

Company Registration No 3935677

Frogtrade Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 July 2010

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COMPANIES HOUSE

Frogtrade Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G J Davies
B S Levi
T S K Isa
M D Booth
K Heal
G P S Calvert OBE
R A Finney
Dato' Yeoh S H

SECRETARY

K Bowe

REGISTERED OFFICE

Second Floor
F Mill
Dean Clough
Halifax
HX3 5AX

AUDITORS

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

Frogtrade Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Frogtrade Limited for the year ended 31 July 2010

PRINCIPAL ACTIVITIES

The company's principal activities during the year were sales into the education market and further development of the company's web environment product

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased to report further progress in both the growth and profitability of the business during the last financial year, despite difficult economic conditions. Turnover grew by 35% to £4.9 million and operating profit before exceptional item by 21% to £509,000. During the year the company increased its sales and marketing resources to meet growing demand, strengthen its market leading position and expand internationally. It also invested heavily in research and development to accelerate the development of new products and strengthen its core products. Both of these areas will see further investment during the coming year.

By July 2010 FrogTrade had firmly established itself as UK market leader in secondary schools. The annual conference in June 2010 attracted more than 750 attendees, making it one of the most significant education events in the UK. In the forthcoming year the company intends to grow its UK market share by capitalising on its excellent reputation with secondary schools and Academies and extending its reach with a new product designed for primary schools.

During August 2010 FrogTrade completed a significant investment by YTL Corporation, one of the largest quoted companies on the Malaysian stock exchange. YTL has taken a 21% shareholding in FrogTrade and FrogTrade will in turn take a 20% shareholding in a joint venture based in Malaysia, forming a strategic alliance to market Frog products in Malaysia and the rest of Asia. The directors are delighted to have the endorsement of a major global corporation and are looking forward to working with YTL to open up international markets.

DIRECTORS

The following directors have held office during the year

G J Davies
B S Levi
T S K Isa
M D Booth
K Heal
R M Broadie (resigned 31 January 2010)
G P S Calvert OBE
R A Finney (appointed 4 January 2010)
Dato' Yeoh S H (appointed 27 August 2010)

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions totalling £2,886 for causes supported by Frogtrade in the education sector.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Frogtrade Limited


DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



K Bowe
Secretary

25 November 2010

Frotrade Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FROGTRADE LIMITED

We have audited the financial statements on pages 6 to 19

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 more fully explained in the Directors' Responsibilities Statement set out on pages 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

Baker Tilly UK Audit LLP

Shaun Mullins (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Leeds

1 December 2010

Frogtrade Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2010

	<i>Notes</i>	2010 £	2009 £
TURNOVER	1	4,876,251	3,611,880
Cost of sales		(467,274)	(391,296)
Gross profit		4,408,977	3,220,584
Administration expenses		(3,899,994)	(2,799,263)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEM		508,983	421,321
Exceptional item	3	(123,234)	-
OPERATING PROFIT AFTER EXCEPTIONAL ITEM	2	385,749	421,321
Interest payable and similar charges	5	(12,378)	(12,875)
Interest receivable and similar income		-	11,376
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		373,371	419,822
Tax on profit on ordinary activities	6	(45,000)	(34,011)
PROFIT FOR THE YEAR	17	328,371	385,811

The profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Frogtrade Limited
BALANCE SHEET
31 July 2010

Company Registration No 3935677

	<i>Notes</i>	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	75,202	82,396
		<u>75,202</u>	<u>82,396</u>
CURRENT ASSETS			
Stocks	8	11,701	33,253
Debtors	9	2,163,927	1,408,127
Cash at bank and in hand		891,662	631,226
		<u>3,067,290</u>	<u>2,072,606</u>
CREDITORS Amounts falling due within one year	10	(889,099)	(625,952)
NET CURRENT ASSETS		<u>2,178,191</u>	<u>1,446,654</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,253,393</u>	<u>1,529,050</u>
CREDITORS Amounts falling due after more than one year	12	(1,205)	(4,822)
DEFERRED INCOME	13	(1,572,170)	(1,072,781)
PROVISIONS FOR LIABILITIES	14	(12,426)	(12,426)
NET ASSETS		<u>667,592</u>	<u>439,021</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,695	10,695
Share premium account	16	230,105	329,905
Profit and loss account	17	426,792	98,421
SHAREHOLDERS' FUNDS		<u>667,592</u>	<u>439,021</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standards for Smaller Entities

The financial statements on pages 6 to 19 were approved by the board of directors and authorised for issue on 25 November 2010 and are signed on its behalf by

G J Davies
 Director



Frotrade Limited
CASH FLOW STATEMENT
for the year ended 31 July 2010

	<i>Notes</i>	2010 £	2009 £
Cash flow from operating activities	19a	447,751	318,609
Returns on investments and servicing of finance	19b	(12,378)	(1,499)
Taxation		(24,605)	(29,184)
Capital expenditure and financial investment	19b	(46,915)	(24,641)
CASH INFLOW BEFORE FINANCING		363,853	263,285
Financing	19b	(103,417)	7,354
INCREASE IN CASH IN THE YEAR		260,436	270,639
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		2010 £	2009 £
Increase in cash in the year	19c	260,436	270,639
Net cash inflow/(outflow) from bank loans		3,617	(3,127)
Net cash inflow in respect of hire purchase		-	6,373
Change in net funds	19c	264,053	273,885
Net funds at 1 August 2009		622,787	348,902
Net funds at 31 July 2010	19c	886,840	622,787

Frotrade Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

GOING CONCERN

As at 31 July 2010 the company had cash reserves of £0.9m and net current assets of £2.1m, both of which increased by a further £2m subsequent to the year end as a result of an investment in the company by YTL Corporation (see note 23). There are no bank borrowings. The company is expecting to further consolidate its financial position as a result of planned growth in turnover and operating profit during the year ending 31 July 2011. On the basis of the above, the directors are confident that the company is a going concern and will be able to meet its financial obligations during the forthcoming 12 months.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortisation.

Amortisation is provided on intellectual property over its useful economic life.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets as follows:

Included in plant and machinery are:

Office equipment	depreciated over 3 years on a straight line basis
Furniture & fixtures	depreciated over 5 years on a straight line basis

Depreciation is provided, pro-rata, from the month of purchase.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Frogtrade Limited

ACCOUNTING POLICIES

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

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

REVENUE RECOGNITION

The company recognises revenue as follows

- software licence fees, hardware sales and associated items are recognised on delivery,
- fees for training & implementation services are recognised as performed, and
- annual support income invoiced in advance is released pro-rata over the period of the contract

Frotrade Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2010

1	1	2010	2009
	TURNOVER	%	%
	Percentage of turnover relating to non-UK markets	2	3

2	2	2010	2009
	OPERATING PROFIT AFTER EXCEPTIONAL ITEMS	£	£
	This is stated after charging		
	Depreciation of owned assets	54,109	50,202
	Depreciation of assets under hire purchase contracts	-	832
	Auditors' remuneration - audit services	7,500	7,000
	- non audit services	18,598	3,000
	Loss on disposal of fixed assets	-	1,518

3 EXCEPTIONAL ITEM REPORTED BEFORE OPERATING PROFIT

During the year, the company incurred costs of £123,324 in relation to entering into a planned strategic partnership with YTL Education (UK) Limited ("YTL Education") YTL Education is part of the YTL Corporation Berhad Group ("YTL") The directors consider these costs to be exceptional in nature

The effects of the exceptional item reported before operating profit on the amounts charged to the profit and loss account for taxation were

	Tax on profit on ordinary activities	
	2010	2009
	£	£
Strategic partnership costs	(10,412)	-
	(10,412)	-

Frotrade Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2010

4	DIRECTORS' EMOLUMENTS	2010 £	2009 £
	Aggregate emoluments including benefits in kind and aggregate value of any company contribution paid to a money purchase pension scheme	384,619	253,464
		<hr/>	<hr/>
		No	No
	Number of directors to whom retirement benefits are accruing under money purchase schemes	-	-
		<hr/>	<hr/>
5	INTEREST PAYABLE AND SIMILAR CHARGES	2010 £	2009 £
	Interest on other items	12,378	12,875
		<hr/>	<hr/>
6	TAX ON PROFIT ON ORDINARY ACTIVITIES	2010 £	2009 £
	UK Corporation tax		
	Charge for the year at 21% (2009 21%)	45,000	24,629
	Previous period adjustment	-	(29,186)
	Deferred taxation		
	Charge for the year	-	2,703
	Prior year adjustment	-	35,865
		<hr/>	<hr/>
		45,000	34,011
		<hr/>	<hr/>

Frotrade Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2010

7 TANGIBLE FIXED ASSETS

	<i>Office equipment and furniture & fixtures £</i>
Cost	
At 1 August 2009	207,725
Additions	46,915
	<hr/>
At 31 July 2010	254,640
	<hr/>
Depreciation	
At 1 August 2009	125,329
Provided during the year	54,109
	<hr/>
At 31 July 2010	179,438
	<hr/>
Net book value	
At 31 July 2010	75,202
	<hr/>
At 31 July 2009	82,396
	<hr/>

8	STOCKS	2010 £	2009 £
	Goods for resale	11,701	33,253
		<hr/>	<hr/>

9	DEBTORS	2010 £	2009 £
	Trade debtors	1,816,843	1,125,204
	Prepayments and accrued income	347,084	254,553
	Corporation tax debtor	-	28,370
		<hr/>	<hr/>
		2,163,927	1,408,127
		<hr/>	<hr/>

Frogtrade Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2010

10	CREDITORS Amounts falling due within one year	2010 £	2009 £
	Other loan (note 11)	3,617	3,617
	Trade creditors	184,779	158,055
	Corporation tax	45,024	24,629
	Other taxes and social security costs	515,889	339,239
	Other creditors	7,855	7,523
	Accruals	131,935	92,889
		<u>889,099</u>	<u>625,952</u>

11	OTHER LOANS	2010 £	2009 £
	The other loan bears interest at 16.3% per annum and is repayable in monthly instalments of £367		
	Amount repayable within 1 year	3,617	3,617
	Amount repayable in 2 to 5 years	1,205	4,822
		<u>4,822</u>	<u>8,439</u>

12	CREDITORS Amounts falling due after more than one year	2010 £	2009 £
	Other loan (note 11)	1,205	4,822
		<u>1,205</u>	<u>4,822</u>

13	DEFERRED INCOME	2010 £	2009 £
	Deferred income	1,572,170	1,072,781
		<u>1,572,170</u>	<u>1,072,781</u>

Deferred income represents amounts invoiced in advance for annual support contracts and goods and services not yet delivered

Frotrade Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2010

14	DEFERRED TAXATION	2010 £	2009 £
	The movement in the deferred taxation provision during the year was		
	Liability brought forward	12,426	9,723
	Charge to the profit and loss	-	2,703
		<u>12,426</u>	<u>12,426</u>
	Deferred tax liability	12,426	12,426
		<u>12,426</u>	<u>12,426</u>
	The profit for deferred taxation consists of the tax effect of timing differences in respect of	2010 £	2009 £
	Accelerated capital allowances	12,426	12,426
		<u>12,426</u>	<u>12,426</u>
15	SHARE CAPITAL	2010 £	2009 £
	Authorised		
	5,000 'A' ordinary shares of 10p	-	500
	9,995,000 'B' ordinary shares of 10p each	-	999,500
	10,000,000 Ordinary shares of 10p each	1,000,000	-
		<u>1,000,000</u>	<u>1,000,000</u>
	Allotted, issued and fully paid		
	5,000 'A' ordinary shares of 10p each	-	500
	101,954 'B' ordinary shares of 10p each	-	10,195
	106,954 Ordinary shares of 10p each	10,695	-
		<u>10,695</u>	<u>10,695</u>

On the 15 July 2010, the company issued a special resolution to amend the voting rights of A and B Ordinary shares. From this date, these shares rank parri passu in all respects and are to be known as Ordinary Shares of 10p each.

On the same date, the company performed a capital reduction of £99,800, being a reduction to the share premium account.

Frotrade Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2010

16	SHARE PREMIUM	2010 £	2009 £
	Balance at 1 August 2009	329,905	319,358
	Premium on shares issued during year	-	10,547
	Capital reduction	(99,800)	-
		<u>230,105</u>	<u>329,905</u>
	Balance at 31 July 2010	<u>230,105</u>	<u>329,905</u>
17	PROFIT AND LOSS ACCOUNT	2010 £	2009 £
	Balance at 1 August 2009	98,421	(287,390)
	Profit for the year	328,371	385,811
		<u>426,792</u>	<u>98,421</u>
	Balance at 31 July 2010	<u>426,792</u>	<u>98,421</u>
18	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2010 £	2009 £
	Profit for the financial year	328,371	385,811
	Shares issued in the year	-	10,600
	Capital reduction	(99,800)	-
		<u>228,571</u>	<u>396,411</u>
	Net addition to shareholder's funds	228,571	396,411
	Opening shareholder's funds	439,021	42,610
		<u>667,592</u>	<u>439,021</u>
	Closing shareholder's funds	<u>667,592</u>	<u>439,021</u>

Frogtrade Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2010

19	CASH FLOWS	2010 £	2009 £
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit after exceptional item	385,749	421,321
	Depreciation	54,109	51,034
	Loss on disposal of fixed assets	-	1,518
	Decrease/(increase) in stocks	21,552	(12,318)
	Increase in debtors	(755,800)	(574,975)
	Increase in creditors	242,752	432,029
	Increase in other provisions	499,389	-
		<hr/>	<hr/>
	Net cash flow from operating activities	447,751	318,609
		<hr/>	<hr/>

Frogtrade Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2010

19	CASH FLOWS (continued)	2010 £	2009 £
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Interest received	-	11,376
	Interest paid	(12,378)	(12,875)
	Net cash outflow from returns on investments and servicing of finance	(12,378)	(1,499)
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(46,915)	(30,649)
	Sale of tangible fixed assets	-	6,008
	Net cash outflow from capital expenditure and financial investment	(46,915)	(24,641)
	Financing		
	Shares issues	-	10,600
	Repayment of loans	(3,617)	(7,720)
	New loan in the year	-	10,847
	Capital element of finance lease rental payments	-	(6,373)
	Capital reduction	(99,800)	-
		(103,417)	7,354
c	Analysis of changes in net debt	<i>At 31 August 2009</i> £	<i>Cashflows</i> £
	Net cash		<i>At 31 July 2010</i> £
	Cash in hand and at bank	631,226	260,436
	Debt		
	Debt due within 1 year	(3,617)	-
	Debt due after 1 year	(4,822)	3,617
		(8,439)	3,617
	Net funds	622,787	264,053

Frotrade Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 July 2010

20 COMMITMENTS UNDER OPERATING LEASES

At 31 July the company was committed to making the following payments during the next year under non-cancellable operating leases as follows -

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring between 2 and 5 years	-	4,596	-	3,936
Expiring after more than 5 years	89,138	-	78,344	759
	<u>89,138</u>	<u>4,596</u>	<u>78,344</u>	<u>4,695</u>

21 RELATED PARTY TRANSACTIONS

Included in administration expenses and directors' emoluments is an amount of £nil (2009 £122,496) charged to the company by DI Management Limited in respect of management services. G J Davies and T S K Isa are both directors and controlling shareholders of DI Management Limited. There are no amounts outstanding at the year end.

Included in directors' emoluments is an amount of £nil (2009 £12,340) charged to the company by R M Broadie who is both a director and controlling shareholder of Broadie Associates Limited. There are no amounts outstanding at the year end.

22 ULTIMATE CONTROLLING PARTY

The directors do not consider there to be one ultimate controlling party.

23 POST BALANCE SHEET EVENTS

On the 1 September 2010 the company entered into a strategic partnership with YTL Education (UK) Limited which is part of the YTL Corporation Berhad Group ("YTL").

As part of the partnership, the company issued 28,431 Ordinary shares, equal to 21% of the total share capital of the company, in return for an investment of £2,000,000. In turn the company will take a 20% stake in a joint venture based in Kuala Lumpur, Malaysia.