

COOLBRANDS INTERNATIONAL INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three and Six Months Ended February 29, 2008

(Tabular amounts expressed in thousands of Canadian dollars, except share data)

This management's discussion and analysis ("MD&A") addresses the results of operations and financial position of CoolBrands International Inc. ("CoolBrands" or the "Company") for the three and six months ended February 29, 2008 (the "Fiscal 2008 Second Quarter"), compared to the three and six months ended February 28, 2007 (the "Fiscal 2007 Second Quarter"). This MD&A is dated April 2, 2008 and has been approved by the Board of Directors of CoolBrands on the recommendation of the Audit Committee.

This MD&A should be read in conjunction with the Company's audited August 31, 2007 consolidated financial statements and the related notes, which may be accessed on the Internet at www.sedar.com. Additional information relating to the Company, including the Company's Annual Information Form, can also be accessed on the SEDAR website.

Unless otherwise indicated, all financial information herein is prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts referred to herein are in Canadian dollars, except per share data. Prior to August 31, 2007, the Company reported its financial results in U.S. dollars. As a result of rounding differences, certain figures in this MD&A may not total.

Cautionary Statement Regarding Forward Looking Statements

The information in this document contains certain forward-looking statements with respect to CoolBrands International Inc., its subsidiaries and affiliates. These statements are often, but not always made through the use of words or phrases such as "expect", "should continue", "continue", "believe", "anticipate", "estimate", "contemplate", "target", "plan", "budget", "may", "will", "schedule" and "intend" or similar formulations. By their nature, these forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant, known and unknown, business, economic, competitive and other risks, uncertainties and other factors affecting CoolBrands specifically or its industry generally that could cause actual performance, achievements and financial results to differ materially from those contemplated by the forward-looking statements. These risks and uncertainties include the Company's ability to recover its assets relating to the sale of its businesses; its ability to sell the remaining assets or rebuild the business; the ability of CoolBrands 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 and affiliates. In view of these uncertainties we caution readers not to place undue reliance on these forward-looking statements. CoolBrands disclaims any intention or obligation to update or revise any statements made herein, whether as a result of new information, future events or otherwise.

About CoolBrands International Inc.

During fiscal 2006 and 2007 CoolBrands sold the majority of its business operations in order to eliminate ongoing operating losses and repay outstanding debt. The Company continues to own land and a building in New Jersey and certain other assets remaining from its prior operations. As a result of the sale of the businesses, the Company has significantly reduced its income and expenses and is investing its cash resources until such time that the Board of Directors determines the future direction for the Company. CoolBrands management and its Board of Directors continue to seek and evaluate opportunities to deploy the Company's cash resources.

Reporting Currency

As a result of the sale and/or closure of the Company's U.S. operations and the relocation of the administrative head office to Canada, the Company has changed the reporting currency in its financial statements to Canadian dollars effective September 1, 2007.

Revenue from continuing operations

Revenue is comprised primarily of interest earned by the Company on its invested cash funds and rental income earned from its property in New Jersey. Revenue increased in the Fiscal 2008 Second Quarter compared to the Fiscal 2007 Second Quarter as a result of interest earned on cash funds obtained through the sale of businesses in fiscal 2007.

For the year to date, interest and other income was \$1,385,000 in fiscal 2008 compared to \$126,000 in fiscal 2007.

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General and administrative expenses

General and administrative expenses of continuing operations include salaries and benefits expense, consulting and legal fees, costs associated with public company reporting requirements and operating expenses related to a building in New Jersey. For the Fiscal 2008 Second Quarter, general and administrative expenses were \$564,000, an increase of \$92,000 versus the second quarter of fiscal 2007. The increase was primarily the result of stock option compensation expense and payment of directors fees.

For the year to date, general and administrative expenses have decreased by \$360,000 as a result of lower consulting and audit fees.

Loss on foreign exchange

The proceeds from the sale of the Company's business units were received in U.S. dollars and the Company has continued to hold and invest a majority of these funds in U.S. dollar investments. As these cash assets exceed the U.S. dollar net liabilities of its subsidiary companies, the Company has experienced a loss on foreign exchange due to an increase in the value of the Canadian dollar versus the U.S. dollar during fiscal 2008. In the second quarter of fiscal 2008, the Company converted U.S. \$10 million into Canadian dollars resulting in a foreign exchange gain of \$301,000 on this transaction.

Income taxes

As a result of cumulative operating losses, the Company does not have an income tax expense in the current or prior year. The Company has established an allowance for non-capital loss carry-forwards as the utilization of such loss carry-forwards is considered unlikely.

Income (loss) for the period

The Company reported income of \$4,832,000, or \$0.09 per share in the Fiscal 2008 Second Quarter, which was comprised of a loss from continuing operations of \$(307,000), or \$0.00 per share, and a gain from discontinued operations of \$5,139,000, or \$0.09 per share. The Company recorded a loss of \$(11,529,000), or \$(0.21) per share for the Fiscal 2007 Second Quarter, which was comprised of a loss from continuing operations of \$(410,000), or \$(0.01) per share and a loss from discontinued operations of \$(11,119,000), or \$(0.20) per share.

The income in the Fiscal 2008 Second Quarter was positively impacted by \$6,778,000 following the resolution of the claim of the secured creditor of the Americana Foods Limited Partnership and the resulting elimination of certain liabilities of the Partnership in the Company's consolidated financial statements.

For the year to date, the Company reported income of \$1,514,000, or \$0.03 per share, which was comprised of a loss from continuing operations of \$(3,066,000), or \$(0.05) per share, and a gain from discontinued operations of \$4,580,000, or \$0.08 per share. In the prior year, the Company recorded a loss in the first six months of \$(16,952,000), or \$(0.30) per share, which was comprised of a loss from continuing operations of \$(1,283,000), or \$(0.02) per share and a loss from discontinued operations of \$(15,669,000), or \$(0.28) per share. The loss in fiscal 2007 was primarily a result of continuing losses from a number of business segments, and costs incurred in closing the Company's U.S. operations.

Summary of quarterly results

The following table presents a summary of the Company's financial results for the last eight quarters (in thousands of dollars). Certain amounts for the quarterly results in the year ended August 31, 2007 have been reclassified between gain (loss) on sale of discontinued operations and income (loss) from discontinued operations:

Quarter ended	February 29, 2008	November 30, 2007	August 31, 2007	May 31, 2007
Total revenues from continuing operations	\$ 664	\$ 721	\$ 974	\$ 1,049
Income (loss) from continuing operations	(307)	(2,759)	978	(5,867)
Gain (loss) on disposal of discontinued operations	6,910	(809)	(4,524)	2,730
Income (loss) from discontinued operations	(1,771)	250	2,406	(82)
Income (loss) for the quarter	\$ 4,832	\$ (3,318)	\$ (1,140)	\$ (3,219)
Earnings per share (basic and diluted)				
Income (loss) per share from continuing operations	\$ 0.00	\$ (0.05)	\$ 0.02	\$ (0.10)
Income (loss) per share from discontinued operations	0.09	(0.01)	(0.04)	0.05
Income (loss) per share	\$ 0.09	\$ (0.06)	\$ (0.02)	\$ (0.06)

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Quarter ended	February 28, 2007	November 30, 2006	August 31, 2006	May 31, 2006
Total revenues from continuing operations	\$ 62	\$ 64	\$ 11	\$ 16
Loss from continuing operations	(410)	(873)	(866)	(1,091)
Gain (loss) from sale of discontinued operations	(1,709)	1,879	5	-
Loss from discontinued operations	(9,410)	(6,429)	(51,935)	(12,465)
Loss for the quarter	<u>\$ (11,529)</u>	<u>\$ (5,423)</u>	<u>\$ (52,796)</u>	<u>\$(13,556)</u>
Earnings per share (basic and diluted)				
Loss per share from continuing operations	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.02)
Loss per share from discontinued operations	(0.20)	(0.08)	(0.93)	(0.22)
Loss per share	<u>\$ (0.21)</u>	<u>\$ (0.10)</u>	<u>\$ (0.94)</u>	<u>\$ (0.24)</u>

Liquidity

The following sets forth certain measures of the Company's liquidity:

	February 29, 2008	August 31, 2007
Cash and short-term investments	\$61,219	\$68,351
Working capital	\$52,828	\$49,608
Current ratio	6.37 to 1	3.35 to 1.0

The increase in working capital of \$3,220,000 at February 29, 2008 compared to August 31, 2007 is primarily due to the elimination of certain liabilities relating to the Americana Foods Limited Partnership from the Company's consolidated financial statements.

Cash and short-term investments are held in commercial paper, term deposits maturing within 30 days, money market accounts and in deposits in the Company's bank accounts. Approximately \$51,000,000 is held in U.S. dollar investments and \$10,000,000 in Canadian dollar investments.

Cash flows from operating activities of continuing operations

The Company generated cash from operating activities of \$126,000 in the Fiscal 2008 Second Quarter, compared with a use of cash of \$(6,000) in operating activities in the Fiscal 2007 Second Quarter. The increase was due to an higher interest earned as a result of the larger cash balances during the period.

For the current year to date, the Company generated cash from operating activities of \$1,361,000 compared to a use of cash of \$(839,000) in the prior year. The increase was due to the sale of a portion of marketable securities held in a non-registered pension plan by one of the Company's subsidiaries and higher interest income earned in the current year.

Cash flows from financing activities of continuing operations

During the Fiscal 2007 Second Quarter, the Company repaid \$705,000 under its bank credit facilities, bringing the total balance repaid for the first six months of fiscal 2007 to \$11,205,000. As these bank credit facilities were fully repaid during Fiscal 2007, there was no corresponding payments made in Fiscal 2008.

Cash flows from discontinued operations

The Company used cash in discontinued operations of \$(208,000) in the Fiscal 2008 Second Quarter, compared to generating cash of \$63,553,000 in the Fiscal 2007 Second Quarter. Cash used in the Fiscal 2008 Second Quarter was primarily due to U.S. state tax payments, and payments of legal and consulting fees associated with former business segments. Cash generated in the Fiscal 2007 Second Quarter resulted from the sale of the Company's former yogurt and foodservice segments.

For the current year to date, the Company used cash of \$(4,918,000) due to the payment of \$2,750,000 on the settlement of a litigation matter and payments of other liabilities, including legal fees, related to the previously owned discontinued operations. In the first six months of Fiscal 2007, the Company generated cash of \$78,622,000 from discontinued operations principally from the proceeds received on the business segments sold during the period.

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Contractual Obligations

The Company does not have any remaining material contractual obligations pertaining to its continuing operations.

Capital resources

CoolBrands' cash requirements are substantially unchanged from those disclosed in the annual MD&A for Fiscal 2007. The Company believes it has sufficient liquidity to fund operations for the foreseeable future.

Payment requirements

Payment requirements are substantially unchanged from those disclosed in the annual MD&A for Fiscal 2007 and no new material obligations have been incurred.

Risk factors and uncertainties

Risk factors and uncertainties are substantially unchanged from those disclosed in the annual MD&A for Fiscal 2007.

Transactions with related parties

The nature of transactions with related parties is unchanged from those disclosed in the annual MD&A for Fiscal 2007.

Disclosure Controls and Internal Controls

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures and the design of internal controls as at February 29, 2008, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

Management recognizes that the internal controls it has established for its current operations are impacted by the potential lack of segregation of duties due to a limited number of staff involved in performing accounting and financial disclosure activities.

Critical accounting policies

There have been no changes in the critical accounting policies from those disclosed in the annual MD&A for Fiscal 2007, except as noted below. For all of these policies, management cautions that future events rarely develop exactly as forecast, and management's best estimates may require adjustment.

Effective September 1st, 2007, the Company adopted the accounting recommendations from the Canadian Institute of Chartered Accountants (CICA), Handbook Section 1530 - Comprehensive Income and Handbook Section 3855 - Financial Instruments - Recognition and Measurement. Section 1530 established standards for reporting and presenting a comprehensive income statement. The statement of comprehensive income shows a total of the net income recognized by the Company in addition to the other comprehensive income of the Company. Other comprehensive income items are items which are being shown on the balance sheet at their fair value until the items are realized. The accounting guideline also requires separate presentation of changes in the Company's net assets other than the Company's shareholders. Section 3855 requires all financial assets to be classified as either held for trading, available for sale, held to maturity or loans and receivables and all financial liabilities to be classified as either held for trading or other financial liabilities. All financial assets and financial liabilities are to be carried at fair value in the consolidated balance sheet, except held to maturity financial assets, loans and receivables and other financial liabilities which are measured at cost or amortized cost. The adoption of these accounting recommendations did not have a significant impact on the Company's consolidated financial statements.

Derivative instruments and off-balance sheet arrangements

As at February 29, 2008, the Company was not party to any derivative instruments or off-balance sheet arrangements.

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Legal matters

CoolBrands is subject to various legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. CoolBrands evaluates, among other things, the degree of probability of an unfavorable outcome and reasonably estimates the amount of the loss. Significant judgment is required in both the determination of the probability and as to whether an exposure can be reasonably estimated. When CoolBrands determines that it is probable that a loss has been incurred, the effect is recorded in the Consolidated Financial Statements. Although the legal outcome of these claims cannot be predicted with certainty, CoolBrands does not believe that any of the existing legal matters will have a material adverse affect on its financial condition or results of operations. However, significant changes in legal proceedings and claims or the factors considered in the evaluation of those matters could have a material adverse affect on CoolBrands business, financial condition and results of operation.

In September 2006, Americana Foods Corporation ("AFC"), the Company's 49.9% joint venture partner in Americana Foods, filed a complaint (the "AFC Action") in the Supreme Court of the State of New York against the Company, Integrated Brands, Inc., CBA Foods, LLC, CB Americana and certain officers and directors of the Company and Americana Foods. The complaint alleges gross mismanagement of the business operations of Americana Foods and seeks to prevent the Company from selling control of the Company to a third party without paying AFC the financial return required by certain provisions of the Americana Limited Partnership Agreement, or sell any part of the foodservice segment without using the sales proceeds to repay the debt of Americana Foods. On or about October 11, 2006, the general partner of Americana Foods caused the entity to file an involuntary petition under the United States Bankruptcy code. In light of the bankruptcy proceedings and other factors, the AFC Action is effectively stayed pending ongoing discussions with the bankruptcy trustee.

On October 31, 2006, Capricorn Investors III, L.P. ("Capricorn"), the parent of Americana Foods Corporation, filed a complaint in the Supreme Court of the State of New York against the Company, Integrated Brands, Inc., CBA Foods LLC, CB Americana and certain officers and directors of the Company asserting allegations against the defendants for breaches of contract, breach of fiduciary duty, fraud and conspiracy and seeks injunctive relief and damages of over \$60 million. On June 8, 2007, the Company and its co-defendants moved to dismiss the Complaint. The Court directed the parties to begin engaging in document discovery and indicated it would rule on the Defendants motion to dismiss by February 2008. The Court ruling has not yet been received.

The Company has informed AFC and Capricorn that it does not believe that there are any amounts due AFC and Capricorn. The Company intends to vigorously defend against these complaints. The amount of loss, if any, cannot be determined at this time.

Annual Information Form

Additional information relating to CoolBrands including CoolBrands' Annual Information Form is available on SEDAR at www.sedar.com.

Outstanding share data

As of April 2, 2008, the Company had 56,075,433 common shares, 5,500,000 warrants to purchase common shares and 300,000 stock options outstanding. During the Fiscal 2008 Second Quarter the Company issued 300,000 options to purchase common shares with an exercise price of \$0.87 per share.

Outlook

The outlook for Fiscal 2008 is substantially unchanged from what was disclosed in the Fiscal 2007 MD&A. The consolidated results of operations for Fiscal 2008 will be dependent on the decision by the Board of Directors as to the future direction of the Company. It is not possible to predict with a high degree of certainty the ultimate success of future operations of the Company, including the results of the deployment of the Company's financial resources.

The Company's future performance is subject to all of the risk factors and uncertainties previously disclosed.

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RESPONSIBILITY FOR MD&A

Management is responsible for the preparation of this MD&A, including its reliability and timeliness of information disclosed therein. Management is also responsible to implement and monitor an effective system of internal controls and procedures to ensure that information used internally by management and disclosed externally is reliable and timely. The Company's Board of Directors is responsible for approving the MD&A.

"Michael Serruya"

"Ken MacKenzie"

Michael Serruya
Chief Executive Officer

Ken MacKenzie
Chief Financial Officer

April 2, 2008