SOLO OIL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2010

Company number 05542880

Solo Oil Plc ("Solo" or "the Company") is an England and Wales incorporated, registered and domiciled company which is quoted on AIM. Its principal activities are to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

Contents

Chairman's Statement

I am pleased to present the Chairman's report for the year ended 30 June 2010.

Changes approved by Shareholders

As previously advised in the Company's 2009 annual report, the Company announced on 25 June 2009 that it was proposing to change its name and adopt a new Investing Policy. A Circular to Shareholders setting out details of a proposed change in its Investing Policy and proposed Name Change was sent to all company shareholders.

Your Board announced on 17 July 2009 that both resolutions were passed at the General Meeting ("GM") held on same date. Accordingly the Company adopted a new Investing Policy, as set out below, and changed the Company's name to Solo Oil PLC on 14 August 2009.

New Investing Policy

The Company's new Investing Policy is to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa. Both on-shore and off-shore interests will be considered. The intention is to acquire a widely distributed mix of oil and gas development and production assets.

The Directors collectively have considerable experience investing, both in structuring and executing deals and in raising funds. The Directors will use this experience to identify and investigate investment opportunities, and to negotiate acquisitions. Wherever necessary the Company will engage suitably qualified technical personnel to carry out specialist due diligence prior to making an acquisition or an investment. For the acquisitions which they expect the Company to make, the Directors may adopt earn-out structures, with specific performance targets being set for the sellers of the businesses acquired, and with suitable metrics applied.

The Company may invest by way of outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company's investments may take the form of equity, joint venture debt, convertible instruments, licence rights, or other financial instruments as the Directors deem appropriate.

The Company will be both an active and a passive investor. The Company intends to be a long-term investor and the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest, nor the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider possible opportunities anywhere in the world.

The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including by way of example, and without limit, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. There are no borrowing limits in the Articles of Association of the Company. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

There are no restrictions in the type of investment that the Company might make nor on the type of opportunity that may be considered other than set out in this paragraph.

As the Ordinary Shares are traded on AIM this provides a facility for shareholders to realise their investment in the Company. In addition, the Directors may consider from time to time other means of facilitating returns to Shareholders including dividends, share repurchases, demergers, and schemes of arrangements or liquidation.

Placement and Farm – In

Solo Oil Plc announced on 16 November 2009 that it had placed a total of 1,280,000,000 new ordinary shares of 0.01p each in the Company (Placing Shares) at a placing price of 0.5 pence per share to raise £6.4 million ("the Placing") and had signed a Farm-out Agreement with London Main Market listed Aminex PLC ("Aminex") to earn a 12.5% interest in the Likonde-1 well in Tanzania.
The Farm-out agreement has formal approval from the Government of Tanzania and was also formally approved by the Company's shareholders at a general meeting in December 2009.
Aminex previously held a 50% interest in the Ruvuma PSA and the remaining 50% is held by Tullow Oil PLC ("Tullow") which is the operator. Post transaction, Tullow owns 50% of Likonde-1 well, Aminex 37.5% and Solo Oil 12.5%.

Chairman's Statement continued

Likonde-1 was the first well scheduled to be drilled on the Ruvuma production agreement (PSA) in southern Tanzania and drilling commenced in January 2010. Under the terms of the farm-out agreement Solo:
(1) Reimbursed Aminex for 12.5% of pre-drilling costs amounting to approximately US$1.25 million and
(2) Paid 18.75% of the drilling cost of Likonde-1 amounting to approximately US$3.4 million.

After the drilling of Likonde-1, Solo had earned the right to participate in any further drilling on the licences covered by the Ruvuma PSA through contributing 12.5% of ongoing costs. In April 2010, Solo exercised this right and in June 2010 became a full party to the Ruvuma joint operating agreement with Tullow and Aminex.

Information on the Ruvuma PSA

The Ruvuma PSA covers 12.360 square kilometres in the extreme south-east of Tanzania of which roughly 80% is onshore and 20% offshore. Within the PSA are two specific, adjoining licence areas, known as Lindi and Mtwara. The first well under the Ruvuma PSA has been drilled on the Likonde prospect.

On 1 April 2010, the Likonde-1 well, onshore Tanzania, encountered thick sands with hydrocarbon shows.
Likonde-1 is located in the Lindi Block in the Ruvuma Basin of Southern Tanzania. The well was drilled to a total depth of 3,647 metres and results of drilling, wireline logs and side-wall coring showed that the well intersected two sandstone intervals of over 250 metres (820 feet) combined thickness with evidence of residual oil and gas. Drilling had to be terminated in the deepest objectives due to high gas influx.

The well, which was plugged and abandoned, is the first of a two-well programme within the prospective Ruvuma delta region. The encouraging results will be followed up with detailed technical work prior to selecting the next drilling location.
The result from Likonde-1 represents a major step forward in establishing the potential of the Ruvuma Basin. Solo has sufficient funds in treasury to be an active partner in the next phase of work and drilling in Tanzania.

Investment in Reef Resources Ltd ("Reef")

In April 2010, the Company agreed commercial terms of a $1,650,000 CAN participating loan agreement to Reef for financing the development of a proven oil and gas production asset in Ontario. Solo receives 60% of net production revenue post tax until loan repayment and 50% net earnings thereafter from the funded developments.

Under the terms of the investment, the financing will be issued in two stages, with the first stage of $750,000 CDN issued immediately in May 2010 and the balance on the re-commencement of production from Reef's Ontario asset which is expected in late 2010. A Solo representative Mr David Lenigas was entitled to join the board of Reef in September 2010 providing commercial and operational advice.

The facility shall not accrue interest and be repaid through allocation to Solo of 60% of net Reef revenues post tax and royalties, equivalent to 48% of all oil gross revenues and 54% of gas gross revenues for all incremental production from the funded development stages. Thereafter upon loan repayment, Solo shall continue to receive 50% of the net operating income from the funded development stages with an exclusive first right option to increase its participation in both the Ontario asset and Reef shareholding structure.

The financing facility shall be secured with a general security agreement based upon the equivalent NI51-101 reported proved and probable reserves at current market valuation. The funds will be used to restart and expand production on Reef's Ontario asset through the purchase of equipment, various well completions, gas recycle stimulation, two new wells and tie-in to company owned facilities.

The financing facility provides Solo with the opportunity to participate in a producing asset with immediate production revenue payback and reserves security, as well as the opportunity of establishing a working relationship with Reef with a view to increasing collaboration both in the Ontario basin and other assets throughout Canada. Reef currently retains options for the acquisition and development of other production assets throughout Canada.

About Reef:

Reef is an incorporated oil and gas exploration and production company with existing assets in Ontario and ongoing negotiations and options for the acquisition of other assets in Canada. Reef's strategy is to build shareholder value through internally generated exploration and development drilling through selective acquisitions, joint ventures and farm-ins. Reef's primary asset in Ontario has estimated proved and probable reserves of 35,533 boe and 159,370 boe respectively as assessed by a qualified reserves evaluator in July 2009. The Ontario production asset is currently shut-in awaiting development financing.

The Ontario asset also has gas storage rights and a gas re-injection permit for gas re-cycle arbitrage and enhanced oil recovery. A key component of Reef's strategy is to identify and exploit undervalued prospects in the Ontario basin by utilizing the company's 23,500

Chairman's Statement continued

acres of proprietary 3D seismic. In addition to its Ontario asset, Reef has identified multiple oil and gas acquisition and development opportunities throughout Canada.

Reef has established a four stage production development program on its Ontario asset which includes the drilling of a series of multi-zone well targets (vertical and horizontal) and executing recompletions and tie-ins. The loan from Solo covers the first two stages of expenditure on this program. The successful execution of this program will also enable Reef to capitalize on the gas storage and gas recycling rights on the acreage once depleted.

The successful completion of the Reef Ausable #2 horizontal well in South Western Ontario occurred in August 2010. Reef successfully conducted the 60 tonne three stage fracture ("frac") stimulation . The frac comprised of three 20 tonne stages using specialized completion tools strategically placed throughout the 475 meter horizontal leg. The well is currently being flow tested up tubing to recover frac water and nitrogen. Subject to recovery of frac fluids and nitrogen the stage frac tools will be recovered followed by an extensive flow test to determine gas and oil flow rate.

Reef has also completed vital work on its natural gas processing system at the Grand Bend process facility. The company installed a Variable Frequency Drive unit to better match gas flow rates, compressor loading and cooling plus better match gas process criteria. Additionally, minor piping changes have been completed along with cleaning of Joules Thompson heat exchanger unit to help optimize the gas liquids recovery system. This work was performed to increase efficiencies and meet the dry natural gas test specifications of the pipeline utility operator. A dry gas test has also been planned to be conducted.

In November 2010, Reef advised it had made well license application for the new Reef Ausable #5 vertical well northwest of London, Ontario. The 615 metre vertical well is expected to be spudded before mid December 2010 with results reported January 2011.
The well will be cored in order to accomplish key objectives including:

· Define the cap rock integrity for future gas storage. This is invaluable for gas storage planning and licensing.
· Finalize drill locations and trajectories for the proposed four horizontal wells planned for 2011. The cored data will be correlated to the Company's existing 3D seismic.

Reef plans to drill four horizontal wells in two stages during the first half of 2011.These horizontal wells are part of the Natural Gas Recycling and Enhanced Oil Recovery ("EOR") program that Reef is executing. Two horizontal wells will be used for injecting natural gas to pressurize the reef structure and the other two horizontal wells, as well as existing vertical wells, will be deployed as production wells. The production wells will produce oil and natural gas liquids and the natural gas will be recycled. An EOR pilot program, injecting natural gas, is already producing approximately 40 barrels of oil per day with only minimal gas injection at a rate of 130 mcfd.

In November 2010, Solo elected to advance the 2nd tranche of the $1.65 million participating loan to Reef to fund the drilling of the vertical well and purchase additional on site equipment. The on-site equipment (de-ethanizer) will increase productivity of the EOR pilot program already underway. Reef's website is www.reefresources.ca

Immersion Technologies
The Company still retains the patented technologies in both revolutionary electrostatic loudspeakers ("ESL") and award winning conventional cone loudspeakers ("CCL"). The Company continues to seek an effective route to market for these technologies and will update shareholders once progress has been made in this field.

FINANCIAL RESULTS
The Group's loss for the year is £0.9 million (2009: £1.1 million) in which it earned sales revenue of nil (2009: £31,000) and other income of nil (2009: £294,000) being mainly expenditure grants and rebates.

During the year the Group spent nil (2009: nil) on research and development and building a broad product range. Amortisation of intangible assets for the year, including an impairment charge, is nil (2009: £700,000) and the employee and director remuneration costs totalled £341,000 (2009: £341,000).

OUTLOOK
Your Board is confident that the 2 investments made by the Company since it changed its investment strategy in July 2009 are both encouraging and potentially very rewarding. We look to realise this potential over the future years in addition to continue reviewing further investment opportunities.

The directors would like to take this opportunity to thank our shareholders, staff and consultants for their continued support.

David Lenigas
Executive Chairman
19 November 2010

Directors' Report

The Directors are pleased to present this year's annual report together with the consolidated financial statements for the year ended 30 June 2010.

Principal Activities
The principal activity of the Group is to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa. The Company also changed its name from Immersion Technologies International Plc to Solo Oil Plc on 14 August 2009.

Business Review and future developments
A review of the current and future development of the Group's business is given in the Chairman's Statement on pages 2 to 4.

Results and Dividends
Loss on ordinary activities of the Group after taxation amounted to £0.9 million (2009: £1.10 million). The Directors do not recommend payment of a dividend.

Key Performance Indicators
Given the nature of the business and that the Group has recently adopted a new investing policy and is in the early stages of developing new operations, the directors are of the opinion that analysis using KPI's is not appropriate for an understanding of the development, performance or position of our businesses at this time.

Post Balance Sheet events
At the date these financial statements were approved, being 19 November 2010, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

Substantial Shareholdings
At 12 November 2010 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Shares	% of Issued Capital
TD Waterhouse Nominees (Europe) Ltd	262,702,196	12.63
Barclayshare Nominees Ltd	189,732,975	9.12
HSDL Nominees Ltd	118,871,274	5.71
HSDL Nominees Ltd	112,458,239	5.41
L R Nominees Ltd	104,902,320	5.04
James Capel (Nominees) Ltd	99,463,725	4.78

Directors
The names of the Directors who served during the year are set out below:

Director	Date of Appointment	Date of Resignation
Executive Directors		
David Lenigas		
Non-Executive Directors		
Kiran Morzaria		
Sandy Barblett		

Directors' Remuneration
The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Director emoluments and payments made for professional services rendered are set out in Note 5 to the financial statements.

Directors' Report (continued)

Directors' Interests
The beneficial interests of the serving Directors in the shares and options of the Company during the year to 30 June 2010 were as follows

	At 30 June 2010		At 30 June 2009	
Director	Shares	Options	Shares	Options
David Lenigas	2,850,000	77,500,000	2,850,000	2,500,000
Kiran Morzaria	711,428	10,750,000	711,428	750,000
Sandy Barblett	600,000	11,250,000	600,000	1,250,000

Corporate Governance
A statement on Corporate Governance is set out on pages 8 - 9.

Environmental Responsibility
The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies
The Group will be committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety
The Group's aim will be to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide training and support to employees and set demanding standards for workplace safety.

Payment to Suppliers
The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

Political Contributions and Charitable Donations
During the period the Group did not make any political contributions or charitable donations.

Annual General Meeting ("AGM")
This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

Statement of disclosure of information to auditors
As at the date of this report the serving directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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 auditor are aware of that information

Auditors
A resolution to appoint Chapman Davis LLP and to authorise the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

Going Concern
Notwithstanding the loss incurred during the period under review, the Directors are of the opinion that ongoing evaluations of the Company's interests and cash resources, indicate that preparation of the Group's accounts on a going concern basis is appropriate.

Directors' Report (continued)

Statement of Directors' Responsibilities
The directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group 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 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

Electronic communication
The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

By order of Board:

David Lenigas
Executive Chairman
19 November 2010

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

Board of Directors
The Board of Directors currently comprises 1 Executive Director, and 2 Non- Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and the Finance Director in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings
The Board meets regularly throughout the year. For the period ending 30 June 2010 the Board met 7 times (2009: 6) in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Director and management who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and the Company Secretary necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees
The Board has established the following committees, each which has its own terms of reference:

Audit Committee
The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises 2 Directors, Kiran Morzaria (Chairman) and Sandy Barblett, and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

Remuneration Committee
The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises 2 Directors, Kiran Morzaria (Chairman) and Sandy Barblett. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. The Committee will also have regard to the terms which may be required to attract an experienced executive to join the Board from another company.

Internal controls
The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management
The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties
The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

General and economic risks
• contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
• movements in the equity and share markets in the United Kingdom and throughout the world;
• weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
• currency exchange rate fluctuations and, in particular, the relative prices of Australian Dollar, Chinese Yuan and Singapore Dollar and the UK Pound;

Corporate Governance Statement (continued)

• exposure to interest rate fluctuations; and

• adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of
repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding risk
• The Group or the companies in which it has invested may not be able to raise either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Market risk
• The ability of the Group (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

Insurance
The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy
The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Refer Note 17.

Securities Trading
The Board has adopted a Share Dealing Code that applies to Director, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders
The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditor's Report to the Members of Solo Oil Plc

We have audited the financial statements of Solo Oil Plc for the year ended 30th June 2010 which comprise the Group Statement of Comprehensive Income, the Group and Parent Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 23. 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.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 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
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 of the Parent Company's affairs as at 30 June 2010 and of the Group's and the Parent Company's loss for the year then ended;
• the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
• the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
• 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:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Keith Fulton (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
19 November 2010

Financial Statements

Group Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	2010	2009
		£000's	£000's
Revenue	3	-	325
Cost of Sales		-	-
Gross profit		-	**325**
Administrative expenses	4	(898)	(740)
Loss from operations		**(898)**	**(415)**
Impairment charge	15	-	(700)
Finance revenue	7	-	2
Loss before taxation		**(898)**	**(1,113)**
Income tax (expense)	6	-	13
Loss for the year		**(898)**	**(1,100)**
Other comprehensive income			
Exchange differences on translation of foreign operations		18	(66)
Other comprehensive income for the year net of taxation		**18**	**(66)**
Total comprehensive income for the year attributable to equity holders of the parent		**(880)**	**(1,166)**
Loss per share (pence)			
Basic	8	**(0.06)**	(0.32)
Diluted	8	**(0.06)**	(0.32)

Group Statement of Financial Position as at 30 June 2010

	Notes	2010	2009
		£000's	£000's
Assets			
Non-current assets			
Intangible assets	**9**	3,512	100
Trade and other receivables	**10**	528	-
Total non-current assets		**4,040**	**100**
Current assets			
Trade and other receivables	**10**	600	255
Cash and cash equivalents		1,007	153
Total current assets		**1,607**	**408**
Total assets		**5,647**	**508**
Liabilities			
Current liabilities			
Trade and other payables	**11**	(93)	(20)
Provisions		-	-
Total liabilities		**(93)**	**(20)**
Net assets		**5,554**	**488**
Equity			
Share capital	**12**	208	80
Deferred share capital	**12**	1,831	1,831
Share premium reserve		8,780	3,388
Foreign exchange reserve		145	127
Warrant reserve		33	33
Share-based payments		501	75
Retained loss		(5,944)	(5,046)
		5,554	**488**

The financial statements were approved by the board of directors and authorised for issue on 19 November 2010. They were signed on its behalf by ;

David Lenigas

Director

Kiran Morzaria

Director

Company Statement of Financial Position as at 30 June 2010

	Notes	2010	2009
		£000's	**£000's**
Assets			
Non- current assets			
Investment in subsidiaries	**14**	100	100
Intangible asset	**9**	3,412	-
Trade and other receivables	**10**	528	-
Amounts due from subsidiaries	**17**	50	50
Total non-current assets		**4,090**	**150**
Current assets			
Trade and other receivables	**10**	600	250
Cash and cash equivalents		957	125
Total current assets		**1,557**	**375**
Total assets		**5,647**	**525**
Liabilities			
Current liabilities			
Trade and other payables	**11**	(93)	(17)
Total liabilities		**(93)**	**(17)**
Net assets		**5,554**	**508**
Equity			
Share capital	**12**	208	80
Deferred share capital	**12**	1,831	1,831
Share premium		8,780	3,388
Share-based payment reserve		501	75
Warrant reserve		33	33
Retained loss		(5,799)	(4,899)
		5,554	**508**

The financial statements were approved by the board of directors and authorised for issue on 19 November 2010. They were signed on its behalf by ;

David Lenigas
Director

Kiran Morzaria
Director

Group Statement of Cash Flows for the year ended 30 June 2010

	2010	2009
	£000's	£000's
Cash outflow from operating activities		
Operating loss	(898)	(415)
Adjustments for:		
Share-based payments	271	(5)
(Decrease) in provisions	-	(2)
(Increase) in receivables	(345)	(205)
Increase/(decrease) in payables	73	(253)
Cash used in operating activities	(899)	(880)
Income tax refund/(paid)	-	13
Net cash outflow from operating activities	**(899)**	**(867)**
Cash flows from investing activities		
Interest received	-	2
Payments to acquire intangible assets	(3,412)	-
Loans made to third party	(528)	-
Net cash (out)/inflow from investing activities	**(3,940)**	**2**
Cash flows from financing activities		
Proceeds on issuing of ordinary shares	6,400	906
Proceeds on share capital-un issued	-	(185)
Cost of issue of ordinary shares	(725)	(41)
Net cash inflow from financing activities	**5,675**	**680**
Net increase/(decrease) in cash and cash equivalents	836	**(185**)
Cash and cash equivalents at beginning of year	**153**	**272**
Foreign exchange differences on translation	18	66
Cash and cash equivalents at end of year	**1,007**	**153**

The above Cash Flow should be read in conjunction with the accompanying notes.

Company Statement of Cash Flows for the year ended 30 June 2010

	Notes	2010 £000's	2009 £000's
Cash outflow from operating activities			
Operating loss		(900)	(426)
Adjustments for:			
Share-based payments		271	(5)
Finance income		-	(2)
(Increase)/decrease in receivables		(350)	(218)
Increase/(decrease) in payables		76	(76)
Cash used in operating activities		(903)	(727)
Income tax refund		-	13
Net cash outflow from operating activities		(903)	(714)
Cash flows from investing activities			
Interest received		-	2
Payments to acquire intangible assets		(3,412)	-
Loans to subsidiaries		-	(40)
Loans made to third party		(528)	-
Net cash outflow from investing activities		**(3,940)**	(38)
Cash flows from financing activities			
Proceeds on issuing of ordinary shares		6,400	906
Proceeds on share capital-unissued		-	(185)
Cost of issue of ordinary shares		(725)	(41)
Net cash inflow from financing activities		**5,675**	680
Net increase/(decrease) in cash and cash equivalents		**832**	(72)
Cash and cash equivalents at beginning of year		**125**	197
Cash and cash equivalents at end of year		**957**	125

The above Cash Flow should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2010

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Unissued share capital £000's	Share based payments £000's	Warrant reserve £000's	Foreign exchange £000's	Accumulated losses £000's	Total £000's
GROUP									
Balance at 30 June 2008	**1,598**	**-**	**2,869**	**185**	**80**	**-**	**61**	**(3,946)**	**847**
Currency translation differences	-	-	-	-	-	-	66	-	66
Loss for the year	-	-	-	-	-	-	-	(1,100)	(1,100)
Total comprehensive income	-	-	-	-	-	-	66	(1,100)	(1,034)
Share capital issued	313	-	593	(185)	-	-	-	-	721
Cost of share issue	-	-	(74)	-	-	-	-	-	(74)
Reorganisation of share capital	(1,831)	1,831	-	-	-	-	-	-	-
Share-based payment and warrant charge	-	-	-	-	11	33	-	-	44
Cancelled share based payment	-	-	-	-	(16)	-	-	-	(16)
Balance at 30 June 2009	**80**	**1,831**	**3,388**	**-**	**75**	**33**	**127**	**(5,046)**	**488**
Currency translation differences	-	-	-	-	-	-	18	-	18
Loss for the period	-	-	-	-	-	-	-	(898)	(898)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**18**	**(898)**	**(880)**
Share capital issued	128	-	6,272	-	-	-	-	-	6,400
Cost of share issue	-	-	(880)	-	-	-	-	-	(880)
Share-based payment and warrant charge	-	-	-	-	426	-	-	-	426
Balance at 30 June 2010	**208**	**1,831**	**8,780**	**-**	**501**	**33**	**145**	**(5,944)**	**5,554**

Statement of Changes in Equity for the year ended 30 June 2010

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Unissued share capital £000's	Share based payments £000's	Warrant reserve £000's	Accumulated losses £000's	Total equity £000's
COMPANY								
Balance at 30 June 2008	**1,598**	**-**	**2,869**	**185**	**80**	**-**	**(1,277)**	**3,455**
Loss for the period	-	-	-	-	-	-	(3,622)	(3,622)
Total comprehensive income	-	-	-	-	-	-	(3,622)	(3,622)
Share issue	313	-	593	(185)	-	-	-	721
Cost of share issue	-	-	(74)	-	-	-	-	(74)
Reorganisation of share capital	(1,831)	1,831	-	-	-	-	-	-
Share-based payment and warrant charge	-	-	-	-	11	33	-	44
Cancelled share based payment	-	-	-	-	(16)	-	-	(16)
Balance at 30 June 2009	**80**	**1,831**	**3,388**	**-**	**75**	**33**	**(4,899)**	**508**
Loss for the period	-	-	-	-	-	-	(900)	(900)
Total comprehensive income	-	-	-	-	-	-	(900)	(900)
Share issue	128	-	6,272	-	-	-	-	6,400
Cost of share issue	-	-	(880)	-	-	-	-	(880)
Share-based payment and warrant charge	-	-	-	-	426	-	-	426
Balance at 30 June 2010	**208**	**1,831**	**8,780**	**-**	**501**	**33**	**(5,799)**	**5,554**

1 Summary of significant accounting policies

General information and authorisation of financial statements

Solo Oil Plc is a public limited Company incorporated in England & Wales. On the 14 August 2009, the Company changed its name from Immersion Technologies International Plc to Solo Oil Plc. The address of its registered office is Suite3B, princes House, 38 Jermyn Street, London SW1Y 6DN. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The Group financial statements of Solo Oil plc for the year ended 30 June 2010 were authorised for issue by the Board on 19 November 2010 and the balance sheets signed on the Board's behalf by Mr. Kiran Morzaria and Mr. David Lenigas.

Statement of compliance with IFRS

The Group’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company’s financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and Company are set out below.

New standards and interpretations not applied

As at the date of authorisation of these financial statements, there were Standards and Interpretations that were in issue but are not yet effective and have not been applied in these financial statements. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group or company, except for additional disclosures when the relevant Standards come into effect.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

The financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£‘000) unless otherwise stated.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business combinations and goodwill

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

1 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the right to consideration is obtained in exchange for performance. Payment received in advance of performance is deferred on the balance sheet as a liability and released as services are performed or products are exchanged as per the agreement with the customer.
Revenue derived from the license royalties are recognised on notification of payment by the licensee. Revenue derived from the sale of manufactured products and recognised when delivered to the customer in accordance with the specific supply contract terms.
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.
On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of the overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Taxation

The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Internally-generated Intangible Assets - Research and Development Expenditure

Expenditure on internally developed products is capitalised if it can be demonstrated that:

· it is technically feasible to develop the product for it to be sold;
· adequate resources are available to complete the development;
· there is an intention to complete and sell the product;
· the Group is able to sell the product;
· sale of the product will generate future economic benefits; and
· expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the administrative expenses in the consolidated income statement.
Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Intellectual property	Patent life (20 years)	Estimated royalty stream if the rights were to be licensed
Licenses	10 years Estimated	discounted cash flow

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is such indication then an estimate of the asset's recoverable amount is performed and compared to the carrying amount.

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. 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.

If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and subsequently at depreciated cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Plant and equipment-15%-25% per annum straight line

Office equipment-20%-25% per annum straight line

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition,

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade and other payables are non interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received. Equity-settled share-based payments are measured at fair value at the date of grant except if the value of the service can be reliably established. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows - actual outcomes may vary. If the carrying amount exceeds the recoverable amount then impairment is made.

Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

Share-based payments

The Group utilised an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using Black-Scholes valuation method as at the date of grant. The assumptions used in the valuation are described in note 17 and include, among others, the expected volatility, expected life of the options and number of options expected to vest.

Determination of fair values of intangible assets acquired in business combinations

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that would have been avoided as a result of the trademark or a patent being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of such matters is different than the amounts recorded, the differences will impact income tax expense in the period in which such determination is made.

Deferred taxation

Deferred tax assets are recognised when it is judged more likely than not that they will be recovered.

Going Concern

The financial report for the year ended 30 June 2010 has been prepared on a going concern basis.

2 Turnover and segmental analysis

Segement information is presented in respect of the Group's management and internal reporting structure. As currently the Group is not in producing or exploring directly, there is no revenue being generated, and the main business segment is that of a corporate administrative entity.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating and Geographical segments
The Group comprises the following operating segments:
Corporate – Parent company administrative costs, and investments, in United Kingdom.
Product R&D and Design – Holding of patent technology for now discontinued activity, in United Kingdom.
Product Manufacture – Remainder of costs and assets in relation to previous manufacturing of speaker technologies.

2010 **Business segments**	**Corporate**	**Product R&D and design**	**Product manufacture**	**Total**
Revenue	**£000's**	**£000's**	**£000's**	**£000's**
External sales	-	-	-	-
Total revenue	-	-	-	-
Result				
Segment result	(898)	-	-	(898)
Finance income				-
Impairment charge				-
Loss before tax				(898)
Income tax expense				-
Loss for the period				(898)
Other segment items included in the income statement are as follows:				
Depreciation	-	-	-	-
Amortisation	-	-	-	-
Impairment charge	-	-	-	-
Balance sheet				
Segment assets	5,497	100	50	5,647
Segment liabilities	(93)	-	-	(93)
Net assets	5,404	100	50	5,554

Geographical segments	**United Kingdom**	**Australia**	**Total**
Revenue	**£000's**	**£000's**	**£000's**
External sales	-	-	-
Total revenue	-	-	-
Result			
Segment result	(898)	-	(898)
Finance income			-
Impairment charge			-
Loss before tax			(898)
Income tax expense			-
Loss for the period			(898)
Balance sheet			
Segment assets	5,597	50	5,647
Segment liabilities	(93)	-	(93)
Net assets	5,504	50	5,554

2 Turnover and segmental analysis (continued)

2009 **Business segments**	**Corporate**	**Product R&D and design**	**Product manufacture**	**Sales**	**Unallocated or eliminated**	**Total**
Revenue	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
External sales	-	325	-	-	-	325
Total revenue	-	325	-	-	-	325
Result						
Segment result	(264)	-	(151)	-	-	(415)
Finance income	2	-	-	-	-	2
Impairment charge	-	(700)	-	-	-	(700)
Loss before tax						(1,113)
Income tax expense						13
Loss for the period						(1,100)
Other segment items included in the income statement are as follows:						
Depreciation	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
Impairment charge	-	(700)	-	-	-	(700)
Balance sheet						
Segment assets	375	100	33	-	-	508
Segment liabilities	(17)	-	(3)	-	-	(20)
Net assets	358	100	30	-		488

Geographical segments	**United Kingdom**	**Australia**	**Asia**	**Unallocated**	**Total**
Revenue	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
External sales	-	325	-	-	325
Total revenue	-	325	-	-	325
Result					
Segment result	(264)	(151)	-	-	(415)
Finance income	2	-	-	-	2
Impairment charge	(700)	-	-	-	(700)
Loss before tax					(1,113)
Income tax expense					13
Loss for the period					(1,100)
Balance sheet					
Segment assets	475	33	-	-	508
Segment liabilities	(17)	(3)	-	-	(20)
Net assets	458	30	-	-	488

3 Group revenue

	2010 **£000's**	**2009** **£000's**
Revenue arises from:		
Royalties	-	31
Other Income (rebates and grants)	-	294
	-	69

4	**Group operating loss**	**2010 £000's**	**2009 £000's**
	Loss from operations has been arrived at after charging:		
	Directors fees	202	102
	Salaries and wages	-	244
	Audit fees	13	13
	Share-based payments	271	(5)
	Amounts payable to auditors and their associates in respect of both audit and non-audit services:		
	Audit services - group statutory audit – Chapman Davis LLP	13	13
		13	13

5 Employee information and directors emoluments

	2010 £000's	**2009 £000's**
Staff information		
The average number of employees (excluding executive directors) was :	-	12
Their aggregate remuneration comprised :	**£000's**	**£000's**
Wages and salaries	-	244
Share-based payments	-	(12)
Total	**-**	**232**
Directors' remuneration		
Total	**341**	**109**

2010	**Salary and fees £000's**	**Share-based payments £000's**	**Total £000's**
David Lenigas	92	110	202
Sandy Barblett	55	15	70
Kiran Morzaria	55	14	69
	202	**139**	**341**

2009	**Salary and fees £000's**	**Share-based payments £000's**	**Total £000's**
David Lenigas	18	4	22
Sandy Barblett	18	2	20
Kiran Morzaria	12	1	13
Vincent Fodera (resigned 7 July 2008)	54	-	54
	102	**7**	**109**

6	Taxation	2010 £000's	2009 £000's
	Current tax expense		
	UK corporation tax and income tax of overseas operations on profits for the period	-	-
	Refund of prior years overpayment	-	(13)
	Deferred tax expense;		
	Origination and reversal of temporary differences	-	-
	Total income tax expense	-	(13)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2010	2009
Loss for the period	(898)	(1,100)
Standard rate of corporation tax in the UK	28%	28%
Loss on ordinary activities multiplied by the standard rate of corporation tax	(251)	(308)
Expenses not deductible for tax purposes	76	201
Future income tax benefit not brought to account	175	107
Current tax charge for period	-	-

No deferred tax asset has been recognised because there is uncertainty of the timing of suitable future profits against which they can be recovered.

7	Finance revenue	2010 £000's	2009 £000's
	Bank interest receivable	-	2

8	Loss per share	2010	2009

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the year:

	2010	2009
Net loss after taxation (£000's)	**(898)**	**(1,100)**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (millions)	**1519.8**	**342.8**
Basic and diluted loss per share (expressed in pence)	**(0.06)**	**(0.32)**

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

9 Intangible assets

Group	Goodwill £000's	Intellectual property £000's	Deferred exploration expenditure £000's	Total £000's
Cost				
As at 1 July 2009	**-**	**5,022**	**-**	**5,022**
Additions	-	-	3,412	3,412
As at 30 June 2010	**-**	**5,022**	**3,412**	**8,434**
Accumulated amortisation and impairment				
As at 1 July 2009	**-**	**4,922**	**-**	**4,922**
Amortisation charge for the period	-	-	-	-
Impairment charge	-	-	-	-
Balance at 30 June 2009	**-**	**4,922**	**-**	**4,922**
Net book value				
As at 30 June 2010	**-**	**100**	**3,412**	**3,512**
As at 30 June 2009	**-**	**100**	**-**	**100**

9 Company	Deferred exploration expenditure £000's	Total £000's
Cost		
As at 1 July 2009	-	-
Additions	3,512	3,512
As at 30 June 2010	**3,512**	**3,512**
Accumulated amortisation and impairment		
As at 1 July 2009	-	-
Amortisation charge for the period	-	-
Impairment charge	-	-
Balance at 30 June 2009	-	-
Net book value		
As at 30 June 2010	**3,512**	**3,512**
As at 30 June 2009	-	-

Intellectual property consists of acquired patents, for which amortisation commenced from the date of acquisition. All but three patents have an average remaining useful life of approximately 15 years.

Impairment Review

At 30 June 2010, the directors have carried out an impairment review and have considered that no impairment write-down is required (2009: £0.7 million written down relating to Intellectual property, goodwill and licences) (see Note 15). The directors are of the opinion that the carrying value is now stated at fair value.

10 Trade and other receivables	2010		2009	
	Group	Company	Group	Company
Current trade and other receivables	£000's	£000's	£000's	£000's
Trade debtors	-	-	17	-
Prepayments	19	19	34	25
Other debtors	581	581	204	7
	600	**600**	**255**	32
Non - current trade and other receivables				
Loan - other	528	528	-	-
	528	**528**	-	-

The other loan to Reef Resources Ltd ("Reef"), is secured by way of a security interest and mortgage over Reef's interest in its future cash flow and/or its asset properties. The loan is due to be repaid on 28 April 2012, and has been made interest free.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

11 Trade and other payables	2010		2009	
	Group	Company	Group	Company
Current trade and other payables	£000's	£000's	£000's	£000's
Trade payables	69	69	2	7
Accruals	24	24	18	86
Deferred income	-	-	-	-
	93	**93**	**20**	93

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

12 Share capital

	Number of shares	Nominal value £000's
a) Issued and Fully Paid:		
1 July 2008	228,224,634	1,597
16 July 2008 for cash at 1p per share	18,500,000	130
14 August 2008 for cash at 1p per share	18,600,000	130
6 February 2009 – Reorganisation of share capital	-	(1,831)
6 May 2009 for cash at 0.1p per share	535,000,000	54
23 November 2009 for cash at 0.5p per share	224,700,000	22
11 December 2009 for cash at 0.5p per share	1,055,300,000	106
As at 30 June 2010	**2,080,324,634**	**208**
b) Deferred shares		
Deferred shares of 0.69 pence each (2009: 265,324,634)	**265,324,634**	**1,831**

The Companies Act 2006 abolishes the requirement ofr a company to have an authorised share capital. As a result, the Company's Articles of Association were amended at the AGM on 7 January 2010 to remove all reference to an authorised share capital.

The Directors of the Company continue to be limited as to the number of shares they can allot at any time and remain subject to the allotment authority granted by the shareholders pursuant to section 551 of the Companies Act 2006.

On 6 February 2009, a resolution was passed at the Company's annual general meeting to subdivide each existing issued and unissued ordinary share of 0.7p each into one ordinary share of 0.01p each and one deferred share of 0.69p each. The deferred shares have no voting rights, are not admitted to trading on AIM and are only entitled to negligible participation in the dividends and return of capital in the Company.

Total share options in issue

During the year, 245 million options were granted (2009: nil).

As at 30 June 2010 the options in issue were:

Exercise Price	Expiry Date	Options in Issue 30 June 2010
21p	19 May 2011	734,489
1.54p	30 April 2018	7,000,000
1.0p	21 December 2012	185,000,000
0.5p	11 December 2012	60,000,000
		252,734,489

No options were cancelled during the year (2009: 10,550,000).

No options lapsed or were exercised during the year (2009: nil).

Total warrants in issue

During the period, no warrants were issued (2009: 18,550,000).

As at 30 June 2010 the warrants in issue were;

Exercise Price	Expiry Date	Warrants in Issue 30 June 2010
1.5p	14 August 2013	18,550,000
		18,550,000

No warrants lapsed or were cancelled or exercised during the year (2009: nil).

13 Share based payment

During the year the Company issued options and warrants to investors as part of equity placements.

	2010		2009	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	2.05	26,284,489	2.32	18,284,489
Granted during the year - warrants	-	--	1.50	18,550,000
Granted during the year - options	0.87	245,000,000	-	-
Forfeited during the year	-	-		-
Cancelled during the year - options	-	-	1.54	(10,550,000)
Exercised during the year	-	-		-
Lapsed during the year	-	-		-
Outstanding at the end of the year (options and warrants)	**0.97**	**271,284,489**	**2.05**	**26,284,489**

The exercise price of options and warrants outstanding at the end of the period ranged between 21p and 0.50p and their weighted average contractual life was 5 years (2009:5 years).

The weighted average fair value of each warrant granted during the year was 0.5p (2009: options 0.5p).

The Group used the Black-Scholes model to determine the value of the options and the inputs were as follows:

	Issue 09/12/2009	Issue 18/12/2009	2009
Share price at grant (pence)	0.5	0.5	0.3
Fair Value price at grant (pence)	0.26	0.14	2.05
Expected volatility (%)	70%	70%	54%
Expected life (years)	3 years	3 years	5 years
Risk free rate (%)	3.80%	3.80%	5.00%
Expected dividends (pence)	nil	nil	nil

Expected volatility was determined by using the volatility rate used by listed companies in similar industries and those companies with similar sizes.

The total share-based payment expense in the period for the Group was £426,000 expense (2009: £5,000 credit) consisting of:

- £271,000 expense to the income statement, and a charge of £155,000 to the share premium reserve (2009: £11,000) relating to new options to employees and directors, and consultants.
- nil credit(2009: £16,000 credit) relating to cancellation of charge for previously issued share options.

14 Investment in subsidiaries

	2010	2009
	£000's	£000's
As at 1 July	**100**	2,433
Write-down of investment	-	(2,333)
At 30 June	**100**	**100**

The subsidiaries of Solo Oil Plc, all of which have been included in these consolidated financial statements, are as follows:

Name	**Country of incorporation**	**Proportion of ownership interest**
Immersion Technology Property Limited	UK	100%
Immersion Technologies Australia Pty Limited	Australia	100%
Whise Acoustics Limited	Australia	100%
Whise Technologies Pty Limited	Australia	100%

15 Impairment review

The directors undertook an impairment review of the Group's assets as at 30 June 2009 in view of subsequent events to this date regarding the closure of the operations in Singapore and China. The format of the review was by assessing the carrying value of assets as at 30 June 2009 by country and sector of origin. The analysis and resultant impairment charges were considered as follows

Category	**Net costs capitalised to 30 June 2009**	**Impairment charge**	**Net costs carried forward**
	£000's	**£000's**	**£000's**
Group			
Intangible assets			
Goodwill	-	-	-
Intellectual property	800	(700)	100
Licences	-	-	-
Total	**800**	**(700)**	**100**
Company			
Investment in subsidiaries	**2,433**	**(2,333)**	**100**

16 Financial instruments

The Group is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk

Currently the Group does not have external borrowings. However, the Group has a policy of holding debt at a floating rate. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. Operations are not permitted to borrow long-term from external sources locally.

Foreign currency risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group companies are operating. The Group's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling. Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in volatility in consolidated net assets warrants the cash flow risk created from such hedging techniques.

Liquidity risk

The liquidity risk of each Group entity is managed centrally by the Group treasury function. Each operation has a facility with Group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board annually in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Group finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the Group's forecast cash requirements.

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Group does not enter into complex derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

17 Group Related party transactions

Transactions between the parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of director's remuneration, being the only key personnel, are given in note 5. There are no other related party transactions during the year.

Remuneration of Key Management Personnel

The remuneration of the directors, and other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	2010 £'000s	2009 £'000s
Short-term employee benefits	202	102
Share-based payments	139	7
	341	**109**

Company Related party transactions

During the period the Company made loans to the following subsidiaries. The loans provide necessary funds for the subsidiaries to invest in setting up operations. The Company will continue to fund the subsidiaries, in this way, through the set up phase. The Directors believe the loans are fully recoverable but do not expect to make repayment calls within the next reporting period, however these loans are repayable on demand:

	As at 30 June 2010 £'000s	As at 30 June 2009 £'000s
Immersion Technologies Australia Pty Limited	50	50
	50	50

During the period the Company entered into transactions which resulted in loans payable (to) the following subsidiaries:

	As at 30 June 2010 £'000s	As at 30 June 2009 £'000s
Immersion Technology International Limited	-	-
Immersion Technology Property Limited	-	-
Immersion Technologies UK Limited	-	-
	-	-
Net amounts due from subsidiaries	**50**	**50**

Company loan Write-off's

As a result of the group's change of investment policy, and the disposal and dissolution of subsidiaries, the parent company has made the decision to write-off the outstanding balances of loans to subsidiaries as non-recoverable. The balances written off are as follows;

	30 June 2010 £'000s
Immersion Technology Property Limited	-
Immersion Technologies (Singapore) Pte Limited	-
Immersion Technologies Australia Pty Limited	-
Total company write-offs	**-**

18 Business combinations

(a) Disposal of Immersion Technologies (Singapore) Pte. Ltd. ("ITS")

On 21 December 2009, the Company disposed of its 100% holding in ITS, a company based in Singapore, for a total of 100Singapore Dollars(SGD), approximately £44.

At the date of disposal, ITS had no assets or liabilities on its balance sheet, as all previous loans due to parent had been written off in 2009. As a result of no assets to note and negligible consideration received in respect of this disposal, no details of fair values at disposal and consideration need be presented.

(b) Disposal of Immersion Technology (Nanjing) Co. Limited ("ITN")

On 24 March 2009, the Company disposed of its 100% holding in ITN, a company based in China. This transaction has been accounted for by the purchase method of accounting. The fair value of identifiable assets and liabilities of ITN as at the date of disposal are:

	Fair value £000's
Fair value of net assets disposed	-
Consideration:	
Cash	10
The cash inflow on disposal was as follows:	
Net cash disposed with subsidiary	-
Cash received	10
Net cash inflow	**10**

(c) Dissolvement of Immersion Technologies UK Limited ("ITUK") and Immersion Technology International Ltd (ITIL)

On 25 March 2009, the Company applied to Companies House for ITUK and ITIL to be dissolved under Section 652A of the Companies Act 1985. On 21 July 2009, Companies House advised the Company that ITUK and ITIL had both been formally dissolved

Both ITUK and ITIL had no assets or liabilities on its balance sheet as at the date of application for dissolution, as the loan to/from the parent company had been written off prior to the completion of the dissolution.

As a result of no assets to note, and no consideration received or paid in respect of these two dissolutions, no details of fair values at disposal and consideration need be presented.

Notes to the disposal;
The parent company has recognised in its income statement as a result of these disposals, and loan write-offs, a net gain of £149,121 on disposal of subsidiaries.

19 Ultimate controlling party

In the opinion of the directors there is no controlling party.

20 Retirement benefit scheme

The Group does not operate either a defined contribution or defined benefit retirement scheme.

21 Commitments

As at 30 June 2010, the Group has no material commitments.

22 Post balance sheet event

On 17 November 2010, the Company elected to advance the 2nd and final tranche of the $1.65million participating loan to Reef Resources Ltd.

23 Profit and loss account of the parent company
As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company loss for the year was £0.9 million (2009: £3.62 million loss).

Corporate Information

DIRECTORS	David Lenigas – Executive Chairman Kiran Morzaria – Non Executive Director Sandy Barblett – Non Executive Director
COMPANY SECRETARY	Kiran Morzaria
REGISTERED OFFICE	Suite 3B, Princes House 38 Jermyn Street London SW1Y 6DN
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PUBLIC RELATIONS	Pelham Bell Pottinger 5th Floor, Holborn Gate 330 High Holborn London WC1V 7QD
BROKER	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ
SOLICITORS	Kerman and Co LLP 200 Strand London WC2R 1DJ
REGISTRARS	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL