

Company Registration No. 3334206 (England and Wales)

MATHENGINE PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

MATHENGINE PLC

COMPANY INFORMATION

Directors	D J N Nabarro K R Smith
Secretary	K R Smith
Company number	3334206
Registered office	Sterling House 19/23 High Street Kidlington Oxfordshire OX5 2DH
Auditors	HW, Chartered Accountants Sterling House 19/23 High Street Kidlington Oxfordshire OX5 2DH
Business address	MathEngine PLC No 1 The Yard Burraton Square Poundbury Dorset United Kingdom DT1 3GR
Bankers	Barclays Bank plc PO Box 333, 54 Cornmarket Street Oxford OX1 3HS
Solicitors	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

MATHENGINE PLC

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MATHENGINE PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

The directors present their report and financial statements for the year ended 30 June 2010.

Principal activities and review of the business

The Company's principal activity is now that of an investment company.

During the year to 30th June 2010, the value of the Company's assets after reserving for tax, increased to £430,028 as at 30th June 2010 from £378,770 at the 30th June 2009, a increase of some 13.6% over the period.

This performance compares to a increase in the FTSE All Share index over the same period of some 17.1%.

The Company's assets are managed on a total return basis and your directors follow an investment policy of focussing on a small number of relatively large investments.

The Company's internal controls are designed to meet its particular needs and the financial risks to which it is exposed. In this context the controls can only provide reasonable, not absolute, assurance against material errors, losses or fraud by third parties.

The directors take an active role in assessing the potential financial risks in all areas of the business by reviewing the investments regularly and also through day to day management control.

The Company's principle financial assets are investments and cash which are monitored daily.

Results and dividends

The results for the year are set out on page 5.

Despite the profits, the Directors do not recommend the payment of a dividend as there are insufficient distributable reserves to be able to pay a dividend.

Directors

The following directors have held office since 1 July 2009:

D J N Nabarro
K R Smith

Creditor payment policy

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
 - ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts;
- and
- pay in accordance with the Company's contractual and other legal obligations.

On average, trade creditors at the year end represented 0 (2009- 0) days' purchases.

Auditors

In accordance with section 385 of the Companies Act 2006, a resolution proposing that HW, Chartered Accountants be reappointed as auditors of the Company will be put to the Annual General Meeting.

MATHENGINE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

Statement of directors' responsibilities

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) 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 the company's auditors are aware of that information.

On behalf of the board

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D J N Nabarro

Director

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MATHENGINE PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MATHENGINE PLC

We have audited the financial statements of MathEngine plc for the year ended 30 June 2010 set out on pages 5 to 15. 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 auditors' 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 pages 1 - 2, 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 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 company's affairs as at 30 June 2010 and of its loss 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.

MATHENGINE PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF MATHENGINE PLC

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 obtained all the information and explanations that we considered necessary for the purpose of our audit; and

Rodney Style ACA (Senior Statutory Auditor)
for and on behalf of HW, Chartered Accountants

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Chartered Accountants
Statutory Auditor

Sterling House
19/23 High Street
Kidlington
Oxfordshire
OX5 2DH

MATHENGINE PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
	Notes	£	£
Administrative expenses		(34,396)	(28,653)
Other operating income		381	-
		<hr/>	<hr/>
Operating loss	2	(34,015)	(28,653)
Investment income	3	12,889	62,422
Other interest receivable and similar income	3	884	2,979
Amounts written back/(off) investments	4	2,801	(22,981)
Interest payable and similar charges	5	(38)	(3)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(17,479)	13,764
Tax on (loss)/profit on ordinary activities	6	1,689	(3,850)
		<hr/>	<hr/>
(Loss)/profit for the year	11	(15,790)	9,914
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MATHENGINE PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
(Loss)/profit for the financial year		(15,790)	9,914
Unrealised surplus/(deficit) on trade investment		67,228	(304,372)
Total recognised gains and losses relating to the year		51,438	(294,458)

MATHENGINE PLC

BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Investments	7		346,770		241,536
Current assets					
Debtors	8	421		-	
Cash at bank and in hand		90,957		148,154	
		<u>91,378</u>		<u>148,154</u>	
Creditors: amounts falling due within one year	9	<u>(7,940)</u>		<u>(10,920)</u>	
Net current assets			<u>83,438</u>		<u>137,234</u>
Total assets less current liabilities			<u>430,208</u>		<u>378,770</u>
Capital and reserves					
Called up share capital	10		1,970,081		1,970,081
Share premium account	11		12,618,693		12,618,693
Revaluation reserve	11		130,755		63,527
Profit and loss account	11		(14,289,321)		(14,273,531)
Shareholders' funds	12		<u>430,208</u>		<u>378,770</u>

Approved by the Board and authorised for issue on

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D J N Nabarro

Director

Company Registration No. 3334206

MATHENGINE PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	£	2010 £	£	2009 £
Net cash outflow from operating activities		(34,206)		(28,576)
Returns on investments and servicing of finance				
Interest received	884		2,979	
Interest paid	(38)		(3)	
Dividends received	1,169		10,000	
	<hr/>		<hr/>	
Net cash inflow for returns on investments and servicing of finance		2,015		12,976
Taxation		(1,521)		17,307
Financial investment				
Payments to acquire investments	(86,989)		(12,265)	
Receipts from sales of investments	63,278		52,422	
	<hr/>		<hr/>	
Net cash inflow/(outflow) for capital expenditure		(23,712)		40,157
		<hr/>		<hr/>
Net cash inflow/(outflow) before management of liquid resources and financing		(57,197)		41,864
		<hr/>		<hr/>
Increase/(decrease) in cash in the year		<u>(57,197)</u>		<u>41,864</u>

MATHENGINE PLC

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

1	Reconciliation of operating loss to net cash outflow from operating activities		2010	2009	
			£	£	
	Operating loss		(34,015)	(28,653)	
	(Increase)/decrease in debtors		(421)	500	
	Increase/(decrease) in creditors within one year		230	(423)	
			<u> </u>	<u> </u>	
	Net cash outflow from operating activities		<u><u>(34,206)</u></u>	<u><u>(28,576)</u></u>	
2	Analysis of net funds	1 July 2009	Cash flow	Other non-cash changes	30 June 2010
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	148,154	(57,197)	-	90,957
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Net funds	<u><u>148,154</u></u>	<u><u>(57,197)</u></u>	<u><u>-</u></u>	<u><u>90,957</u></u>
3	Reconciliation of net cash flow to movement in net funds		2010	2009	
			£	£	
	(Decrease)/increase in cash in the year		(57,197)	41,864	
			<u> </u>	<u> </u>	
	Movement in net funds in the year		(57,197)	41,864	
	Opening net funds		148,154	106,290	
			<u> </u>	<u> </u>	
	Closing net funds		<u><u>90,957</u></u>	<u><u>148,154</u></u>	

4 Liquid resources

This report is made to you, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the accounts that we have been engaged to compile, report to you that we have done so, and state those matters we have agreed to state to them in this 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 Trustees of the Settlement, for our work, for this report.

MATHENGINE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments.

1.2 Investments

Fixed asset investments are stated at current market value.

1.3 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.5 Liquid resources

Liquid resources are made up of made up of cash deposits.

2 Operating loss	2010	2009
	£	£
Operating loss is stated after charging:		
Loss on foreign exchange transactions	1,725	3,054
Fees payable to the company's auditor for the audit of the company's annual accounts	4,000	4,000
Accountancy & Taxtion	3,268	6,243
	<u> </u>	<u> </u>
3 Investment income	2010	2009
	£	£
Income from fixed asset investments	12,889	62,422
Bank interest	121	2,012
Other interest	763	967
	<u> </u>	<u> </u>
	<u>13,773</u>	<u>65,401</u>

MATHENGINE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

4	Amounts written off investments	2010	2009
		£	£
	Amounts written off fixed asset investments:		
	- temporary diminution in value	265	22,981
	Amounts written off investments in prior years written back:		
	- fixed assets	(3,066)	-
		<u>(2,801)</u>	<u>22,981</u>
		<u><u>(2,801)</u></u>	<u><u>22,981</u></u>
5	Interest payable	2010	2009
		£	£
	On bank loans and overdrafts	38	3
		<u>38</u>	<u>3</u>
		<u><u>38</u></u>	<u><u>3</u></u>
6	Taxation	2010	2009
		£	£
	Domestic current year tax		
	U.K. corporation tax	640	3,850
	Adjustment for prior years	(2,329)	-
		<u>(1,689)</u>	<u>3,850</u>
	Current tax charge	<u><u>(1,689)</u></u>	<u><u>3,850</u></u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(17,479)	13,764
		<u>(17,479)</u>	<u>13,764</u>
		<u><u>(17,479)</u></u>	<u><u>13,764</u></u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2009 - 21.00%)	(3,671)	2,890
		<u>(3,671)</u>	<u>2,890</u>
		<u><u>(3,671)</u></u>	<u><u>2,890</u></u>
	Effects of:		
	Non deductible expenses	2,309	2,135
	Prior period losses utilised	-	(6,032)
	Prior year adjustment	(2,329)	-
	Temporary diminution in value of investments	(588)	4,826
	Dividends and distributions received	(245)	(2,100)
	Other tax adjustments	2,835	2,131
		<u>1,982</u>	<u>960</u>
		<u><u>1,982</u></u>	<u><u>960</u></u>
	Current tax charge	<u><u>(1,689)</u></u>	<u><u>3,850</u></u>

MATHENGINE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

7 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 July 2009	166,649	37,265	203,914
Additions	62,763	24,000	86,763
Revaluation	107,585	23,170	130,755
Disposals	(37,496)	(25,000)	(62,496)
At 30 June 2010	299,501	59,435	358,936
Provisions for diminution in value			
At 1 July 2009	11,901	14,004	25,905
On disposals	-	(10,938)	(10,938)
Charge for the year	265	(3,066)	(2,801)
At 30 June 2010	12,166	-	12,166
Net book value			
At 30 June 2010	287,335	59,435	346,770
At 30 June 2009	218,275	23,261	241,536
	Market value	Directors'	Total
	£	valuation	£
At 30 June 2010	287,335	59,435	346,770
At 30 June 2009	218,275	23,261	241,536

The original cost of the fixed asset investments was £228,180

8 Debtors

	2010 £	2009 £
Prepayments and accrued income	421	-

MATHENGINE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

9 Creditors: amounts falling due within one year	2010	2009
	£	£
Corporation tax	640	3,850
Accruals and deferred income	7,300	7,070
	<hr/>	<hr/>
	7,940	10,920
	<hr/> <hr/>	<hr/> <hr/>

MATHENGINE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

10 Share capital	2010	2009
	£	£
Authorised		
127,016,904 Ordinary shares of 1p each	1,270,169	1,270,169
172,983,096 Deferred shares of 1p each	1,729,831	1,729,831
	<u>3,000,000</u>	<u>3,000,000</u>
Allotted, called up and fully paid		
24,024,980 Ordinary shares of 1p each	240,250	240,250
172,983,096 Deferred shares of 1p each	1,729,831	1,729,831
	<u>1,970,081</u>	<u>1,970,081</u>

During the year to 30 June 2006 the authorised share capital of the Company was reduced to £1,922,035 by the cancellation of 180,779,656 existing ordinary shares of 10 pence each. It was resolved that each of the existing ordinary issued 10 pence shares of Mathengine Plc were split into one ordinary share of 1 penny par value and nine deferred shares of 1 penny par value each.

An ordinary resolution was then passed increasing the authorised share capital of the Company from £1,922,035 to £3,000,000 by the creation of 107,796,560 additional ordinary shares of 1 penny each, such shares to rank pari passu in all respects with the existing issued ordinary shares in the capital of the Company.

The authorised share capital of the Company is now £3,000,000 divided into 127,016,904 ordinary shares of 1 penny each and 172,983,096 deferred shares of 1 penny each.

The Company issued 4,804,636 new ordinary 1 penny shares at a price of 1.4 pence per new ordinary share during the year to 30 June 2006.

Rights of the Deferred ordinary Shares

As regards income, the Deferred Shares shall carry no right to receive any dividend or other distribution.

As regards capital, on a return of capital in a liquidation, but not otherwise, the holders of the Deferred Shares shall be entitled to receive the nominal amount of their respective holdings of Deferred Shares but only after the holder of each Ordinary Share shall have received the amount paid up or credited as paid up on such Ordinary Share together with a payment of £1,000,000 per Ordinary Share and the holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company.

As regards voting, the holders of the Deferred Shares shall have no right to receive share certificates in respect of their holdings of Deferred Shares or to receive notice of, or to attend, speak or vote at, any general meeting of the Company by virtue of their holdings of Deferred Shares.

MATHENGINE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

11 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2009	12,618,693	63,527	(14,273,531)
Loss for the year	-	-	(15,790)
Revaluation during the year	-	67,228	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2010	12,618,693	130,755	(14,289,321)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

No tax has been provided in respect of the amounts allocated to the Revaluation Reserve.

12 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
(Loss)/Profit for the financial year	(15,790)	9,914
Other recognised gains and losses	67,228	(304,372)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	51,438	(294,458)
Opening shareholders' funds	378,770	673,228
	<hr/>	<hr/>
Closing shareholders' funds	430,208	378,770
	<hr/> <hr/>	<hr/> <hr/>

13 Employees

Number of employees

There were no employees during the year apart from the directors.

14 Control

There is no controlling party.