

**REGISTRAR OF
COMPANIES**

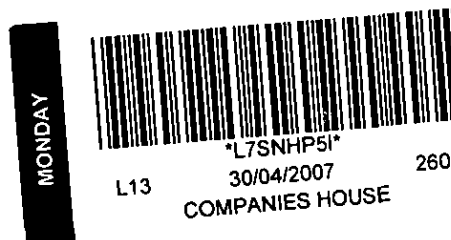
3060702

Figleaves Global Trading Limited

Report and Financial Statements

Year Ended

2 July 2006



BDO Stoy Hayward
Chartered Accountants

Figleaves Global Trading Limited

Annual report and financial statements for the year ended 2 July 2006

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Directors

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Directors

Mr D Nabarro
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 2 July 2006

The directors present their report together with the audited financial statements for the year ended 2 July 2006

Results and dividends

The consolidated profit and loss account is set out on page 6 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 of intimate apparel with shipments going to over 90 countries

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.

The year showed continuing strong revenue growth and improved gross profit margins. During the year the business increased its investment in the North American market and commenced marketing activities within the US as well as opening up distribution facilities in the US and Canada. This required significant investment in operations and additional inventory closer to the customer base. As a result, overhead increased significantly during the year and investment in stocks increased by 70%. North American operations will continue to need to be supported by existing UK operations over the medium term as the global business scales.

Further equity was issued to the parent company, Figleaves com, Inc to fund the expansion of operations.

Key performance indicators

The group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial.

The key financial KPIs used by the business are turnover, gross margin, contribution and divisional EBITDA in the P&L. Stock turn and an internal working capital ratio are monitored in the balance sheet. Additionally, a number of non-financial metrics are used to track the performance of the business.

Figleaves Global Trading Limited

Report of the directors for the year ended 2 July 2006

Directors

The directors of the company during the year were

D Nabarro (Chairman)	
H Bryant	
M Evans	(appointed 15 February 2006)
R Terrell	(appointed 15 February 2006)
M Ross	(resigned 21 July 2006)
J Eastwood	(resigned 1 November 2006)
E Bussey	(resigned 6 April 2006)

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

	Figleaves.com, inc		Figleaves.com, inc	
	Series A Preferred Stock		Common Stock	
	¹ / ₁₀₀ US Cent each		¹ / ₁₀₀ US Cent each	
	2006	2005	2006	2005
D Nabarro (Chairman)	2,860,912	2,860,912	9,004,850	9,004,850
M Ross	-	-	1,624,964	1,624,964
J Eastwood	-	-	289,486	289,486
E Bussey	10,000	10,000	260,147	260,147
H Bryant	-	-	161,147	161,147
M Evans	-	-	-	-
R Terrell	-	-	-	-

The following directors have been granted share options over ordinary shares

	2006 Number	2005 Number
J Eastwood	63,000	63,000
E Bussey	237,200	237,200
H Bryant	236,800	236,800
M Evans	-	-
R Terrell	967,441	-

Figleaves Global Trading Limited

Report of the directors for the year ended 2 July 2006 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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 27 APRIL 2007

Figleaves Global Trading Limited

Report of the independent auditors

To the shareholders of Figleaves Global Trading Limited

We have audited the group and parent company financial statements (the "financial statements") of Figleaves Global Trading Limited for the year ended 2 July 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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 other transactions 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

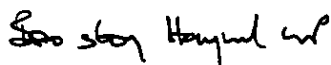
Figleaves Global Trading Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 2 July 2006 and of its loss for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 2 July 2006,
- the financial statements 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



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

27 April 2007

Figleaves Global Trading Limited

Consolidated profit and loss account for the year ended 2 July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Turnover	2		22,585,762		17,760,142
Cost of sales			12,358,436		10,738,663
Gross profit			10,227,326		7,021,479
Distribution costs			11,512,262		8,342,263
Administrative expenses					
- Research and development costs		82,545		6,637	
- Other		2,916,425		1,847,141	
Total administrative expenses			2,998,970		1,853,778
Operating loss			(4,283,906)		(3,174,562)
Interest receivable	5		37,130		11,822
Interest payable and similar charges	6		2,776		425,848
Loss on ordinary activities before and after taxation transferred to reserves	7,17		(4,249,552)		(3,588,588)

All amounts relate to continuing activities

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

The notes on pages 10 to 24 form part of these financial statements

Figleaves Global Trading Limited

Consolidated balance sheet at 2 July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	10		74,252		79,544
Tangible assets	11		1,343,104		1,003,199
			<hr/>		<hr/>
			1,417,356		1,082,743
Current assets					
Stocks - goods for resale		4,350,169		2,562,474	
Debtors	14	1,881,807		760,671	
Cash at bank and in hand		2,059,271		245,818	
		<hr/>		<hr/>	
		8,291,247		3,568,963	
Creditors: amounts falling due within one year	15	3,831,750		3,667,933	
		<hr/>		<hr/>	
Net current assets/(liabilities)			4,459,497		(98,970)
			<hr/>		<hr/>
Total assets less current liabilities			5,876,853		983,773
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		4,239		3,026
Share premium account	17		26,081,697		16,940,278
Profit and loss account	17		(20,209,083)		(15,959,531)
			<hr/>		<hr/>
Shareholders' funds	18		5,876,853		983,773
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on **27 APRIL 2007**

D Nabarro)
) **Directors**
 H Bryant)



The notes on pages 10 to 24 form part of these financial statements

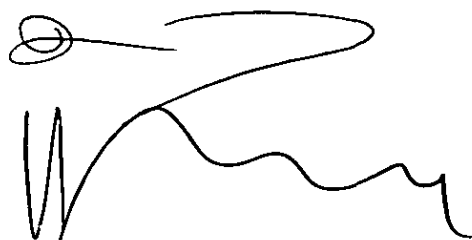
Figleaves Global Trading Limited

Company balance sheet at 2 July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	10		63,940		68,481
Tangible assets	12		1,339,167		1,003,199
Investments	13		-		3
			<hr/>		<hr/>
			1,403,107		1,071,683
Current assets					
Stocks – goods for resale		4,350,169		2,562,474	
Debtors	14	1,881,807		760,671	
Cash at bank and in hand		2,059,271		245,818	
		<hr/>		<hr/>	
		8,291,247		3,568,963	
Creditors: amounts falling due within one year	15	3,828,750		3,664,935	
		<hr/>		<hr/>	
Net current assets/(liabilities)			4,462,497		(95,972)
			<hr/>		<hr/>
Total assets less current liabilities			5,865,604		975,711
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		4,239		3,026
Share premium account	17		26,081,697		16,940,278
Profit and loss account	17		(20,220,332)		(15,967,593)
			<hr/>		<hr/>
Shareholders' funds	18		5,865,604		975,711
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 27 APRIL 2007

D Nabarro)
) Directors
 H Bryant)



The notes on pages 10 to 24 form part of these financial statements

Figleaves Global Trading Limited

Cash flow statement for the year ended 2 July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash outflow from operating activities	21		(6,403,251)		(1,546,497)
Returns on investments and servicing of finance					
Interest received		37,130		11,822	
Interest paid		(2,776)		(404,441)	
			34,354		(392,619)
Net cash outflow from returns on investments and servicing of finance			(6,368,897)		(1,939,116)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(966,668)		(342,304)	
Sale of tangible fixed assets		6,386		40,660	
			(960,282)		(301,644)
Cash outflow before use of liquid resources and financing			(7,329,179)		(2,240,760)
Financing					
Issue of shares		9,142,632		8,321,653	
New loan capital		-		1,075,000	
Loan repayments		-		(7,061,089)	
			9,142,632		2,335,564
Increase in cash	23		1,813,453		94,804

The notes on pages 10 to 24 form part of these financial statements

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006

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 2 July 2006 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 2 July 2006 (*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 2 July 2006 (Continued)

3 Employees

	2006	2005
	£	£
Staff costs consist of		
Wages and salaries	3,915,865	3,147,895
Social security costs	368,753	298,167
Pension costs	71,557	49,913
	4,356,175	3,495,975

The average number of employees of the group, including directors, during the year was 175 (2005 - 140)

Pension contributions totalling £10,681 (2005 - £1,335) were payable to the fund at the year end and are included in creditors

4 Directors

	2006	2005
	£	£
Directors' emoluments	405,953	260,443
Payments to defined contributions pension schemes	16,000	9,469

In 2006 and 2005, one of the Directors was seconded to and remunerated by a fellow subsidiary undertaking

	2006	2005
	£	£
Highest paid director		
Emoluments	130,567	74,925
Payment to defined contributions pension scheme	6,500	3,713

Figleaves Global Trading Limited**Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)****5 Interest receivable - group**

	2006 £	2005 £
Bank deposit interest	37,130	11,822

6 Interest payable and similar charges - group

	2006 £	2005 £
Loan interest	-	425,197
Bank interest	138	73
Other interest	2,638	578
	2,776	425,848

7 Loss on ordinary activities before taxation - group

	2006 £	2005 £
This has been arrived at after charging		
Auditors' remuneration	28,000	18,200
Depreciation and amortisation	590,252	856,619
Operating lease rentals - Other	437,005	239,417
Loss/(profit) on disposal of fixed assets	35,417	(466)

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)

8 Tax on loss on ordinary activities

(a) Analysis of charge in year

	2006 £	2005 £
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

	2006 £	2005 £
Loss on ordinary activities before tax	(4,249,552)	(3,588,588)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2005 – 30%)	(1,274,867)	(1,076,576)
Effects of		
Expenses not deductible	12,568	5,316
Depreciation in excess of capital allowances	185,316	256,761
Tax losses created in the year	1,073,779	814,499
Other short term timing differences	3,204	-
Current tax charge for year	-	-

A deferred tax asset of £5,117,106 (2005 - £4,043,327) 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.

9 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 £4,252,739 (2005 - £3,587,338) which is dealt with in the financial statements of the parent company.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (*Continued*)

10 Intangible assets

	Purchased brands and patents Group £	Purchased brands and patents Company £
<i>Cost</i>		
At 1 July 2005 and 2 July 2006	106,272	91,272
<i>Amortisation</i>		
At 1 July 2005	26,728	22,791
Charge for the year	5,292	4,541
At 2 July 2006	32,020	27,332
<i>Net book value</i>		
At 2 July 2006	74,252	63,940
At 30 June 2005	79,544	68,481

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)

11 Tangible assets

Group	Motor vehicles £	Office furniture and equipment £	Computer software and equipment £	Total £
<i>Cost</i>				
At 1 July 2005	12,250	523,330	2,828,467	3,364,047
Additions	-	288,648	678,019	966,667
Disposals	-	(297,524)	(491,724)	(789,248)
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 July 2006	12,250	514,454	3,014,762	3,541,466
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2005	7,723	302,588	2,050,537	2,360,848
Charge for the year	3,994	106,891	474,075	584,960
Disposals	-	(260,780)	(486,666)	(747,446)
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 July 2006	11,717	148,699	2,037,946	2,198,362
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 2 July 2006	533	365,755	976,816	1,343,104
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	4,527	220,742	777,930	1,003,199
	<hr/>	<hr/>	<hr/>	<hr/>

Computer software and equipment additions includes £203,488 (2005 - £76,673) and office furniture and equipment additions include £33,370 (2005 - £Nil) progress payments relating to capital projects. Depreciation will commence in the financial year ended 1 July 2007 when the projects are completed and commissioned.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)

12 Tangible assets

Company	Motor vehicles £	Office furniture and equipment £	Computer software and equipment £	Total £
<i>Cost</i>				
At 1 July 2005	12,250	523,330	2,828,467	3,364,047
Additions	-	285,284	676,756	962,040
Disposals	-	(297,524)	(491,724)	(789,248)
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 July 2006	12,250	511,090	3,013,499	3,536,839
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2005	7,723	302,588	2,050,537	2,360,848
Charge for the year	3,994	106,486	473,790	584,270
Disposals	-	(260,780)	(486,666)	(747,446)
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 July 2006	11,717	148,294	2,037,661	2,197,672
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 2 July 2006	533	362,796	975,838	1,339,167
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	4,527	220,742	777,930	1,003,199
	<hr/>	<hr/>	<hr/>	<hr/>

Computer software and equipment additions includes £203,488 (2005 - £76,673) and office furniture and equipment additions include £33,370 (2005 - £Nil) progress payments relating to capital projects. Depreciation will commence in the financial year ended 1 July 2007 when the projects are completed and commissioned.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (*Continued*)

13 Fixed asset investments

Group - Nil

Company	Group undertakings £
<i>Cost</i>	
At 1 July 2005	25,003
Disposals	(3)
	<hr/>
At 2 July 2006	25,000
	<hr/>
<i>Provision for diminution in value</i>	
At 1 July 2005 and 2 July 2006	25,000
	<hr/>
<i>Net book value</i>	
At 2 July 2006	-
	<hr/>
At 30 June 2005	3
	<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

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)

14 Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	18,399	12,504	18,399	12,504
Other debtors	643,369	208,366	643,369	208,366
Taxation and social security	304,698	-	304,698	-
Prepayments	704,455	478,181	704,455	478,181
Amounts due from fellow group undertakings	210,886	61,620	210,886	61,620
	<u>1,881,807</u>	<u>760,671</u>	<u>1,881,807</u>	<u>760,671</u>

15 Creditors: amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade creditors	1,638,509	1,849,699	1,638,509	1,849,699
Other creditors	174,776	154,673	174,776	154,676
Taxation and social security	411,256	513,372	411,256	513,372
Accruals and deferred income	1,448,049	1,126,716	1,445,049	1,123,715
Amount due to fellow subsidiary undertaking	159,160	23,473	159,160	23,473
	<u>3,831,750</u>	<u>3,667,933</u>	<u>3,828,750</u>	<u>3,664,935</u>

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (*Continued*)

16 Share capital

	2006 Number	2006 £	2005 Number	2005 £
<i>Authorised</i>				
Ordinary shares of $\frac{1}{100}$ p	120,000,000	12,000	120,000,000	12,000
'A' ordinary shares of $\frac{1}{100}$ p	10,000,000	1,000	10,000,000	1,000
		<u>13,000</u>		<u>13,000</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of $\frac{1}{100}$ p	42,389,854	4,239	30,261,130	3,026
		<u>4,239</u>		<u>3,026</u>

All ordinary shares have the same voting rights

The following ordinary $\frac{1}{100}$ p shares were issued for cash at 0.7538p per share during the year

Issue date (Nil paid)	Call date	Shares issued
30 June 2005	5 July 2005	243,344
30 June 2005	3 August 2005	663,305
30 June 2005	22 August 2005	636,773
30 June 2005	6 September 2005	1,109,801
23 February 2006	23 February 2006	3,824,135
23 February 2006	24 February 2006	265,322
23 February 2006	3 March 2006	530,645
23 February 2006	7 March 2006	4,855,399

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

Share options

The Company does not have its own share options scheme. The parent company, Figleaves com, inc has its own scheme.

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)

17 Reserves

Group	Share premium account £	Profit and loss account £
At 1 July 2005	16,940,278	(15,959,531)
Loss for the year	-	(4,249,552)
Issue of ordinary shares	9,141,419	-
	<hr/>	<hr/>
At 2 July 2006	26,081,697	(20,209,083)
	<hr/>	<hr/>
Company		
At 1 July 2005	16,940,278	(15,967,593)
Loss for the year	-	(4,252,739)
Issue of ordinary shares	9,141,419	-
	<hr/>	<hr/>
At 2 July 2006	26,081,697	20,220,332
	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Loss for the year on ordinary activities	(4,249,552)	(3,588,588)	(4,252,739)	(3,587,338)
Issue of new share capital	1,213	1,121	1,213	1,121
Premium on new share capital	9,141,419	8,320,532	9,141,419	8,320,532
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds movement	4,893,080	4,733,065	4,889,893	4,734,315
Opening shareholders' funds	983,773	(3,749,292)	975,711	(3,758,604)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	5,876,853	983,773	5,865,604	975,711
	<hr/>	<hr/>	<hr/>	<hr/>
Represented by				
	<hr/>	<hr/>	<hr/>	<hr/>
Equity interests	5,876,853	983,773	5,865,604	975,711
	<hr/>	<hr/>	<hr/>	<hr/>

Figleaves Global Trading Limited**Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)****19 Commitments under operating leases**

As at 2 July 2006, the group had annual commitments under non-cancellable operating leases as set out below

	2006 Other £	2005 Other £
Operating leases which expire		
Within one year	51,045	24,134
In the second to fifth years inclusive	255,829	152,746
After five years from the balance sheet date	249,177	156,500
	<u>556,051</u>	<u>333,380</u>

20 Related party transactions

- (a) Figleaves Canada Services, Inc a fellow subsidiary undertaking owed the Company £141,562 (2005 - £6,020) During the year £747,642 (2005 - £Nil) costs were recharged to, and payments were made on behalf of Figleaves Canada Services, Inc, these were charged to inter company account

Figleaves Canada Services, Inc charged the company £572,056 (2005 - £Nil) for services provided

- (b) Indebtedness due to Figleaves US Services, Inc a fellow subsidiary undertaking amounted to £159,160 (2005 - £23,473) During the year £1,297,379 (2005 - £649,575) costs were recharged to, and payments were made on behalf of Figleaves US Services, Inc, these were charged to inter company account

Figleaves US Services, Inc charged the company £1,433,068 (2005 - £673,046) for services provided

- (c) Figleaves com Inc, the ultimate parent company, owed the company £69,324 (2005 - £55,600) for costs recharged

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

	2006 £	2005 £
Operating loss	(4,283,906)	(3,174,562)
Depreciation and amortisation	590,252	856,619
Loss/(profit) on sale of fixed assets	35,417	(466)
(Increase)/decrease in stocks	(1,787,695)	86,652
Increase in debtors	(971,870)	(338,846)
Increase in creditors	14,551	1,024,106
	<u>(6,403,251)</u>	<u>(1,546,497)</u>
Net cash outflow from operating activities	(6,403,251)	(1,546,497)

Figleaves Global Trading Limited

Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)

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

	2006 £	2005 £
Increase in cash in the year	1,813,453	94,804
Cash outflow from movement in debt	-	6,138,128
	<u>1,813,453</u>	<u>6,232,932</u>
Change in net debt resulting from cash flows	1,813,453	6,232,932
Accrued interest charges	-	(422,598)
Reclassification to creditors, amounts falling due within 1 year	-	270,559
	<u>1,813,453</u>	<u>6,080,893</u>
Movement in net debt in the year	1,813,453	6,080,893
Opening net debt	245,818	(5,835,075)
	<u>2,059,271</u>	<u>245,818</u>
Closing net funds	<u>2,059,271</u>	<u>245,818</u>

23 Analysis of net funds/(debt)

	At 1 July 2005 £	Cash flow £	Other movements £	At 2 July 2006 £
Cash in hand and at bank	245,818	1,813,453	-	2,059,271
	<u>245,818</u>	<u>1,813,453</u>	<u>-</u>	<u>2,059,271</u>
Total	245,818	1,813,453	-	2,059,271
	<u>245,818</u>	<u>1,813,453</u>	<u>-</u>	<u>2,059,271</u>

24 Ultimate parent company

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

Figleaves Global Trading Limited**Notes forming part of the financial statements for the year ended 2 July 2006 (Continued)**

25 Deferred tax asset

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

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Accelerated capital allowances	(1,042,571)	(857,255)	(1,042,571)	(857,255)
Losses	(5,117,106)	(4,043,327)	(1,857,451)	(3,816,448)
	<u>(6,159,677)</u>	<u>(4,900,582)</u>	<u>(5,900,022)</u>	<u>(4,673,703)</u>