

**Strategic Report,
Report of the Directors and
Financial Statements
for the period
1 July 2014 to 31 December 2015
for
MATHENGINE PLC**

MATHENGINE PLC

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for the period 1 July 2014 to 31 December 2015**

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MATHENGINE PLC

**Company Information
for the period 1 July 2014 to 31 December 2015**

Directors:

D J N Nabarro
W G Wells

Registered office:

No. 1 The Yard
Burraton Square
Poundbury
Dorset
DT1 3GR

Registered number:

03334206 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
Sterling House
19/23 High Street
Kidlington
Oxfordshire
OX5 2DH

MATHENGINE PLC

Strategic Report for the period 1 July 2014 to 31 December 2015

The directors present their strategic report for the period 1 July 2014 to 31 December 2015.

Review of business and key financial indicators

Value of the Company's portfolio

During the eighteen months period to 31st December 2016, the value of the Company's assets decreased to £294,687, a forty one, point three per cent (41.3%) reduction on the previous year.

Change of accounting year end

For this most recent accounting period to 31st December 2015, your board extended the accounting period by six months to 31st December 2015, while awaiting receipt of £150,000 contractually due to MathEngine not later than 24th December 2015 from the sale of shares in a private UK company.

At the present time, this sum has not yet been received and on our auditor's advice and to be prudent, we have reduced the carrying value of the sum due to zero, though your directors continue to actively pursue such payment. It is unclear how long it will take to obtain payment but we will keep shareholders' fully apprised of MathEngine's efforts to recover this significant sum.

Portfolio policy

While at the 31st December 2015, the portfolio showed a sharp deterioration in value mainly due to the above stated decision to write down the carrying value of the debt due to the Company from the DHCL director, I am pleased to report that since then, and despite the Repurchase not having yet completed, the value of the Company's portfolio has recovered to just over £450,000.

During the period to 31st December 2015 and despite our long-held belief in its promising prospects but in the light of the oil market collapse, we finally disposed of our shareholding in Bahamas Petroleum ("BPC"). While the final disposal price was disappointing, overall over the years, MathEngine profited well from investing in BPC.

On the plus side, we were successful in disposing of our shareholding in DJI Holdings, the Chinese lottery operator, when it listed on AIM, for a three and a half times return. We also continue to hold shares in the dividend paying S&U PLC, the leading UK motor finance business, and Sun Corp, the major Australian insurer. We also own shares in Hampden & Co the new UK private bank, which opened successfully in June 2015 and where, as a founder, I serve on the board as a non-executive director. Hampden's shares have traded recently on a private sale basis at a sixty per cent premium to our original investment price.

Principal risks and uncertainties

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.

MATHEngine PLC

Strategic Report
for the period 1 July 2014 to 31 December 2015

Development and performance

The Company's portfolio is now largely focussed on one major investment, Vena Solutions Inc.

Vena Solutions ("Vena") is a fast growing and successful, Toronto based, multi award winning, unique, CPM (Corporate Performance Management) software business, which has already gained a significant foothold in financial processes and we believe represents exciting investment potential for MathEngine.

Vena's software/proposition is especially relevant to major international corporations with complex accounting requirements (over 250 have already signed up), and provides them with trusted numbers and insights, without sacrificing the significant investments they've already made in Excel and other models and templates.

Vena is the fastest growing provider of cloud-based CPM software, and the only one to embrace - not replace - Excel spreadsheets. It has just announced that leading industry analysts, Nucleus Research, has named it a market leader in its annual CPM Value Matrix report and we are advised that Gartner, another leading industry analyst, are also lauding Vena.

The primary driver behind Vena's leadership and in our view its main competitive advantage, which first attracted us to invest in the company, is its use of the globally used Excel as an interface into companies' performance management data.

Nucleus Research states that it "expects Vena to continue to experience success as customers look for usable and flexible solutions that will allow for easy adoption."

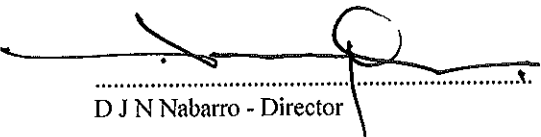
My colleague, William Wells and I both visited Vena's offices in Toronto, at no expense to MathEngine, and were suitably impressed.

Most excitingly, Vena announced on 6th May 2016 that it has entered into a term sheet with a private California-based investment partnership ("Partnership") to become Vena's major funding partner going forward and to have board representation.

The proposed transaction will involve this Partnership investing a minimum of US\$20m into Vena and reflect a pre-money valuation for the company of C\$75m or C\$2.92 per share, a 39% premium to our investment price level.

Interested MathEngine shareholders are invited to take a look at Vena's web-site at www.venasolutions.com.

On behalf of the board:


.....
D J N Nabarro - Director

Date:

6th June 2016

MATHENGINE PLC

Report of the Directors for the period 1 July 2014 to 31 December 2015

The directors present their report with the financial statements of the company for the period 1 July 2014 to 31 December 2015.

Principal activity

The principal activity of the company in the period under review was that of an investment company with a long term perspective.

Dividends

No dividends will be distributed for the period ended 31 December 2015.

Future developments

Our investment approach is now focused more on technology and we will be looking to invest in potentially profitable opportunities in this sector in the year ahead.

Directors

D J N Nabarro has held office during the whole of the period from 1 July 2014 to the date of this report.

Other changes in directors holding office are as follows:

W G Wells - appointed 30 July 2014

I will look forward to meeting as many of you as possible at the AGM on Friday 8th July 2016.

Our registrars

In consultation with our registrars, Capita, and to reduce printing and postage costs and be more environmentally conscious, we will shortly be seeking Shareholder approval by resolution at the forthcoming Annual General Meeting to approve new articles setting out how we communicate with shareholders in future.

Therefore, with this letter and the audited accounts, we also attach an individual shareholder consent letter detailing communication preference options with a reply slip enclosed.

In essence, shareholders will need to respond if they wish to continue to receive hard copies of company communications including annual accounts, and non-responders will be deemed to have elected to in future receive only electronic "web communications".

Following this communication, shareholders who have elected to continue to receive hard copy communications will continue to receive all documents in paper format via post as previously.

Non-responders who will be deemed to have received communication via the company's website, will still receive a proxy card which will include a 'Notice of Availability' (NOA). The NOA will advise that the documents (the annual report and accounts and the notice of meeting) are available on the company's web-site.

To effect future electronic communication with our shareholders, we have registered the domain name "MathEnginePLC.com" and intend shortly that shareholders will be able to access the Company's accounts and other shareholder communications on this web-site.

MATHENGINE PLC

**Report of the Directors
for the period 1 July 2014 to 31 December 2015**

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 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 as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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.

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:


.....
D J N Nabarro - Director

Date: 6th June 2016

**Report of the Independent Auditors to the Members of
MathEngine plc**

We have audited the financial statements of MathEngine plc for the period ended 31 December 2015 on pages eight to seventeen. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page five, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2015 and of its loss for the period 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors 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 received all the information and explanations we require for our audit.



Rodney Style ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
Sterling House
19/23 High Street
Kidlington
Oxfordshire
OX5 2DH

Date: 15 June 2016

MATHENGINE PLC

Profit and Loss Account
for the period 1 July 2014 to 31 December 2015

	Notes	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Turnover		-	-
Administrative expenses		(53,018)	(27,952)
		(53,018)	(27,952)
Other operating income		5,500	-
Operating loss	3	(47,518)	(27,952)
Income from fixed asset investments		3,455	3,876
Interest receivable and similar income		116	5
		(43,947)	(24,071)
Amounts written off investments	4	(67,682)	(54,242)
Loss on ordinary activities before taxation		(111,629)	(78,313)
Tax on loss on ordinary activities	5	(6,134)	-
Loss for the financial period		<u>(117,763)</u>	<u>(78,313)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the current period or previous year.

MATHENGINE PLC

Statement of Total Recognised Gains and Losses
for the period 1 July 2014 to 31 December 2015

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Loss for the financial period	(117,763)	(78,313)
Unrealised (deficit)/surplus on revaluation of other items	(89,509)	40,535
	<u> </u>	<u> </u>
Total recognised gains and losses relating to the period	<u>(207,272)</u>	<u>(37,778)</u>

Note of Historical Cost Profits and Losses
for the period 1 July 2014 to 31 December 2015

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Reported loss on ordinary activities before taxation	(111,629)	(78,313)
Realisation of investment gains	157,040	3,136
	<u> </u>	<u> </u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>45,411</u>	<u>(75,177)</u>
	<u> </u>	<u> </u>
Historical cost profit/(loss) for the period retained after taxation	<u>39,277</u>	<u>(75,177)</u>

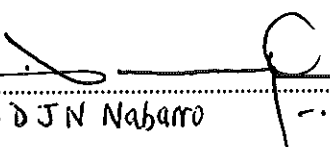
The notes form part of these financial statements

MATHENGINE PLC (REGISTERED NUMBER: 03334206)

Balance Sheet
31 December 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Investments	6		306,817		474,746
Current assets					
Debtors	7	-		12,348	
Cash at bank		13,827		27,865	
		<u>13,827</u>		<u>40,213</u>	
Creditors					
Amounts falling due within one year	8	25,957		13,000	
		<u>25,957</u>		<u>13,000</u>	
Net current (liabilities)/assets			<u>(12,130)</u>		<u>27,213</u>
Total assets less current liabilities			<u>294,687</u>		<u>501,959</u>
Capital and reserves					
Called up share capital	9		2,422,003		2,422,003
Share premium	10		12,249,614		12,249,614
Revaluation reserve	10		13,490		260,039
Profit and loss account	10		(14,390,420)		(14,429,697)
			<u>294,687</u>		<u>501,959</u>
Shareholders' funds	13		<u>294,687</u>		<u>501,959</u>

The financial statements were approved by the Board of Directors on 6th June 2016 and were signed on its behalf by:


Director - D J N Nabarro

MATHENGINE PLC

Cash Flow Statement
for the period 1 July 2014 to 31 December 2015

	Notes	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Net cash outflow from operating activities	1	(19,159)	(40,365)
Returns on investments and servicing of finance	2	3,571	3,881
Capital expenditure and financial investment	2	727	15,750
		<u>(14,861)</u>	<u>(20,734)</u>
Financing	2	823	-
Decrease in cash in the period		<u>(14,038)</u>	<u>(20,734)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(14,038)</u>	<u>(20,734)</u>
Change in net funds resulting from cash flows		<u>(14,038)</u>	<u>(20,734)</u>
Movement in net funds in the period		<u>(14,038)</u>	<u>(20,734)</u>
Net funds at 1 July		<u>27,865</u>	<u>48,599</u>
Net funds at 31 December		<u>13,827</u>	<u>27,865</u>

The notes form part of these financial statements

MATHENGINE PLC

Notes to the Cash Flow Statement
for the period 1 July 2014 to 31 December 2015

1. Reconciliation of operating loss to net cash outflow from operating activities

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Operating loss	(47,518)	(27,952)
Loss/(profit) on disposal of fixed assets	10,359	(412)
Interest accrued previously but now w/o	(348)	-
Decrease/(increase) in debtors	12,348	(12,001)
Increase in creditors	6,000	-
Net cash outflow from operating activities	(19,159)	(40,365)

2. Analysis of cash flows for headings netted in the cash flow statement

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Returns on investments and servicing of finance		
Interest received	116	5
Dividends received	3,455	3,876
Net cash inflow for returns on investments and servicing of finance	3,571	3,881
Capital expenditure and financial investment		
Purchase of fixed asset investments	(381,874)	-
Sale of fixed asset investments	382,601	15,750
Net cash inflow for capital expenditure and financial investment	727	15,750
Financing		
Amount introduced by directors	823	-
Net cash inflow from financing	823	-

3. Analysis of changes in net funds

	At 1/7/14 £	Cash flow £	At 31/12/15 £
Net cash:			
Cash at bank	27,865	(14,038)	13,827
	<u>27,865</u>	<u>(14,038)</u>	<u>13,827</u>
Total	<u>27,865</u>	<u>(14,038)</u>	<u>13,827</u>

The notes form part of these financial statements

MATHENGINE PLC

Notes to the Financial Statements
for the period 1 July 2014 to 31 December 2015

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Going concern

The directors have made an assessment of the company's ability to continue as a going concern and have identified no material uncertainties that may cast a significant doubt on the ability of the company to continue as a going concern for the foreseeable future.

2. Staff costs

There were no staff costs for the period ended 31 December 2015 nor for the year ended 30 June 2014.

3. Operating loss

The operating loss is stated after charging/(crediting):

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Loss/(profit) on disposal of fixed assets	10,359	(412)
Auditors' remuneration	9,633	4,650
Foreign exchange differences	2,206	3,778
	<u> </u>	<u> </u>
Directors' remuneration	<u> </u>	<u> </u>

4. Amounts written off investments

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Amounts w/o invs	67,682	54,242
	<u> </u>	<u> </u>

MATHENGINE PLC

Notes to the Financial Statements - continued
for the period 1 July 2014 to 31 December 2015

5. Taxation

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the period was as follows:

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Current tax:		
UK corporation tax	6,134	-
	<u>6,134</u>	<u>-</u>
Tax on loss on ordinary activities	6,134	-
	<u>6,134</u>	<u>-</u>

Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/7/14 to 31/12/15 £	Year ended 30/6/14 £
Loss on ordinary activities before tax	(111,629)	(78,313)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	(22,326)	(15,663)
Effects of:		
Utilisation of tax losses	(2,219)	4,187
Other tax adjustments	17,903	11,476
Temporary diminution of value in investments	13,467	-
Dividends received	(691)	-
	<u>6,134</u>	<u>-</u>
Current tax charge	6,134	-
	<u>6,134</u>	<u>-</u>

MATHENGINE PLC

Notes to the Financial Statements - continued
for the period 1 July 2014 to 31 December 2015

6. Fixed asset investments

	Listed investments £	Unlisted investments £	Totals £
Cost or valuation			
At 1 July 2014	224,954	437,365	662,319
Additions	161,682	220,192	381,874
Disposals	(233,405)	(217,101)	(450,506)
Revaluations	3,737	(93,246)	(89,509)
	<u>156,968</u>	<u>347,210</u>	<u>504,178</u>
At 31 December 2015			
Provisions			
At 1 July 2014	151,759	35,814	187,573
Provision for period	9,099	58,235	67,334
Eliminated on disposal	(57,546)	-	(57,546)
	<u>103,312</u>	<u>94,049</u>	<u>197,361</u>
At 31 December 2015			
Net book value			
At 31 December 2015	<u>53,656</u>	<u>253,161</u>	<u>306,817</u>
At 30 June 2014	<u>73,195</u>	<u>401,551</u>	<u>474,746</u>

Cost or valuation at 31 December 2015 is represented by:

	Listed investments £	Unlisted investments £	Totals £
Valuation in 2014	-	102,999	102,999
Valuation in 2015	3,737	(93,246)	(89,509)
Cost	<u>153,231</u>	<u>337,457</u>	<u>490,688</u>
	<u>156,968</u>	<u>347,210</u>	<u>504,178</u>

The original cost of the fixed asset investments amounts to £490,688 (2014 - £402,280).

Not included in investments above are option positions which at 31 December 2015 amounted to an unrealised profit of £19,836 (2014 - £173).

7. Debtors: amounts falling due within one year

	2015 £	2014 £
Other debtors	-	9,450
Prepayments	-	2,898
	<u>-</u>	<u>12,348</u>

MATHENGINE PLC

Notes to the Financial Statements - continued
for the period 1 July 2014 to 31 December 2015

8. Creditors: amounts falling due within one year

	2015	2014
	£	£
Corporation tax	6,134	-
Directors' current accounts	823	-
Accrued expenses	19,000	13,000
	<u>25,957</u>	<u>13,000</u>

9. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£	£
25,975,467	Ordinary	1p	259,755	259,755
216,224,820	Deferred	1p	2,162,248	2,162,248
			<u>2,422,003</u>	<u>2,422,003</u>

10. Reserves

	Profit and loss account	Share premium	Revaluation reserve	Totals
	£	£	£	£
At 1 July 2014	(14,429,697)	12,249,614	260,039	(1,920,044)
Deficit for the period	(117,763)			(117,763)
Revaluation in the year	-	-	(89,509)	(89,509)
Transfer from revaluation reserve to profit and loss	157,040	-	(157,040)	-
At 31 December 2015	<u>(14,390,420)</u>	<u>12,249,614</u>	<u>13,490</u>	<u>(2,127,316)</u>

No tax has been provided for in respect of the amounts allocated to the revaluation reserve.

11. Related party disclosures

During the year the company paid £5,000 (2014 - £3,000) in management charges to Cato Strategic Limited. Cato Strategic Limited is a company that is 60% owned by D J N Nabarro, who is a Director of Mathengine Plc.

12. Ultimate controlling party

There is no controlling party.

MATHENGINE PLC

Notes to the Financial Statements - continued
for the period 1 July 2014 to 31 December 2015

13. Reconciliation of movements in shareholders' funds	2015	2014
	£	£
Loss for the financial period	(117,763)	(78,313)
Other recognised gains and losses relating to the period (net)	(89,509)	40,535
Net reduction of shareholders' funds	(207,272)	(37,778)
Opening shareholders' funds	501,959	539,737
Closing shareholders' funds	294,687	501,959