

Company Registration No. 6239171

FreshTL plc

Annual reports and financial statements

31 December 2010

FreshTL plc

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FreshTL plc

Corporate Information

Directors

D Lewis Chairman
J P McGuire Chief Executive
S M Blank Finance Director
T J Branton Product Director

J H Grossman Non-executive director
A J Matheson Non-executive director

Secretary

S M Blank

Registered Office

S18 Daresbury Innovation Centre
Keckwick Lane
Daresbury
Warrington
Cheshire
WA4 4FS

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

Bankers

National Westminster Bank
Altrincham
23 Stamford New Road
Altrincham
Cheshire
WA14 1DB

Solicitors

Finers Stephens Innocent LLP
179 Great Portland Street
London
W1W 5LS

Corporate Adviser

Daniel Stewart and Company plc
Becket House
36 Old Jewry
London
EC2R 8DD

FreshTL plc

Directors' Report

The Directors present their annual report on the affairs of FreshTL plc ('the Company') and subsidiary undertakings ('the Group'), together with the financial statements and auditors' report, for the period ended 31 December 2010.

Principal activity

The Company changed its name from Greener House Investments plc to FreshTL plc on 29 September 2010. The principal activity of the Group comprises the development, distribution and service of its software products.

Greener House Investments plc was established in 2007 by the Directors for the purpose of acquiring companies or key stakes in companies, or to acquire businesses or assets, in the healthcare sector. A suitable and substantial acquisition would be achieved by the issue of shares of the Company and result with the reverse take-over of the target company which would be provided with a listing for its shares and access to the Company's cash resources.

During the year the Company identified Fresh T Limited ('Fresh T'), as a suitable target for acquisition and on 29 March 2010, announced that it had made an initial investment of £300,000 for 39,209 "A" ordinary shares in Fresh T pursuant to the terms of the Investment Agreement, matched by a similar simultaneous investment in Fresh T by the NW VCLF HF LLP ("NWVCLF") managed by YFM Private Equity Ltd. This resulted in the Company and NWVCLF each owning 20 per cent of Fresh T share capital.

The Company completed a placing on 29 September 2010 raising a further £150,000 by the issue of Ordinary shares in FreshTL plc which was matched by an equal investment by NWVCLF in Fresh T, resulting in NWVCLF owning 25% of Fresh T share capital.

At the same time the Company completed acquisition of the balance of the entire issued ordinary share capital of Fresh T not already owned by it for a consideration of £900,000. The consideration was satisfied by the issue of Ordinary shares of FreshTL plc. Under an unconditional agreement dated 26 March 2010 (amended 21 December 2010), NWVCLF can require FreshTL plc to acquire all the shares owned by NWVCLF in Fresh T in exchange for the issue of Ordinary shares in FreshTL plc ("the Exchange"). The Exchange must take place by 31 December 2011 if not enforced by NWVCLF before that date.

Fresh T, a privately owned company incorporated in the UK on 29 April 2009, is developing a global Software as a Service ("SaaS") business around its intellectual property and distribution rights. It is the intention of management to grow the business both through the acquisition of complementary applications and distribution rights domestically and abroad.

The acquisition of Fresh T constitutes a reverse take-over of FreshTL plc under the PLUS rules.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 15 to the financial statements.

Business review

During the year, the Group had revenues of £18,985 (2009 - £4,448). The company is a start-up and at present monitors its progress by sales and closely controls remaining cash. When sales volumes become significant, sales growth, gross margin by product and performance against budget will be added to these two measures as key performance indicators.

	2010	2009	Definition and method of calculation
Group Cash at Bank	<u>£315,160</u>	<u>£19,296</u>	Cash and cash equivalents

FreshTL plc

Directors' Report

Business review (continued)

The Group continues to monitor its business closely producing detailed monthly management accounts including profit and loss account, cash flow and balance sheet, and will take appropriate decisions and actions as it deems necessary.

Since the year-end, the Company has completed a further placing, raising £259,000 by the issue of Ordinary shares in FreshTL plc and has received a further investment of £50,000 by NWVCLF into Fresh T Limited.

Competitive environment

The Group continues to invest in research and development relating to the TeamPoint® product which is a SaaS product for the Governance, Risk and Compliance (GRC) market, enabling customers to manage all business compliance issues such as regulatory or quality control among others. Please see the website www.teampoint.com for more details.

Future strategy

The Group intends to continue its expansion strategy by looking to:

- achieve organic growth in the home market;
- penetrate global markets by product integration with global partners;
- develop partner programmes;
- acquire companies with compatible products in the GRC market.

Principal risks and uncertainties

The Group operates in a highly competitive marketplace, which presents a continuing risk of loss of sales to its key competitors. The Group manages this risk by maintaining strong relationships with its customers, by keeping its products at the leading edge by continued investment in research and development, and by providing high levels of support for its products in the field.

The Group's activity exposes it to a number of financial risks including price risk, credit risk and cash flow risk.

Interest rate risk

Surplus cash balances are held in bank deposit accounts and returns are expected to fluctuate with the rates of interest.

Credit risk

The Group has no significant credit risk.

Liquidity risk

The Group's liquidity management policy is to ensure the maintenance of sufficient cash and availability of funding through credit facilities as necessary.

Dividends

The Directors recommend that no dividend shall be paid in respect of the year to 31 December 2010 (2009: nil).

Directors and their interests

The Directors during the year and to the date of this report were as follows:

J P McGuire	Chief Executive (appointed 29 September 2010)
S M Blank	(appointed 29 September 2010)
D Lewis	(appointed 29 September 2010)
J H Grossman	(appointed 29 September 2010)
A J Matheson	(appointed 20 June 2011)
T J Branton	(appointed 20 June 2011)
H A Hyman	(resigned 29 September 2010)
J A Metliss	(resigned 29 September 2010)

The interests of the directors who held office at the end of the year, in the share capital of the company, were as follows

FreshTL plc

Directors' Report (continued)

Directors and their interests	Ordinary shares	Warrants
J P McGuire	89,760,000	12,909,365
S M Blank	22,950,000	3,302,165
J H Grossman	3,300,000	5,045,000
D Lewis	-	10,090,000
Directors of the subsidiaries		
A J Matheson	57,090,000	6,848,898
T J Branton	40,164,200	9,337,592

The directors in office at the end of the year held no shares, share option or warrants in 2009.

The following table provides summary information for each of the directors who held options or warrants to subscribe for ordinary shares of the company

Granted during the year	Date of grant	Exercise period	Exercise price	Warrants
J P McGuire	29 September 2010	60 months	£0.01	£0.01
S M Blank	29 September 2010	60 months	£0.01	£0.01
J H Grossman	29 September 2010	60 months	£0.01	£0.01
D Lewis	29 September 2010	60 months	£0.01	£0.01
Directors of the subsidiaries				
A J Matheson	29 September 2010	60 months	£0.01	£0.01
T J Branton	29 September 2010	60 months	£0.01	£0.01

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were in force during the year and remain in force at the date of this report.

Charitable and political contributions

It is Group policy not to make political contributions. The Group made no charitable donations (2009 - £50)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and Group-wide announcements on the Group performance and key sales.

FreshTL plc

Directors' Report (continued)

Creditors payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2010, the Group had an average of 33 (2009: 67) days purchases outstanding in trade creditors.

Going concern basis

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Auditors and disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Hazlewoods LLP have been appointed as auditors and a resolution to reappoint them will be presented at the forthcoming Annual General Meeting.

By order of the Board,



J P McGuire

Director

22 June 2011

FreshTL plc

Statement of directors' responsibilities in respect of the Annual report and financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary;


The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report is made available on a website. Annual reports are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the annual reports contained therein.

By order of the Board,



J P McGuire

Director

22 June 2011

FreshTL plc

Independent auditors' report to Shareholders of FreshTL plc

We have audited the financial statements of Fresh TL plc for the period ended 31 December 2010 which comprise the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statement of cash flows, the consolidated and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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Independent auditors' report to Shareholders of FreshTL plc (continued)

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 4.1 of the financial statements concerning the company's ability to continue as a going concern. Future trading revenues are dependent on the ability of the company to generate income streams from new product lines from which limited revenues have been generated to date, such revenues being necessary to fund the ongoing operating costs of the business. This represents a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


David Main (Senior statutory auditor)

for and on behalf of Hazlewoods LLP, Statutory Auditor

22 June 2011

FreshTL plc

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**Consolidated statement of comprehensive income
for the year ended 31 December 2010**

		GROUP	
	Notes	12 months ended 31 Dec 2010 £	29 Apr to 31 Dec 2009 £
Revenue	6	18,985	4,448
Cost of sales		<u>(11,798)</u>	<u>(2,846)</u>
Gross profit		7,187	1,602
Administrative expenses		<u>(457,295)</u>	<u>(50,078)</u>
Operating loss	7	(450,108)	(48,476)
Investment revenue	9	4,167	-
Loss before income tax		<u>(445,941)</u>	<u>(48,476)</u>
Income tax expense	10	<u>-</u>	<u>-</u>
Loss and total comprehensive income for the year		<u><u>(445,941)</u></u>	<u><u>(48,476)</u></u>
Loss per share	11	<u><u>(0.19)p</u></u>	<u><u>(0.02)p</u></u>

All items dealt with in the consolidated statement of comprehensive income relate to continuing operations.

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Consolidated and parent company balance sheet at 31 December 2010

	Notes	GROUP		COMPANY	
		2010 £	2009 £	31 Dec 2010 £	31 May 2010 £
Assets					
Non-current assets					
Intangible assets	13	141,907	-	-	-
Property, plant and equipment	14	10,230	2,045	-	-
Investments	15	-	-	1,937,603	300,000
		<u>152,137</u>	<u>2,045</u>	<u>1,937,603</u>	<u>300,000</u>
Current assets					
Investments		-	-	-	796
Trade and other receivables	16	57,334	10,202	23,800	4,269
Cash and bank balances	17	315,160	19,296	5,731	30,784
		<u>372,494</u>	<u>29,498</u>	<u>29,531</u>	<u>35,849</u>
Total assets		<u>524,631</u>	<u>31,543</u>	<u>1,967,134</u>	<u>335,849</u>
Liabilities					
Current liabilities					
Trade and other payables	18	114,766	79,019	17,364	10,095
Payable to subsidiary	19	-	-	128,520	-
Total liabilities		<u>114,766</u>	<u>79,019</u>	<u>145,884</u>	<u>10,095</u>
Net assets/(liabilities)		<u>409,865</u>	<u>(47,476)</u>	<u>1,821,250</u>	<u>325,754</u>
Equity attributable to owners of the parent					
Ordinary shares	20	337,989	1,000	337,989	100,025
Shares to be issued	21	483,277	-	483,277	-
Share premium	22	1,218,136	-	1,218,136	298,279
Reverse acquisition reserve	23	(1,148,992)	-	-	-
Retained earnings	24	(480,545)	(48,476)	(218,152)	(72,550)
Total equity		<u>409,865</u>	<u>(47,476)</u>	<u>1,821,250</u>	<u>325,754</u>

The financial statements were approved by the board of Directors and authorised for issue on 22 June 2011. They were signed on its behalf by:



J P McGuire
Director

FreshTL plc

Statement of changes in equity at 31 December 2010

GROUP

	Share capital	Shares to be issued	Share premium	Reverse acquisition reserve	Retained earnings	Total
Loss for the period	-	-	-	-	(48,476)	(48,476)
Issue of shares	1,000	-	-	-	-	1,000
Balance at 31 December 2009	1,000	-	-	-	(48,476)	(47,476)
Movement on reserves arising from reverse acquisition	99,025	-	298,279	(1,148,992)	-	(751,688)
Loss for the year	-	-	-	-	(445,941)	(445,941)
Recognised share based payments	-	-	-	-	13,872	13,872
Issue of shares	237,964	-	919,857	-	-	1,157,821
Shares to be issued	-	483,277	-	-	-	483,277
Balance at 31 December 2010	<u>337,989</u>	<u>483,277</u>	<u>1,218,136</u>	<u>(1,148,992)</u>	<u>(480,545)</u>	<u>409,865</u>

COMPANY

	Share capital	Shares to be issued	Share premium	Reverse acquisition reserve	Retained earnings	Total
At 1 June 2009	100,025	-	298,279	-	(40,588)	357,716
Loss for the year	-	-	-	-	(31,962)	(31,962)
Balance at 31 May 2010	100,025	-	298,279	-	(72,550)	325,754
Loss for the period	-	-	-	-	(145,602)	(145,602)
Issue of shares	237,964	-	919,857	-	-	1,157,821
Shares to be issued	-	483,277	-	-	-	483,277
Balance at 31 December 2010	<u>337,989</u>	<u>483,277</u>	<u>1,218,136</u>	<u>-</u>	<u>(218,152)</u>	<u>1,821,250</u>

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Consolidated statement of cash flows for the period ended 31 December 2010

	Notes	GROUP		COMPANY	
		31 Dec 2010 £	31 Dec 2009 £	31 Dec 2010 £	31 May 2010 £
Net cash (absorbed) generated from operating activities	24	(450,834)	22,649	(149,069)	(35,644)
Investing activities					
Interest received		4,167	-	1	574
Proceeds from disposal of property, plant and equipment		1,488	-	-	-
Purchases of property, plant and equipment		(11,715)	(3,353)	-	-
Development costs capitalised		(23,219)	-	-	-
Proceeds from redemption of investment		-	-	-	365,414
Payments to acquire fixed asset investment		-	-	(154,505)	(300,000)
Net cash used in investing activities		(29,279)	(3,353)	(154,504)	65,988
Financing activities					
Proceeds from issue of shares		900,000	-	150,000	-
Cost of reverse acquisition		(124,023)	-	-	-
Proceeds from borrowings from subsidiary		-	-	128,520	-
Net cash used in financing activities		775,977	-	278,520	-
Net increase/(decrease) in cash and cash equivalents		295,864	19,296	(25,053)	30,344
Cash and cash equivalents at beginning of year		19,296	-	30,784	440
Cash and cash equivalents at end of year		315,160	19,296	5,731	30,784

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

1. General Information

The principal activity of the Group is the development and sale of software as a service and related maintenance and professional services.

FreshTL plc is a company incorporated in England and Wales under the Companies Act 2006.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU').

2.1.1 Changes in accounting policy and disclosures

a) New and amended standards adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010. IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date. The revised standard was applied to the acquisition of the controlling interest in Teampoint Systems Limited on 26 March 2010.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments'(that is, before the aggregation of segments with similar economic characteristics).

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

Notes to the Group Financial Statements for the period ended 31 December 2010

2 Summary of significant accounting policies (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

a) New and amended standards adopted by the group (continued)

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

Standards and interpretations not yet effective

At the date of the approval of the financial statements by the Board of Directors of the Company, the following standards and interpretations were issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee ('IFRIC') respectively, but were not yet effective:

IAS 24 (Revised) Related Party Disclosures: The revised standard is effective for periods beginning on or after 1 January 2011. The revised standard provides exemption from disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state ("state-controlled entities"). It also amends the definitions of a related party and of a related party transaction to clarify the intended meaning and remove some inconsistencies. The Company will adopt IAS 24 revised for the period beginning on 1 January 2011. Currently there is no impact on the Company's financial statements.

IFRIC 19: Extinguishing financial liabilities with equity instruments: IFRIC 19 addresses the accounting by entity that issues equity instruments in order to settle, in full or in part, a financial liability. It clarifies that entity's equity instruments issued to a creditor are part of the consideration paid and should be measured at their fair value. Any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued should be recognised in profit and loss. IFRIC 19 is effective for periods beginning on or after 1 July 2010. Had IFRIC 19 been adopted in the year to 31 December 2010, there would be no impact on the Company's financial statements in relation to the transactions in the period.

IFRS 9: 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The group is yet to assess IFRS 9's full impact.

b) Amendments to standards and interpretations that are not yet effective and not relevant for the Group and the Company operations

Amendment to IFRIC 14: Prepayments of a Minimum Funding Requirement: The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. Benefits of this early payment are now allowed to be treated as an asset. The amendment is effective for periods beginning on or after 1 January 2011, however it is not currently relevant to the Company as there are no defined benefit pension scheme in place requiring minimum funding.

2.2 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the asset. The principal accounting policies adopted are set out below.

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Notes to the Group Financial Statements for the period ended 31 December 2010

2 Summary of significant accounting policies (continued)

2.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial information of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.3 Accounting period

As explained in note 3.1 below, the financial statements have been prepared using the reverse acquisition basis of accounting. The period accounting reference date of the parent company was 31 May 2010 and has been amended to 31 December 2010. The financial statements of the parent company are hence presented for the seven months ended 31 December 2010 with comparative amounts for the year ended 31 May 2010.

The consolidated financial statements are presented to reflect the accounting periods of Fresh T Limited whose shareholders effectively gained control of FreshTL plc by virtue of a reverse acquisition. The consolidated results therefore reflect the year ended 31 December 2010 with comparative amounts for the period from date of incorporation on 29 April 2009 to 31 December 2009.

3. Significant accounting policies

3.1 Business combinations

The acquisition of Teampoint Systems Limited by Fresh T Limited is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The acquisition of Fresh T Limited by the company will not be characterised as a business combination in accordance with International Financial Reporting Standard 3 ("IFRS 3").

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

3. Significant accounting policies (continued)

3.1 Business combinations (continued)

Where the merger of a private operating entity into a non-operating public shell company with nominal net assets results in (i) the owners of the private entity gaining control over the combined entity after the transaction and (ii) the shareholders of the former public shell corporation continuing only as passive investors IFRS 3 clarifies that this transaction is usually not considered a business combination, because the accounting acquiree, the non-operating public shell corporation, does not meet the definition of a business under the standard. Instead, these types of transactions are considered to be capital transactions of the legal acquiree and are the equivalent to the issuance of shares by the private entity for the net monetary assets of the public shell corporation, accompanied by a recapitalisation. Although this is not a business combination under IFRS 3 (revised), the accounting result is similar to reverse acquisition accounting.

This means that reverse acquisition accounting is applied, but it does not result in the recognition of goodwill as the public shell corporation (the accounting acquiree) is not a business.

3.2 Property, plant and equipment

All Group properties are held under operating leases.

Fixtures and fittings and computer equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible assets at rates calculated so as to write off the cost or valuation of assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	33.3% per annum
Computer equipment	33.3% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

3. Significant accounting policies (continued)

3.3 Intangible assets

3.3.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is not subject to amortisation but is tested annually for impairment or more frequently if impairment indicators are identified. Any impairment is recognised immediately in the income statement and is not subsequently reversed

3.3.2 Intellectual property

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- the technical feasibility of completing the asset so that it will be available for use has been achieved;
- the Group has the intention to complete the asset and use or sell it;
- the Group has the ability to use or sell the asset;
- it is probable that the asset created will generate future economic benefits;
- adequate technical, financial and other resources are available to the Company to complete the development and to use or sell the asset; and
- the development cost of the asset can be measured reliably.

If these conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. The expenditure capitalised is from the point at which the above criteria are met up to the point at which the product is considered available for use. Amortisation is charged on a straight-line basis over its estimated useful life, which is as follows:

- Intellectual property 5 years

No depreciation charge is made in the period as development of the software product was not complete and hence its useful life is not considered to have commenced.

3.4 Impairment of intangible and tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its goodwill, intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with an indefinite useful life are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The directors consider that the Group's current activity constitutes a single cash-generating unit.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

3. Significant accounting policies (continued)

3.4 Impairment of intangible and tangible assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease, up to the amount of any revaluation surplus.

Except for goodwill, if an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not such that the increased carrying amount exceeds the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately. Goodwill impairments are not reversed.

3.5 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

3.5.1 Trade receivables and accrued income

Trade receivables and accrued income do not carry interest and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables and accrued income are discounted if payment terms extend more than 12 months from initial recognition.

3.5.2 Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

3.5.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents are as defined above, net of bank overdrafts.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of software products are recognized on delivery, when no significant vendor obligations remain. Revenue relating to services, including 'Software as a Service' sales are deferred and recognised over the period of the agreements.

3.7 Cost of sales

The Group's cost of sales includes cost of software licensing from third-party vendors, distributor and reseller commissions, cost of maintenance services and cost of professional services.

**Notes to the Group Financial Statements
for the period ended 31 December 2010**

3. Significant accounting policies (continued)

3.8 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Group's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

3. Significant accounting policies (continued)

3.12 Share based payments

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management objective is to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance function under policies approved by the Board of Directors. The Group's finance function identifies, evaluates and manages financial risks .

(a) Market risk

(Cash flow interest rate risk)

The Group has cash in bank deposit accounts at a variable rate. And as such is affected by market conditions. Interest receipts are not material and hence results are not currently materially susceptible to changes in interest rates.

(b) Credit risk

The Group's credit risk arises from cash and cash equivalents, deposits with banks and outstanding receivables.

The credit risk on liquid funds is reviewed through the selection of counterparties with appropriate credit-ratings as assigned by credit-rating agencies.

(c) Liquidity risk

The Group's liquidity management policy involves considering cash flows and assessing the level of liquid assets necessary to meet these cash flows.

**Notes to the Group Financial Statements
for the period ended 31 December 2010**

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

The only liabilities of the Group at 31 December 2010 related to trade and other payables, which were due on demand. These totalled £108,266 and included £49,072 in respect of loans from key management.

The Group had liquid resources of £315,160 at 31 December 2010 but is currently in the start-up phase of its operation. The range of its product offering is new to the market and it is therefore impossible to predict with any certainty the rate at which sales will be generated in order to finance the current level of overhead expenditure necessary to continue to develop the business.

In June 2011 the company raised additional capital of £309,000. Based on current forecasts the directors believe that this will be sufficient to enable the Group to continue trading. However, the on-going revenues projected within the forecasts relate to new trading activities and cannot be predicted with any certainty. The directors consider that there is sufficient interest in the Group's products to indicate that material revenues will begin to be generated in the near future. If that does not prove to be the case, the Directors have contingency plans in place to ensure that the group continues to meet its obligations as they fall due. They therefore consider it appropriate that the financial statements are prepared in a going concern basis.

If the Group were not able to continue trading, adjustments would be necessary to write down assets to their recoverable amounts, to reclassify non-current assets and liabilities to current assets and liabilities and make provisions for further liabilities that would arise as a consequence of the discontinuance.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

5. Critical accounting judgements and key sources of estimation uncertainty

In preparing the consolidated financial statements, the Directors make judgements on how to apply the Group's accounting policies and make estimates about future events. The critical judgements that have been made in arriving at the amounts recognised in the consolidated financial information and the key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are presented below:

5.1 Revenue recognition

The recognition of revenues arising from the sale of software licences and provision of professional services under the Group's accounting policies involves the exercise of management judgement in determining whether individual elements in multiple element arrangements may be recognised independently and the fair value to assign to each element, or should be recognised together. Management reviews the Group's customer contracts, the terms of which can be complex, and exercises judgement in determining whether an arrangement's outcome can be estimated reliably. Management also makes estimates of the total cost of professional services, or in some instances total contract costs, which are used in determining the value of amounts recoverable and any related provisions. Estimates are continually revised based on changes in the facts relating to each arrangement.

5.2 Selection of useful life for intangible assets

The determination of the useful life of intangible assets, particularly on those arising on acquisition, involves the exercise of management judgement.

**Notes to the Group Financial Statements
for the period ended 31 December 2010**

5. Critical accounting judgements and key sources of estimation uncertainty (continued)

5.3 Impairment of goodwill, intangible and tangible assets

Determining whether intangible and tangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which goodwill, intangible and tangible assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and the appropriate discount rate in order to calculate present value. The carrying amount of goodwill and intangible assets at each balance sheet date is shown in note 13.

5.4 Income taxes

In recognising income tax assets and liabilities, Directors make estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. When the final outcome of such matters is different, or expected to be different, from previous assessments by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the consolidated balance sheet.

6. Business segments

The Group considers that its principal activity constitutes a single segment comprising the sale of computer software as a service, associated professional services and maintenance. In the current year all revenue has been generated by the sale of computer software as a service. The table below provides a geographical analysis of the Group's revenue by destination. All activities are carried out in the United Kingdom.

	GROUP	
	12months to 31 December 2010	29 April to 31 December 2009
	£	£
Sales revenue by destination		
United Kingdom	16,269	3,831
Overseas	2,716	617
	<u>18,985</u>	<u>4,448</u>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

7. Operating loss for the year

The operating loss for the year has been arrived at after charging

	GROUP	
	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Operating lease rentals – property	22,846	6,928
Depreciation of property, plant and equipment	2,161	1,308

During the year the Group obtained the following services from the company's auditor:

	GROUP	
	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Fees payable to the company's auditors for the audit of the company's annual accounts	12,000	750
Other non - audit services		-
- taxation services	3,650	-
- corporate finance, (reporting accountant services)	25,500	-
	29,150	-

Fees for the audit of the company are not segregated from those for the Group and are included in the above amount.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

8. Staff and Directors' costs

The average monthly number of employees (including executive Directors) was:

	GROUP	
	12 months to 31 Dec 2010 Number	29 April to 31 Dec 2009 Number
Technical staff	1	-
Management and administrative staff	3	-
Sales and marketing	1	-
	<u>5</u>	<u>-</u>
	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Their aggregate remuneration comprised:		
Wages and salaries	207,122	-
Social security costs	22,916	-
Share based payments (all equity settled)	13,872	-
	<u>243,910</u>	<u>-</u>

Included within the above are staff costs capitalised as development expenditure amounting to £23,219 (2009: £nil)

Aggregate Directors' remuneration:

The total amounts for Directors' remuneration were as follows:

	GROUP	
	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Emoluments	157,250	-
Share based payments (all equity settled)	11,492	-
	<u>168,742</u>	<u>-</u>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

8. Staff and Directors' costs (continued)

A summary of fees and emoluments received by all directors (who are the key management personnel) during the year were as follows:

	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Executive Directors		
J P McGuire	42,014	-
S M Blank	27,834	-
A J Matheson	31,701	-
T J Branton	31,701	-
Non-executive Directors		
J H Grossman	9,000	-
D Lewis	15,000	-
	<u>157,250</u>	<u>-</u>

No contributions were paid to a pension scheme.

Details of directors' interests in shares and options are set out in the Directors' Report

9. Investment revenue

	GROUP	
	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Interest on bank deposits	4,167	-
	<u>4,167</u>	<u>-</u>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

10. Tax charge

There is no charge for taxation in the current year.

	12 months to 31 Dec 2010 £	29 April to 31 Dec 2009 £
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax of 21% (2009: 21%)	89,973	10,180
Effect of: Unutilised tax losses	<u>(89,973)</u>	<u>(10,180)</u>
	<u>-</u>	<u>-</u>

The Group has unutilised tax losses of £517,186 (2009: 49,978) available to carry forward for offset against future taxable profits.

No deferred tax asset has been provided on the basis that there is not sufficient visibility in respect of the Group's future profitability to conclude that the losses accumulated to date for corporation tax purposes will reverse.

11. Loss per share

The loss per share is based on a loss for the year attributable to equity holders of the Parent Company of £445,941 (2009: £48,476) and the weighted average number of ordinary shares in issue for the year of 235,510,364 (2009: the number of FreshTL shares issued in exchange for the entire issued share capital of Fresh T Limited 199,964,200)

The exercise of the outstanding options and warrants would reduce the loss per share and hence have an anti-dilutive effect.

There are 78,725,519 (2009: 16,875,000) shares that could potentially be issued under the terms of the options and warrants as described in note 30 that will potentially reduce future earnings per share.

There are 96,655,300 (2009: -) shares to be issued as consideration for the acquisition of Fresh T Limited as described in note 21 that will reduce future earnings per share.

12. Loss dealt with in the profit and loss account of the parent company

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year.

FreshTL plc reported a loss, for the 7 months ended 31 December 2010 of £145,602 (2009: 12 months to 31 May £31,962).

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

13. Intangible assets

	Intellectual property £
Cost and carrying amount	
Additions	23,219
Acquisition of subsidiary	118,688
	<hr/>
At 31 December 2010	141,907
	<hr/> <hr/>

The company does not own any intangible assets (2009 – £nil)

Intellectual property reflects the cost of acquisition and development of the TeamPoint software product which has been developed by the Group and the cost of acquiring the TeamPoint domain name.

The Group acquired Teampoint Systems Limited (“TSL”) during the year. At the date of acquisition the software was in the concept stage of development and TSL had no other business activities. The surplus of the fair value of the consideration paid for TSL over its net tangible assets therefore represented a payment for intellectual property within the software product.

Further development of the software has been carried out since acquisition though the product was not ready for sale at 31 December 2010 and therefore no amortisation charge arises in the year.

A summary of the impact of the TSL acquisition is as follows:

	Book value on 15 March 2010 £	Fair value adjustments £	Fair value on 15 March 2010 £
Intangible assets	4,254	114,434	118,688
Cash at bank	438	-	438
Other net current liabilities	(1,541)	-	(1,541)
	<hr/>	<hr/>	<hr/>
	3,151	114,434	117,585
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Consideration:			
Fair value of consideration shares in Fresh T Limited issued			117,585
			<hr/> <hr/>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

14. Property, plant and equipment

	Fixtures & Fittings £	Computer equipment £	GROUP Total £
Cost			
At 1 January 2010	286	3,067	3,353
Additions	241	11,474	11,715
Disposals	(286)	(2,054)	(2,340)
At 31 December 2010	<u>241</u>	<u>12,487</u>	<u>12,728</u>
Accumulated depreciation and impairment			
At 1 January 2010	286	1,022	1,308
Charge for the year	49	2,112	2,161
Eliminated on disposals	(286)	(685)	(971)
At 31 December 2010	<u>49</u>	<u>2,449</u>	<u>2,498</u>
Carrying amount			
At 31 December 2010	<u>192</u>	<u>10,038</u>	<u>10,230</u>
At 31 December 2009	<u>-</u>	<u>2,045</u>	<u>2,045</u>

The parent company does not own any property, plant and equipment (2009 - £ nil)

15. Investments

	COMPANY £
Cost	
At 1 June 2010	300,000
Additions	1,637,603
At 31 December 2010	<u>1,937,603</u>

A list of the significant investments in subsidiaries at 31 December 2010, including the name and country of incorporation is given below.

Subsidiary	Country of Registration	Principal Activity
Fresh T Limited	England and Wales	Software development and re-sale
Teampoint Systems Limited	England and Wales	Dormant

Fresh T Limited is currently 75% owned by FreshTL plc. FreshTL plc however has an obligation to issue 96,655,300 ordinary shares in exchange for the non-controlling holding in Fresh T Limited on or before 31 December 2011. No non-controlling interest is therefore recognised on consolidation and the cost of investment includes the fair value of equity shares to be issued in exchange for the non-controlling interest.

Teampoint Limited is 100% owned by Fresh T Limited.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

16. Trade and other receivables

	GROUP		COMPANY	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 May 2010
	£	£	£	£
Trade receivables	6,154	-	-	-
Amounts due from related parties	70	-	-	-
Social security and other taxes	32,488	1,198	23,800	-
Prepayments	18,622	8,387	-	4,269
Accrued Income	-	617	-	-
	<u>57,334</u>	<u>10,202</u>	<u>23,800</u>	<u>4,269</u>

No allowance for doubtful receivables is required.

As of 31 December 2010, trade receivables of £6,154 (2009: £nil) were past due but not impaired. These relate to a number of customers for whom there is no recent concern of default. The ageing analysis of these trade receivables is as follows:

	31 Dec 2010	31 Dec 2009
	£	£
Up to one month	2,111	-
Between two and three months	3,255	-
Over 3 months	788	-
	<u>6,154</u>	<u>-</u>

17. Cash and cash equivalents

	GROUP		COMPANY	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 May 2010
	£	£	£	£
Cash and cash equivalents	<u>315,160</u>	<u>19,296</u>	<u>5,731</u>	<u>30,784</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

18. Trade and other payables

Current	GROUP		COMPANY	
	31 Dec 2010 £	31 Dec 2009 £	31 Dec 2010 £	31 May 2010 £
Trade payables	1,085	6,421	-	-
Amounts due to related parties – Key management	49,072	65,128	-	-
VAT and other taxes	11,602	-	-	-
Deferred revenue	3,209	-	-	-
Other creditors and accruals	49,798	7,470	17,364	10,095
	<u>114,766</u>	<u>79,019</u>	<u>17,364</u>	<u>10,095</u>
Amounts due to related parties – Subsidiary	-	-	128,520	-

The Directors consider that the carrying amount of trade payables approximates their fair value.

19. Borrowings

	COMPANY	
	31 Dec 2010 £	31 May 2010 £
Loans from subsidiary undertaking	128,520	-

There are no fixed repayment terms and no interest is being charged.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

20. Share capital

Company	£
At 1 June 2009 and 31 May 2010 – 100,025 of ordinary £1 shares	100,025
Converted as, at 31 December 2009 into 100,025,000 of ordinary £0.001 shares	-
Issue of 237,964,200 of ordinary £0.001 shares	<u>237,964</u>
At 31 December 2010 337,989,200 ordinary shares of £0.001 each	<u><u>337,989</u></u>

Group – comparative amount

Share capital disclosed in the Group balance sheet at 31 December 2009 is that of Fresh T Limited and related to 1,000 ordinary shares of £1 each.

The share capital disclosed in the Group balance sheet at 31 December 2010 is that of the parent company.

21. Shares to be issued

FreshTL plc has an obligation to acquire the shares in Fresh T Limited held by non-controlling interests before 31 December 2011. The consideration for this acquisition will be the issue and allotment of 96,655,300 new ordinary shares of £0.001 each, at the market value at the date the agreement was entered into of £0.005p per share.

	£
Shares to be issued arising from agreement entered into in year: 96,655,300 ordinary £0.001 shares to be issued in exchange for shares in Fresh T Limited	<u>483,277</u>
At 31 December 2010	<u><u>483,277</u></u>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

22. Share premium

Company	£
At 1 June 2009 and 31 May 2010	298,279
Premium on Issue of 199,964,200 ordinary £0.001 shares	799,857
Premium on Issue of 30,000,000 of ordinary £0.001 shares	120,000
	<hr/>
At 31 December 2010	1,218,136
	<hr/> <hr/>

The company issued 199,964,200 shares in consideration for the purchase of the ordinary share capital in Fresh T limited, a subsidiary, by the directors of Fresh T limited. This transaction was a share for share exchange and the market value at the date of the agreement of £0.005 has been applied.

The company issued 30,000,000 ordinary shares in a placement for £0.005 per share. The premium on issue amounted to £120,000.

The company issued an additional 8,000,000 shares in settlement of certain costs in respect of the placement.

Group – comparative amount

Share premium disclosed in the Group balance sheet at 31 December 2009 of £nil is that of Fresh T Limited.

The share premium disclosed in the Group balance sheet at 31 December 2010 is that of the parent company.

23. Reverse acquisition reserve

	Total £
Fair value of consideration for shares in Fresh T Limited	1,933,098
Less share capital and capital reserves of Fresh T Limited	(995,198)
Pre-acquisition losses of FreshTL plc	71,233
Transaction costs in relation to the reverse acquisition	139,859
	<hr/>
Balance at 31 December 2010	1,148,992
	<hr/> <hr/>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

24. Retained earnings

	GROUP £
Loss for the period	(48,476)
Balance at 31 December 2009	(48,476)
Loss for the year	(445,941)
Share based payments	13,872
Balance at 31 December 2010	<u>(480,545)</u>

	COMPANY £
Balance at 1 June 2009	(40,588)
Loss for the period	(31,962)
Balance at 31 December 2009	(72,550)
Loss for the year	(145,602)
Balance at 31 December 2010	<u>(218,152)</u>

25. Notes to the cash flow statement

	GROUP		COMPANY	
	31 Dec 2010 £	31 Dec 2009 £	31 Dec 2010 £	31 May 2010 £
Current				
Loss for the year	(445,941)	(48,476)	(145,602)	(31,962)
Adjustments for:				
Finance income	(4,167)	-	(1)	(574)
Depreciation of property, plant and equipment	2,161	1,308	-	-
Profit on disposal of property, plant and equipment	(119)	-	-	-
Share-based payment expenses	13,872	-	8,000	-
Operating cash flows before movements in working capital	<u>(434,194)</u>	<u>(47,168)</u>	<u>(137,603)</u>	<u>(32,536)</u>
Increase in trade, other receivables and accrued income	(42,067)	(9,202)	(18,735)	(96)
Increase/(decrease) in trade, other payables and deferred revenue	25,427	79,019	7,269	(3,012)
Net cash from operating activities	<u>(450,834)</u>	<u>22,649</u>	<u>(149,069)</u>	<u>(35,644)</u>

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less (which are presented as a single class of assets on the face of the balance sheet).

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

26. Notes to the cash flow statement

In the cash flow statement, proceeds from sale of property, equipment and vehicles comprise:

	GROUP	
	2010 £000	2009 £000
Net book amount (note 14)	1,369	-
Profit/(loss) on disposal	119	-
Proceeds from disposal	<u>1,488</u>	<u>-</u>

There were no significant non-cash transactions during the year.

27. Acquisition of subsidiaries

As detailed in note 13, on 15 March 2010 the group acquired 100% of the issued share capital of Teampoint Systems Limited obtaining control.

On 29 September 2010 FreshTL plc acquired 75% of the issued share capital of Fresh T Limited. As detailed in note 3.1 due to the nature of the acquisition, reverse acquisition accounting has been applied and as a result, for consolidation purposes Fresh T Limited is treated as the acquiring entity and FreshTL plc the acquired.

Net cash outflow arising on acquisition were as follows:

	Teampoint Systems Limited £	FreshTL plc £	Total £
Deal costs in relation to the business combination	23,387	139,858	163,245
Less amounts settled in shares	-	(8,000)	(8,000)
	<u>23,387</u>	<u>131,858</u>	<u>155,245</u>
Less: cash and cash equivalents acquired	(438)	(30,784)	(31,222)
	<u>22,949</u>	<u>101,074</u>	<u>124,023</u>

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

28. Operating lease arrangements

The Group as lessee

	2010	2009
	£	£
Lease payments under operating leases recognised as an expense in the year	22,846	-

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and Buildings	
	2010	2009
	£	£
Within one year	27,074	3,278
In the second to fifth years inclusive	34,685	-
	<u>61,759</u>	<u>3,278</u>

Operating lease payments primarily represent rentals payable by the Group for certain of its office properties. Property leases are typically negotiated for a term of between three and ten years. Rentals are fixed for an average of three years.

The Company has no operating lease commitments.

29. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year certain directors and members of the group subscribed for shares in the company. The amounts subscribed by directors are set out in the Directors' Report. There were no other related party transactions during the year under review or the previous year.

At 31 December 2010 the company owed the following amounts to directors:

J P McGuire	£12,589 (2009: £12,589)
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FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

30. Share based payments

On 29 September 2010 share options were granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares at the date of the grant. Options can only be exercised on an Exit Event and as long as the holder is still employed. There is no vesting period.

A summary of options in issue and outstanding is as follows:

	Number	Exercise price
Granted in the year	7,567,500	£0.005
Outstanding at 31 December 2010	7,567,500	£0.005

The options were valued using the Black-Scholes option-pricing model. No performance criteria were included in the fair value calculations. The fair value of each warrant granted and the assumptions used in the calculation is as follows:

Grant date 29 September 2010

Exercise price £0.005

Market price per share based on Placing price per share £0.005

Expected volatility 34%

Expected life 10 years

Estimated vesting period 5 years

Risk free rate 4.5%

Fair value of options £20,504

The expected volatility is based on management's best estimate based on volatility for the AIM all share index. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the life of the warrants.

The total charge for the year relating to options granted amounted to £2,380 (2009: £nil).

The options may only be exercised on an exit event, which is defined as an unconditional exchange of contracts for the sale to a person or persons acting in concert of the whole of the issued share capital of the Company other than in the course of a reconstruction; or the satisfaction of the condition (or if more than one condition the satisfaction of the last of them to be satisfied) to which is subject a conditional exchange of contracts for the sale to a person or persons acting in concert of the whole of the issued share capital of the Company (other than in the course of a reconstruction); or an unconditional exchange of contracts for the sale to a person or persons acting in concert of the whole of the business of the Company other than in the course of a reconstruction; or the satisfaction of the condition (or if more than one condition the satisfaction of the last of them to be satisfied) to which is subject a conditional exchange of contracts for the sale to a person or persons acting in concert of the whole of the business of the Company (other than in the course of a reconstruction).

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

30. Share based payments (continued)

A summary of warrants in issue is as follows:

	Number	Exercise price
Outstanding at 1 June 2009 and 31 May 2010	16,875,000	£0.01
Granted in period	54,283,019	£0.01
Outstanding at 31 December 2010	<u>71,158,019</u>	<u>£0.01</u>

The warrants granted in the period were valued using the Black-Scholes option-pricing model. No performance criteria were included in the fair value calculations. The fair value of each warrant granted and the assumptions used in the calculation is as follows:

Grant date and date existing warrant term extended 13 September 2010

Exercise price £0.01

Current market price per share based on Placing price per share £0.005

Expected volatility 34%

No. of years to maturity 5 years

Expected life 5 years

Vesting period 5 years

Risk free rate 4.5%

Fair value of warrants £54,042

The expected volatility is based on management's best estimate based on volatility for the AIM share index. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the life of the warrants.

The total charge for the year relating to warrants granted to the new directors only (other warrants issued pertaining to the reverse acquisition) amounted to £11,492 (2009: £nil).

The life of existing warrants at the beginning of the year was extended on 13 September 2010 to 31 December 2015. On 13 September 2010 32,398,019 were granted to the existing shareholders and directors of Fresh T Limited, a further 15,135,000 warrants were issued to new directors of the parent company and 6,750,000 warrants issued to corporate finance advisers in connection with the acquisition of Fresh T Limited by FreshTL plc.

FreshTL plc

Notes to the Group Financial Statements for the period ended 31 December 2010

31. Financial instruments

At the end of the period financial instruments of the Group comprised the following:

	2010 £	2009 £
Financial assets:		
Cash and bank balances	315,160	19,296
Receivables	7,224	617
	<u>322,384</u>	<u>19,913</u>
Financial liabilities:		
Trade and other payables at amortised costs	<u>103,164</u>	<u>79,019</u>

In all cases fair value and carrying value are considered to be the same.

All balances are denominated in sterling and the company has no foreign currency exposure.

32. Post balance sheet events

On 20 June 2011, the Company acquired the entire issued share capital of Mobile Safety Solutions Limited ('MSS'), a software development business specialising in applications for the health and safety market. Founded in 2006, the business has quickly established itself as an innovator in the provision of Web and Personal Digital Assistant ("PDA") based products and its SafetyNET SaaS product. Tangible assets acquired were approximately £10,000 net book value.

Consideration for the acquisition of the entire issued share capital of MSS will be equal to the turnover of MMS for one year from the date of completion less £37,000 and is to be settled by the allotment and issue of ordinary shares of 0.1p each at market value.