474		2,649,126	
Debtors	14	760,671		415,805	
Cash at bank and in hand		245,818		151,014	
		<u>3,568,963</u>		<u>3,215,945</u>	
Creditors: amounts falling due within one year	15	<u>3,667,933</u>		<u>8,602,489</u>	
Net current liabilities			<u>(98,970)</u>		<u>(5,386,544)</u>
Total assets less current liabilities			<u>983,773</u>		<u>(3,749,292)</u>
Capital and reserves					
Called up share capital	16		3,026		1,905
Share premium account	17		16,940,278		8,619,746
Profit and loss account	17		(15,959,531)		(12,370,943)
Equity Shareholders' funds/(deficit)	18		<u>983,773</u>		<u>(3,749,292)</u>

The financial statements were approved by the Board on 20/4/06

D Nabarro)

)

Directors

H Bryant)

)

The notes on pages 9 to 23 form part of these financial statements.

Figleaves Global Trading Limited

Company balance sheet at 30 June 2005

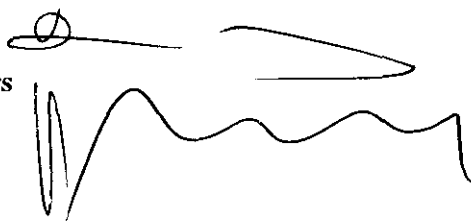
	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	11		68,481		73,021
Tangible assets	12		1,003,199		1,552,419
Investments	13		3		61
			<u>1,071,683</u>		<u>1,625,501</u>
Current assets					
Stocks – goods for resale		2,562,474		2,649,126	
Debtors	14	760,671		415,805	
Cash at bank and in hand		245,818		151,014	
		<u>3,568,963</u>		<u>3,215,945</u>	
Creditors: amounts falling due within one year	15	3,664,935		8,600,050	
		<u>3,664,935</u>		<u>8,600,050</u>	
Net current liabilities			(95,972)		(5,384,105)
Total assets less current liabilities			<u>975,711</u>		<u>(3,758,604)</u>
Capital and reserves					
Called up share capital	16		3,026		1,905
Share premium account	17		16,940,278		8,619,746
Profit and loss account	17		(15,967,593)		(12,380,255)
			<u>975,711</u>		<u>(3,758,604)</u>
Equity Shareholders' funds/(deficit)	18		<u>975,711</u>		<u>(3,758,604)</u>

The financial statements were approved by the Board on

D Nabarro)

) **Directors**

H Bryant)



The notes on pages 9 to 23 form part of these financial statements.

Figleaves Global Trading Limited

Cash flow statement for the year ended 30 June 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash outflow from operating activities	21		(1,546,497)		(991,011)
Returns on investments and servicing of finance					
Interest received		11,822		9,210	
Interest paid		(404,441)		(99,113)	
			(392,619)		(89,903)
Net cash outflow from returns on investments and servicing of finance			(1,939,116)		(1,080,914)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(342,304)		(854,683)	
Sale of tangible fixed assets		40,660		-	
			(301,644)		(854,683)
Cash outflow before use of liquid resources and financing			(2,240,760)		(1,935,597)
Financing					
Issue of shares		8,321,653		570,009	
New loan capital		1,075,000		1,410,021	
Loan repayments		(7,061,089)		-	
			2,335,564		1,980,030
Increase in cash	23		94,804		44,433

The notes on pages 9 to 23 form part of these financial statements.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Figleaves Global Trading Limited and all of its subsidiary and associated undertakings as at 30 June 2005 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents invoices raised net of all discounts, refunds and sales taxes during the year. All turnover relates to the company's principal activity.

Depreciation and amortisation

Depreciation and amortisation of fixed assets is provided at the following annual rates calculated to write down the cost of each asset over its expected useful life:

Office furniture and equipment	-	straight line over 5 years
Computer equipment and software	-	straight line over 3 years
Motor vehicles	-	straight line over 3 years
Intangible assets	-	straight line over 20 years

Stock

Stock is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a weighted average basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

Leases

All leases are operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the company in an independently administered fund.

Website development costs

Expenditure on the functionality of websites that are expected to generate future revenues in excess of the costs of developing those websites, is capitalised and treated as a tangible fixed asset.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Key man insurance

Key man insurance proceeds are recognised on a cash receipts basis.

2 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

Further analysis of turnover by geographical market is not given as the directors believe this would be seriously prejudicial to the interests of the company.

Figleaves Global Trading Limited**Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)****3 Employees**

	2005 £	2004 £
Staff costs consist of:		
Wages and salaries	3,147,895	2,708,986
Social security costs	298,167	261,342
Pension costs	49,913	38,750
	<u>3,495,975</u>	<u>3,009,078</u>

The average number of employees of the group, including directors, during the year was 140 (2004 - 127)

4 Directors

	2005 £	2004 £
Directors' emoluments	260,443	306,278
Payments to defined contributions pension schemes	9,469	11,963
	<u>269,912</u>	<u>318,241</u>

In 2005, one of the Directors was seconded to and remunerated by a fellow subsidiary undertaking.

Highest paid director:

Emoluments	74,925	74,925
Payment to defined contributions pension scheme	3,713	3,713
	<u>78,638</u>	<u>78,638</u>

5 Other income

	2005 £	2004 £
Cash receipt from proceeds of key man insurance policy	-	500,000
	<u>-</u>	<u>500,000</u>

Figleaves Global Trading Limited**Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)****6 Interest receivable - group**

	2005 £	2004 £
Bank deposit interest	11,822	9,210

7 Interest payable and similar charges - group

	2005 £	2004 £
Loan interest	425,197	323,497
Bank interest	73	183
Other interest	578	5,409
	425,848	329,089

8 Loss on ordinary activities before taxation - group

	2005 £	2004 £
This has been arrived at after charging:		
Auditors' remuneration	18,200	16,000
Depreciation and amortisation	856,619	862,639
Operating lease rentals – Other	239,417	209,751
(Profit) on disposal of fixed assets	(466)	-

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

9 Tax on loss on ordinary activities

(a) Analysis of charge in year

	2005 £	2004 £
Tax on loss on ordinary activities	-	-

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from that obtained by applying the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	(3,588,588)	(1,898,299)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2004 – 30%)	(1,076,576)	(569,490)
Effects of:		
Expenses not deductible	5,316	16,862
Depreciation in excess of capital allowances	256,761	253,874
Tax losses created in the year	814,499	298,754
Current tax charge for year	-	-

A deferred tax asset of £4,043,327 (2004 - £3,073,630) in respect of trading losses has not been recognised at the balance sheet date. The asset will be recoverable when the company is able to generate sufficient taxable profits in the future, but currently the directors consider it more prudent not to recognise this asset.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)

10 Result for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £3,587,338 (2004 - £1,903,149) which is dealt with in the financial statements of the parent company.

11 Intangible assets

	Purchased brands and patents Group £	Purchased brands and patents Company £
<i>Cost</i>		
At 1 July 2004 and 30 June 2005	106,272	91,272
	<hr/>	<hr/>
<i>Amortisation</i>		
At 1 July 2004	21,439	18,251
Charge for the year	5,289	4,540
	<hr/>	<hr/>
At 30 June 2005	26,728	22,791
	<hr/>	<hr/>
<i>Net book value</i>		
At 30 June 2005	79,544	68,481
	<hr/>	<hr/>
At 30 June 2004	84,833	73,021
	<hr/>	<hr/>

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

12 Tangible assets

Group and Company	Motor vehicles £	Office furniture and equipment £	Computer software and equipment £	Total £
<i>Cost</i>				
At 1 July 2004	12,250	490,260	2,570,452	3,072,962
Additions	-	45,339	296,965	342,304
Disposals	-	(12,269)	(38,950)	(51,219)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	12,250	523,330	2,828,467	3,364,047
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2004	3,728	211,741	1,305,074	1,520,543
Charge for the year	3,995	94,404	752,931	851,330
Disposals	-	(3,557)	(7,468)	(11,025)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	7,723	302,588	2,050,537	2,360,848
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2005	4,527	220,742	777,930	1,003,199
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2004	8,522	278,519	1,265,378	1,552,419
	<hr/>	<hr/>	<hr/>	<hr/>

Computer software and equipment additions includes £76,673 (2004 - £14,406) progress payments relating to capital projects. Depreciation will commence in the financial year ended 30 June 2006 when the projects are completed and commissioned.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

13 Fixed asset investments

Group - Nil

Company	Group undertakings £
<i>Cost</i>	
At 1 July 2004	25,061
Additions	2
Less: adjustment in respect of prior year	(60)
	<hr/>
At 30 June 2005	25,003
	<hr/>
<i>Provision for diminution in value</i>	
At 1 July 2004 and 30 June 2005	25,000
	<hr/>
<i>Net book value</i>	
At 30 June 2005	3
	<hr/>
At 30 June 2004	61
	<hr/>

Subsidiary and associated undertakings

The company owns 100% of the issued share capital of T-bra Limited, a company incorporated in England and Wales and its results have been included in the consolidated financial statements.

During the year the company acquired 100% of the issued share capital of Figleaves.com Limited, a company incorporated in Jersey. This company did not trade during the year.

On 30 June 2005 the company transferred its 100% shareholding in Figleaves US Services inc (formerly Figleaves Inc), a company incorporated in the state of Delaware, USA to the ultimate holding company, Figleaves.com, inc.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

14 Debtors

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade debtors	12,504	24,151	12,504	24,151
Other debtors	208,366	47,886	208,366	47,886
Prepayments	478,181	343,768	478,181	343,768
Amounts due from fellow group undertakings	61,620	-	61,620	-
	<u>760,671</u>	<u>415,805</u>	<u>760,671</u>	<u>415,805</u>

15 Creditors: amounts falling due within one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade creditors	1,849,699	1,851,681	1,849,699	1,851,681
Other creditors	154,673	5,393	154,676	5,454
Taxation and social security	513,372	226,031	513,372	226,031
Accruals and deferred income	1,126,716	533,295	1,123,715	530,795
Director's demand loans	-	1,005,206	-	1,005,206
Director's related party loans	-	2,693,160	-	2,693,160
Other demand loans	-	717,817	-	717,817
Other term loans	-	1,569,906	-	1,569,906
Amount due to fellow subsidiary undertaking	23,473	-	23,473	-
	<u>3,667,933</u>	<u>8,602,489</u>	<u>3,664,935</u>	<u>8,600,050</u>

The director's demand loans, director's related party loans and other demand loans were unsecured and subject to interest at 1% above the Bank of England base rate.

The other term loans were unsecured and subject to interest at 3.0% above the Allied Irish Bank's base rate (see note 21).

On 16 May 2005 all of the director's demand loans, director's related party loans, other demand and other term loans were repaid.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

16 Share capital

	2005 Number	2005 £	2004 Number	2004 £
<i>Authorised</i>				
Ordinary shares of $\frac{1}{100}$ p	120,000,000	12,000	41,314,500	4,131
'A' ordinary shares of $\frac{1}{100}$ p	10,000,000	1,000	35,947,800	3,595
'B' ordinary shares of $\frac{1}{100}$ p	-	-	32,737,700	3,274
'C' ordinary shares of $\frac{1}{100}$ p	-	-	10,000,000	1,000
10% redeemable preference shares of £1	-	-	100,000	100,000
		<u>13,000</u>		<u>112,000</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of $\frac{1}{100}$ p	30,261,130	3,026	14,381,650	1,439
'A' ordinary shares of $\frac{1}{100}$ p	-	-	1,740,200	174
'B' ordinary shares of $\frac{1}{100}$ p	-	-	1,584,800	159
'C' ordinary shares of $\frac{1}{100}$ p	-	-	1,335,000	133
		<u>3,026</u>		<u>1,905</u>

All ordinary shares have the same voting rights.

The following ordinary $\frac{1}{100}$ p shares were issued for cash, during the year:

Issue date	Shares issued (in pence)	Value per share
20 October 2004	265,322 ordinary shares	0.7538
25 January 2005	1,326 ordinary shares	0.7538
24 February 2005	70,000 ordinary shares	0.05
25 February 2005	35,000 ordinary shares	0.05
8 March 2005	30,000 ordinary shares	0.05
8 March 2005	1,300 ordinary shares	0.7538
24 March 2005	50,000 ordinary shares	0.05
7 April 2005	10,000 ordinary shares	0.215
7 April 2005	375 ordinary shares	0.7538
30 June 2005	10,756,157 ordinary shares	0.7538

The excess over the par value of shares has been credited to the share premium account.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

16 Share capital (Continued)

On 12 January 2005 the nominal capital of the company was increased by £1,000 by the creation of 10,000,000 'D' ordinary shares of $\frac{1}{100}$ p.

On 9 May 2005 the authorised 10% redeemable preference shares of £1, all unissued, were cancelled. All of the issued and unissued 'A', 'B' and 'C' ordinary shares of $\frac{1}{100}$ p were redesignated as ordinary shares of $\frac{1}{100}$ p; subsequently each of the 'D' ordinary shares of $\frac{1}{100}$ p were designated as 'A' ordinary shares of $\frac{1}{100}$ p.

Share options

At 30 June 2005, the following share options were outstanding in respect of the Ordinary shares:

Date of grant	Number of shares	Date from which options are first exercisable	Price per share £
<i>Approved Share Option Scheme</i>			
22 February 2000	55,200	22 February 2001	0.0500
18 May 2000	10,000	18 May 2001	0.2150
28 September 2000	85,000	28 September 2001	0.4500
26 June 2001	384,800	26 June 2002	0.7538
12 July 2001	39,700	12 July 2002	0.7538
1 October 2001	39,600	1 October 2002	0.7538
7 March 2002	4,400	7 March 2003	0.7538
15 July 2002	110,200	15 July 2003	0.7538
4 October 2002	25,000	4 October 2003	0.7538
15 July 2003	154,700	15 July 2004	0.7538
30 March 2004	96,312	30 March 2004	0.7538
28 February 2005	117,920	28 February 2006	0.7538

(Options are exercisable up to 10 years from date of grant, at a rate of 25% per year starting one year after the date of the grant.)

Enterprise Management Incentive Share Option Scheme

At 30 June 2005 there were 534,980 share options outstanding at £0.7538 from grants dated 28 February 2005. The vesting periods of these options varied by employee but were all exercisable by the 4th anniversary and lapsing by the 10th anniversary from the date of the grant.

Unapproved Share Option Scheme

At 30 June 2005 there were 315,777 share options outstanding at £0.7538 from grants dated 28 February 2005. The vesting periods of these options varied by employee but were all exercisable by the 1st anniversary and lapsing by the 10th anniversary from the date of the grant.

After the balance sheet date, all share options were redesignated under the parent company's share option schemes

At 30 June 2005, there were 1,064,827 (2004 – 546,743) warrants accrued which will entitle the warrant holder to subscribe for 1 ordinary share per warrant at a price of £0.7538 per share. Subscription rights on these warrants will expire on 28 March 2010.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

17 Reserves

Group	Share premium account £	Profit and loss account £
At 1 July 2004	8,619,746	(12,370,943)
Loss for the year	-	(3,588,588)
Issue of ordinary shares	8,320,532	-
	<hr/>	<hr/>
At 30 June 2005	16,940,278	(15,959,531)
	<hr/>	<hr/>
Company		
At 1 July 2004	8,619,746	(12,380,255)
Loss for the year	-	(3,587,338)
Issue of ordinary shares	8,320,532	-
	<hr/>	<hr/>
At 30 June 2005	16,940,278	(15,967,593)
	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Loss for the year on ordinary activities	(3,588,588)	(1,898,299)	(3,587,338)	(1,903,149)
Issue of new share capital	1,121	95	1,121	95
Premium on new share capital	8,320,532	569,914	8,320,532	569,914
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds movement	4,733,065	(1,328,290)	4,734,315	(1,333,140)
Opening shareholders' funds	(3,749,292)	(2,421,002)	(3,758,604)	(2,425,464)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	983,773	(3,749,292)	975,711	(3,758,604)
	<hr/>	<hr/>	<hr/>	<hr/>
Represented by:				
	<hr/>	<hr/>	<hr/>	<hr/>
Equity interests	983,773	(3,749,292)	975,711	(3,758,604)
	<hr/>	<hr/>	<hr/>	<hr/>

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

19 Commitments under operating leases

As at 30 June 2005, the group had annual commitments under non-cancellable operating leases as set out below:

	2005 Other £	2004 Other £
Operating leases which expire:		
Within one year	24,134	-
In the second to fifth years inclusive	152,746	-
After five years from the balance sheet date	156,500	221,600
	<hr/>	<hr/>
	333,380	221,600
	<hr/>	<hr/>

20 Related party transactions

- (a) Mr D Nabarro, a director of the company, made a loan of £Nil (2004 - £1,005,206) to the company which was repayable on demand, unsecured and subject to interest at 1% above the Bank of England base rate.
- (b) Mr D Nabarro also has a beneficial interest in Iridium Holdings Limited. This company made a loan of £Nil (2004 - £1,169,732) to the Company which was repayable on demand, unsecured and subject to interest at 1% above the Bank of England base rate.
- (c) Mr D Nabarro also has a beneficial interest in Xenon Enterprises Limited. This company made a loan of £Nil (2004 - £1,523,428) to the Company which was repayable on demand, unsecured and subject to interest at 1% above the Bank of England base rate.
- (d) Mr D Nabarro also has a beneficial interest in Rathbone Jersey Limited, a Trust which provided loans to the company of £Nil (2004 - £1,569,906). These loans are subject to interest at 3.0% above the Allied Irish Bank's base rate. In return for Mr D Nabarro providing security for these loans, a right to share warrants accrued with reference to the outstanding balance on the loans. At 30 June 2005, 1,064,827 warrants had accrued (2004 - 546,743).
- (e) Dr G Cochrane, a former director who had a beneficial interest in more than 20% of the voting rights of the company, made a loan of £Nil (2004 - £717,817) to the Company which was repayable on demand, unsecured and subject to interest at 1% above the Bank of England base rate.
- (f) Figleaves Canada Services, inc. a fellow subsidiary undertaking owed the Company £6,020 (2004 - £Nil) for costs recharged.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 30 June 2005 (Continued)

20 Related party transactions (Continued)

- (g) Indebtedness due to Figleaves US Services, inc. a fellow subsidiary undertaking amounted to £23,473 (2004 - £Nil). During the year £26,384 (2004 - £Nil) transfers of fixed assets were made as well as £623,191 (2004 - £Nil) costs that were paid on behalf of Figleaves US Services, inc; these costs were charged to inter company account.

Figleaves US Services, inc charged the company £673,046 (2004 - £Nil) for fulfilment services provided.

- (h) Figleaves.com Inc, the ultimate parent company, owed the company £55,600 (2004 - £Nil) for costs recharged.

21 Reconciliation of operating profit to net cash outflow from operating activities

	2005 £	2004 £
Operating loss	(3,174,562)	(1,578,420)
Depreciation and amortisation	856,619	862,639
Profit on sale of fixed assets	(466)	-
Decrease/(increase) in stocks	86,652	(1,245,525)
Increase in debtors	(338,846)	(47,452)
Increase in creditors	1,024,106	1,017,747
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,546,497)	(991,011)
	<hr/>	<hr/>

22 Reconciliation of net cash inflow to movement in net funds/(debt)

	2005 £	2004 £
Increase in cash in the year	94,804	44,433
Cash outflow/(inflow) from movement in debt	6,138,128	(1,410,021)
	<hr/>	<hr/>
Change in net debt resulting from cash flows	6,232,932	(1,365,588)
Accrued interest charges	(422,598)	(224,788)
Reclassification to creditors, amounts falling due within 1 year	270,559	-
	<hr/>	<hr/>
Movement in net debt in the year	6,080,893	(1,590,376)
Opening net debt	(5,835,075)	(4,244,699)
	<hr/>	<hr/>
Closing net funds/(debt)	245,818	(5,835,075)
	<hr/>	<hr/>

Figleaves Global Trading LimitedNotes forming part of the financial statements for the year ended 30 June 2005 (*Continued*)**23 Analysis of net funds / (debt)**

	At 1 July 2004 £	Cash flow £	Other movements £	At 30 June 2005 £
Cash in hand and at bank	151,014	94,804	-	245,818
Debt due within one year	(5,986,089)	6,138,128	(152,039)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(5,835,075)	6,232,932	(152,039)	245,818
	<hr/>	<hr/>	<hr/>	<hr/>

24 Going concern

The going concern status of the company at 30 June 2005 was dependent upon the continued support of the company's ultimate parent company, Figleaves.com, inc.

25 Ultimate parent company

The company's ultimate parent company is Figleaves.com, inc, a company incorporated in the state of Delaware, USA.

26 Deferred tax asset

No provision has been made in respect of deferred taxation. Unprovided amounts are as follows:

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Accelerated capital allowances	(857,255)	(581,347)	(857,255)	(581,347)
Losses	(4,043,327)	(3,073,630)	(3,816,448)	(2,845,925)
	<hr/>	<hr/>	<hr/>	<hr/>
	(4,900,582)	(3,654,977)	(4,673,403)	(3,427,272)
	<hr/>	<hr/>	<hr/>	<hr/>