

## COOLBRANDS INTERNATIONAL INC.

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**FOR IMMEDIATE RELEASE**

### COOLBRANDS INTERNATIONAL INC. REPORTS FINANCIAL RESULTS FOR THE FIRST QUARTER OF FISCAL 2010 ENDED NOVEMBER 30, 2009 AND ANNOUNCES SETTLEMENT OF CAPRICORN LITIGATION

Toronto, ON, December 21, 2009/CNW/ - CoolBrands International Inc. (TSX: COB) ("CoolBrands" or the "Company") today announced its financial results for the first quarter of fiscal 2010 ended November 30, 2009. The Company's consolidated financial statements and management's discussion and analysis of financial results can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### **Financial results**

CoolBrands reported a loss for the first quarter of fiscal 2010 of \$(232,000), or \$(0.00) per fully diluted share, compared to net income of \$2,716,000, or \$0.04 in the first quarter of 2009. The loss in the first quarter of fiscal 2010 was comprised of a loss from continuing operations of \$(338,000), or \$(0.01) per fully diluted share, offset by income from discontinued operations of \$106,000, or \$0.00 per fully diluted share. This compared to income from continuing operations of \$2,716,000, or \$0.05 per share and a loss from discontinued operations of \$(248,000), or \$(0.00) per share in the first quarter of fiscal 2009. Contributing to the loss in the first quarter of fiscal 2010 was a foreign exchange loss of \$(181,000) as a result of the strengthening of the Canadian dollar compared to the U.S. dollar. This compares to a foreign exchange gain of \$2,562,000 in the first quarter of fiscal 2009 as during that period the Canadian dollar decreased in value compared to the U.S. dollar. Also contributing to the 2010 loss was lower interest income earned on the Company's cash and short-term investments as a result of reduced interest rates prevailing in the current economic environment.

#### **Cash and working capital**

Cash and short-term investments amounted to \$64,661,000 at November 30, 2009, compared to \$61,898,000 at August 31, 2009. Working capital was \$63,163,000 at August 31, 2009 compared to working capital of \$63,149,000 at August 31, 2009. Contributing to the increase in cash and short-term investments was an amount of U.S. \$4,025,000 received in November 2009 relating to a promissory note, accrued interest and warrants issued in connection with the sale of one of the Company's subsidiaries in 2007.

#### **Settlement of Capricorn litigation**

Since September 2006, CoolBrands and certain of its related entities former officers and/or directors have been defendants in a lawsuit brought by Capricorn Investors III Limited Partnership ("Capricorn") in New York State Supreme Court (the "Court"). In defending this lawsuit, CoolBrands has succeeded in having all of the claims made by Capricorn dismissed, first in June 2008 and then in July 2009, following successful pre-trial motions. Capricorn's appeal of the Court's June 2008 dismissal was affirmed in October of this year by the New York Appellate Division. In September, Capricorn filed a notice appealing the Court's July 2009 dismissal (the "Pending Appeal").

On December 21, 2009, CoolBrands and the other defendants entered into a settlement agreement with Capricorn relating to this lawsuit and all related and/or potential related claims (the "Settlement"). Under the terms of the Settlement, CoolBrands has agreed to pay Capricorn US \$1,050,000, 50% of which will be contributed by CoolBrands' insurer. As a result, all of Capricorn's claims against CoolBrands and the other defendants will be dismissed with prejudice. Capricorn will also abandon the Pending Appeal. All parties to the lawsuit will exchange mutual releases.

Commenting on the settlement, Mr. Michael Serruya, Chief Executive Officer of CoolBrands, stated, "We are pleased to put this litigation behind us. We are satisfied with this excellent outcome for the Company and believe that the position we took to defend the claims made by Capricorn is validated by the modest payment we have agreed to make. We stayed the course throughout the litigation and, with the valued assistance of our legal counsel, we won several court decisions that proved instrumental in achieving this result."

## **Outlook**

CoolBrands' management continues to receive and evaluate proposals to invest the Company's cash assets in merger and acquisition opportunities. Until a decision is made to pursue one or more investment alternatives, the Company will continue to invest the majority of its cash funds in short-term investment-grade securities.

## **Forward Looking Statements**

This news release may contain "forward-looking" statements within the meaning of applicable securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company results, to be materially different from any future results, events, expectations, performance or achievements expressed or implied by such forward-looking statements. All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Company's objectives, strategies to achieve those objectives, expected financial results, and the outlook for the Company's business. Forward-looking statements typically contain such words or phrases such as "may", "outlook", "objective", "intend", "estimate", "anticipate", "should", "could", "would", "will", "expect", "believe", "plan" and other similar terminology suggesting future outcomes or events. These statements reflect current expectations regarding future events and operating performance and are based on information currently available to the Company's management.

Forward-looking statements involve numerous assumptions and should not be read as guarantees of future performance or results. Such statements will not necessarily be accurate indications of whether or not such future performance or results will be achieved. You should not unduly rely on forward-looking statements as a number of factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to the factors listed below and those discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time including the Annual Information Form. These risks and uncertainties include the Company's ability to effectively manage the risks inherent with mergers and acquisitions; the ability of the Company to minimize the negative impact of any litigation; the effect on foreign operations of political, economic and regulatory risks; currency risk exposure; the ability to recruit and retain qualified employees; and other risks described from time to time in publicly filed disclosure documents of CoolBrands and its subsidiaries. These and other factors may cause the Company's performance to differ materially from that contemplated by forward-looking statements.

Although the forward-looking statements contained in this release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. All forward-looking statements in this news release are qualified by these cautionary statements. These forward-looking statements and outlook are made as of the date of this news release and, except as required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.