



Annual Report & Accounts
FY2021

Directors, Officers and Advisers

Directors

Michael Bretherton Chairman
Richard Galvin Non-Executive Director

Company Secretary

Christopher Stobart,
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Victoria Road, Douglas,
Isle of Man, IM2 4DF

Registrar and Registered office

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First Names House,
Victoria Road, Douglas,
Isle of Man, IM2 4DF

Company e-mail contact and website

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Independent Auditor

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London, EC4M 7JW

Transfer Agent

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Isle of Man Legal Advisers

Cains Advocates Limited,
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Chairman's Statement

The name of the company was changed from Hardy Oil & Gas Plc to Hardy Plc following approval by shareholders at an EGM in July 2020. In addition, the presentational currency of Hardy Plc ("Hardy" or the "Company") was changed from US\$ (\$) to £ for reporting periods commencing on 1 April 2020. These changes were to reflect the fact that, following the sale of the Company's Hardy Exploration & Production (India) Inc. ("HEPI") subsidiary in October 2019, it no longer has any oil and gas interests or \$ based operations or assets and liabilities of significance denominated in \$. In accordance with accounting standards, the comparative financial information for the year ended 31 March 2020 as previously reported in \$, has also been restated into £ using the procedures outlined in note 1(e) to the financial statements. Following the sale of HEPI, Hardy no longer has any group subsidiaries and all reported assets and liabilities at 31 March 2021 and 31 March 2020 are, therefore, those of the Company and all of the financial information provided in the accompanying financial statements is for the Company only.

Results

Hardy reported a profit after tax of £7.15 million for the year ended 31 March 2021 ("FY2021") compared to a profit of £4.86 million generated by Hardy in the prior year to 31 March 2020 ("FY2020"). The favourable FY2021 result comprises a £7.16 million valuation gain on short-term equity and derivative investments, together with investment income and dividends of £0.16 million, partially offset by administrative costs of £0.17 million. The previous FY2020 result included a profit of £4.69 million in relation to the disposal of HEPI, together with intercompany loan interest of £1.42 million charged to HEPI and investment income and dividends of £0.29 million, partially offset by administrative costs of £1.54 million.

During the year, the Company spent £4.27 million on the purchase of additional short-term equity investments. The carrying value of these equity investments at 31 March 2021 was £15.34 million represented by six quoted investment holdings valued at £14.86 million and a £0.48 million derivative trading asset reflecting the fair value of share warrants held in a listed company (31 March 2020: short-term investments of £3.95 million, represented by three quoted investment holdings valued at £3.91 million and £0.04 million held in liquidity funds).

Net assets increased to £15.39 million (equivalent to 20.87 pence per share) at the 31 March 2021 balance sheet date, compared with £8.24 million (equivalent to 11.17 pence per share) at the previous year end. The increase in net assets reflects the profit of £7.15 million reported for the year. Cash and cash equivalent balances were £0.08 million at 31 March 2021 compared to cash balances of £4.45 million at 31 March 2020.

Business model and short-term investment portfolio

Following the sale of HEPI, Hardy effectively became a cash shell with a stated strategic intention to use its cash resources, as enlarged by the HEPI sale, for the purposes of acquiring or establishing a company, business or asset that operates in the resources sector or other industries. Such an investment opportunity has yet to present itself, however, and given the uncertainty concerning the ongoing adverse impact of the coronavirus (COVID-19) pandemic, your directors will continue to take a very cautious approach to any commitment of the majority of the Company's resources into any such single long-term investment.

In the meantime, part of the Company's resources have been deployed in short-term investments in quoted equity stocks. The short-term investments held by the Company at 31 March 2021 comprised:

- **Redde Northgate Plc** – provides automotive services and solutions including vehicle supply, service, maintenance, repair, recovery, accident and incident management and disposal through sale or salvage;
- **IDOX Plc** – develops specialist software and information management solutions for government, health, engineering, transport and property;
- **Redcentric Plc** – is a managed service provider delivering network, cloud and collaboration solutions to public and private sector organisations;
- **Telit Communications Plc** – is a global leader in Internet of Things (IoT) enablement, with an extensive portfolio of wireless connectivity modules, software platforms and global IoT connectivity services;
- **Independent Oil & Gas Plc** – is a UK based energy company focused on becoming a material gas developer and producer from its 50% owned and operated, low-risk offshore gas portfolio; and
- **C4X Discovery Holdings Plc** – aims to create the world's most productive Drug Discovery engine by using cutting-edge technologies and expertise to efficiently deliver best-in-class small-molecule medicines to clinical partners.

Corporate action proposals

Following the change in the presentational currency of Hardy from \$ to £, it is now proposed as special business at the Annual General Meeting to be held on 29 September 2021, that a redenomination of the Company's share capital from \$ into £ is also undertaken, with the par value of the ordinary shares converting from \$0.01 to £0.01. Resolution 3 included in the enclosed Notice of AGM deals with this proposal.

If the above resolution 3 is passed at the AGM, then the Company's share premium will be cancelled and released to distributable reserves and the Company's foreign currency translation reserve will also be reclassified as distributable reserves. These actions are possible consequent to the de-register in July 2020 of the Company under the Isle of Man Companies Act 1931 to 2004 and the re-register under the Isle of Man Companies Act 2006, with a new company number 018168V, as approved by shareholders at an EGM held that month. The 2006 Act updates and modernises Isle of Man company law and, amongst other things, enables Hardy to reduce its share capital (subject to solvency), without the requirement to seek approval of the Isle of Man Court.

The full detail of these corporate action proposals and illustrative financial effects, are included in Note 20 of the notes to the financial statements.

Migration of tax residence to Jersey

Hardy is an Isle of Man incorporated company which, prior to the sale of the Company's HEPI subsidiary in October 2019 and the subsequent board changes in January 2020, was managed and controlled in the UK. Hardy then ceased to have the need for a UK office and gave notice on the lease of its Aberdeen premises which were later vacated in June 2020. Since that time all management, operational and administrative functions of Hardy have been undertaken from Jersey and there are no plans for this situation to change, particularly given the uncertainty concerning future potential COVID-19 travel restrictions. It is, therefore, considered appropriate that moving forward the tax residence of Hardy should be migrated from the UK to Jersey and notice of migration has been provided to HMRC with a view to the migration taking effect from, on or around, 30 June 2021 or as soon as possible thereafter.

Outlook

The quoted share prices of many of the Companies short-term investments have performed favourably since the 31 March 2021 year end and are estimated to have generated unrealised gains of £1.65 million in total in the first quarter of the current financial year to 30 June 2021.

The COVID-19 pandemic continues, however, to disrupt global economic activity and is likely to adversely impact economic activity for some time to come. This, together with Brexit uncertainties, US-China trade tensions and unprecedented levels of worldwide public debt, gives reason for ongoing investment caution in the near term.

Against this economic backdrop, your directors will, therefore, continue to maintain a rigorous and highly selective investment approach, both in terms of any long-term strategic investment and also in relation to deployment of resources in short-term quoted stocks where our focus has been mainly on defensive stocks in the current COVID-19 environment. We remain committed to the principles of strict cost control and delivering additional value for shareholders going forward.

Michael Bretherton
Chairman

16 July 2021

Strategic Report

The Directors present their Strategic Report with the Financial Statements for Hardy Plc ('Hardy' or 'the Company') for the year ended 31 March 2021. Following the sale of the Hardy Exploration & Production (India) Inc (HEPI) subsidiary in October 2019, Hardy no longer has any group subsidiaries and all reported assets and liabilities at 31 March 2021 and 31 March 2020 are, therefore, those of the Company and all of the financial information provided in the accompanying financial statements is for the Company only.

At an Extraordinary General Meeting of the Company held on 17 July 2020, shareholders resolved to change the name of the Company from Hardy Oil & Gas Plc to Hardy Plc and to de-register the Company under the Isle of Man Companies Act 1931 to 2004 and re-register the Company under the Isle of Man Companies Act 2006, with a new company number 018168V.

The presentational currency of the Company was changed for reporting periods commencing on 1 April 2020 from US\$ (\$) to £. This change in the reporting currency of the Company was made to reflect the fact that, following the sale of the Company's HEPI subsidiary and its oil and gas interests in October 2019, it no longer has any \$ based operations or assets and liabilities of significance denominated in \$.

A change in presentational currency is classified as a change in accounting policy which is accounted for retrospectively. In accordance with accounting standards the statutory financial information included in the Company's annual report for the years ended 31 March 2020 and 31 March 2019, as previously reported in \$ have been restated into £ using the procedures outlined in Note 1(e) of the notes to the financial statements.

Principal activity and business model

Hardy's principal activity was originally to participate in the upstream oil and gas industry via its wholly owned HEPI subsidiary. Following the sale of HEPI in October 2019, the Company has sought to redeploy excess capital for the purposes of acquiring or establishing a company, business or asset that operates in the resource sector or other industries should an appropriate investment opportunity present itself. In the meantime, the Company has implemented an interim investing strategy to identify liquid investment opportunities offering the potential to deliver a favorable return to shareholders over the short to medium term, primarily in the form of capital gain.

Business review

A summary review of the Company's performance and prospects is included in the Chairman's Statement on pages 2 to 4 and is covered in more detail below.

Financial review

The Financial Statements have been prepared for the year to 31 March 2021.

Key performance indicators for the Company are set out below:

	31 March 2021	31 March 2020
Net assets (£ million)	15.39	8.24
Net asset value per share (pence)	20.87	11.17
Profit after tax (£ million)	7.15	4.86
Cash and short-term investments (£ million)	0.08	4.45

Profit and loss

The Company's profit after tax for the year ended 31 March 2021 was £7.15 million compared to a profit of £4.86 million in the previous year. The current year profit is principally due to the favourable performance of the Company's short-term investment holdings, which recorded gains of £7.32 million, partially offset by significantly reduced administrative costs of £0.17 million. The prior period result includes a gain of £4.69 million on the sale of HEPI, together with intercompany loan interest of £1.42 million charged to HEPI and investment income and dividends of £0.29 million, partially offset by administrative costs of £1.54 million.

The £7.15 million profit for the year does not give rise to a tax liability as this will be fully offset by tax losses brought forward from prior years.

Balance Sheet

Net assets of the Company at 31 March 2021 amounted to £15.39 million compared with £8.24 million at 31 March 2020.

The carrying value of short-term investments at 31 March 2021 was £15.34 million represented by six quoted investment holdings valued at £14.86 million and a £0.48 million derivative trading asset reflecting the fair value of share warrants held in a listed company (31 March 2020: short-term investments of £3.95 million, represented by three quoted investment holdings valued at £3.91 million and £0.04 million held in liquidity funds).

Cash and short term deposit balances were £0.08 million at 31 March 2021 compared to cash and short-term deposit balances of £4.45 million at 31 March 2020.

Cash flow

The Company's overall cash position decreased by £4.37 million during the year. This decrease mainly reflects outflows of £4.27 million used to purchase quoted equity investments, together with outflows of £0.26 million in respect of administrative costs and settlement of prior year liabilities and working capital movements, partially offset by dividend income receipts of £0.16 million.

Risk review

Risk management

The Company's risk management objectives and exposure to various risks are detailed in Note 17.

The main risks arising from the Company's operations are strategic, financial and external in nature. The Directors review and agree policies for managing risk at least annually.

Strategic risk – The stated existing strategy of the Company is to use the net proceeds from the sale of HEPI for the purpose of acquiring or establishing a company, business or asset that has operations in the resources sector, or other industries should an appropriate investment opportunity present itself. No assurance can be given that an investment in a target company or business will be successful or that any investment will be made. The Directors have established an open dialogue with shareholders to ensure their support of proposed investments and provide a source to identify appropriate targets.

Financial risk

Market price risk – The majority of the Company's assets of the Company are currently held in UK listed companies. The Company is exposed to market price risk in respect of these short-term investments. The Company mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

Interest rate risk – The Company has no external financing facility; therefore, its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short-term deposits may be mitigated partially by using an element of fixed-rate accounts and short-term deposits.

Credit risk – The Company's principal financial assets are its short-term investments, its bank balances and cash held on deposit with institutions. The Company seeks to reduce the credit risk associated with cash by only holding cash with institutions that have good credit ratings. The credit risk associated with the Company's short-term investments in UK listed companies is considered acceptable.

Liquidity risk – The Company seeks to manage liquidity by ensuring enough funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Company had cash and cash equivalents balances of £0.08 million as at 31 March 2021.

In order to minimise risk to the Company's capital, surplus funds are invested across several financial institutions with strong credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements. The Directors are satisfied that the current cash balances, the liquidity of portfolio investments and the relatively low running cost base of the Company ensures that the going concern assumption remains valid.

Strategic Report (continued)

External risks

Key risk factors to growth are the ongoing effects of the COVID-19 pandemic, significantly increased worldwide national debt levels, implications of UK's trade relationship with the EU and other major trading partners and the continued trade tensions between the US and China, all of which have the potential for global contagion.

The Board has considered the potential impact that the above risks present, and in particular those relating to the COVID-19 pandemic and its likely resultant acceleration of digitalization processes and changing consumer trends. As a consequence, the Board has adopted a defensive investment strategy that identifies undervalued businesses operating in industries that, by and large, are considered to be the least impacted or even favourably impacted by these risks and accelerated changes.

Migration of tax residence to Jersey

Hardy is an Isle of Man incorporated company which, prior to the sale of the Company's HEPI subsidiary in October 2019 and the subsequent board changes in January 2020, was managed and controlled in the UK. However, since the closure and vacation of its Aberdeen premises in June 2020, all management, operational and administrative functions of Hardy have been undertaken from Jersey and there are no plans for this situation to change, particularly given the uncertainty concerning future potential COVID-19 travel restrictions. It is, therefore, considered appropriate that moving forward the tax residence of Hardy should be migrated from the UK to Jersey and notice of migration has been provided to HMRC with a view to the migration taking effect from, on or around, 30 June 2021 or as soon as possible thereafter.

Future developments

The Board will continue to seek to identify an appropriate business to acquire or establish a company, business or asset that operates in the resources sector or other industries should an appropriate investment opportunity present itself. In the interim, the Board will pursue liquid investments in listed companies that target accretive capital growth for shareholders. It is hoped that through maintaining a disciplined, balanced and realistic investment criterion, and through exploiting market opportunity via a positive and flexible investment mandate, this objective can be achieved in the medium to long term.

Approved on behalf of the Board

Richard Galvin
Non-Executive Director

16 July 2021

Directors' Report

The Directors of Hardy Plc ('Hardy' or 'the Company') present their report, together with the audited financial statements for the year ended 31 March 2021. Following the sale of the Hardy Exploration & Production (India) Inc (HEPI) subsidiary in October 2019, Hardy no longer has any group subsidiaries and all reported assets and liabilities at 31 March 2021 and 31 March 2020 are, therefore, those of the Company and all of the financial information provided in the accompanying financial statements is for the Company only.

Principal activity

Prior to the sale of the Company's sole operating subsidiary, Hardy had been an operator in the resource sector for over 15 years. The Company's existing strategic intention is to now deploy its cash resources, as enlarged by the proceeds of the cash consideration received from the sale of HEPI, for the purposes of acquiring or establishing a company, business or asset that operates in the resource sector or other industries should an appropriate investment opportunity present itself. In the interim, and in consideration of current economic events, the Company has deployed the Company's cash resources in short-term investment in publicly quoted stocks.

Business review and future developments

A full review of the Company's activities during the year ended 31 March 2021 is given in the Chairman's Statement on pages 2 to 4.

Change of reporting currency

The presentational currency of the Company was changed for reporting periods commencing on 1 April 2020 from US\$ (\$) to £ and in accordance with accounting standards, the statutory financial information included in the Company's annual report for the years ended 31 March 2020 and 31 March 2019, as previously reported in \$ have been restated into £ using the procedures outlined in Note 1(e) of the notes to the financial statements.

Results and dividends

The Company's profit after tax for the year ended 31 March 2021 was £7.15 million, (FY2020: £4.86 million).

No dividend (FY2020: £nil) was declared during the year and the Directors do not recommend payment of a final dividend in respect of the year ended 31 March 2021 (FY2020: £nil).

Share Capital

Full details of the Company's share capital movements are given in Note 14 of the financial statements and the statement of changes in equity.

Directors

The Directors that served in office throughout the year ended 31 March 2021 were:

Board member

Position

Michael Bretherton	Chairman
Richard Galvin	Non-Executive Director

Richard Galvin was engaged as an executive director under a service agreement until his termination date of 31 May 2020. On any termination of that service agreement, the Director is entitled to receive a terminal bonus comprising 7 months salary, pension contributions and the cost of his life and medical insurance benefits. A notice of termination was provided to Mr Galvin on 27 February 2020 and at that time his salary was at the rate of £200,000 per annum. Mr Galvin's termination payment entitlements of £147,533 under his service agreement were provided for and reported in the Company's financial statements to 31 March 2020 and were paid to him in June 2020. Since that termination date, Mr Galvin has continued as a non-executive Director's under a letter of appointment which may be terminated on not less than three months' notice and which sets his directors fee at £15,000 per annum.

Michael Bretherton, is engaged as a Director under a letter of appointment which may be terminated on not less than three months' notice and which sets his Director's fee at £20,000 per annum.

Directors' Report (continued)

Director Profiles

Michael Bretherton, Chairman

Michael Bretherton was appointed as non-executive director of Hardy on 22 February 2020 and took on the role of Chairman immediately following the resignation of Alasdair Locke. Mr Bretherton is also Chief Executive Officer of Sarossa Plc, chairman of Adams Plc and is a non-executive director of E-Therapeutics Plc. He is also a director of ORA Limited and Blake Holdings Limited. In addition, Mr Bretherton has been a director of seven other AIM quoted companies during the last ten years, including DeepMatter Group Plc, Nanoco Group Plc, Ceres Power Holdings Plc and Tissue Regenix Group Plc. He has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse for seven years in London and Abu Dhabi.

Richard Galvin, Executive Director

Richard Galvin was appointed Non-Executive Director on 31 May 2020. Mr Galvin has served Hardy for over 15 years holding progressively more senior commercial and financial roles culminating with his appointment as the Company's Executive Director in 2019. Mr Galvin was instrumental in securing the sale of the Company's India based assets for \$8.75 million and the subsequent liquidity event for shareholders. Most recently, Mr Galvin helped to implement the Company's investment strategy prior to his transition to non-executive. Mr Galvin has over 20 years of commercial and corporate finance experience in the energy industry. Mr Galvin is currently a director of Yamnuska Limited, a financial and managerial service provider specialising in corporate transactions. Mr Galvin started his career at Ovintiv Inc. (formally Encana Corporation) working in progressively senior commercial roles over seven years. Mr Galvin holds a Master of Business Administration from the London Business School, a Bachelor of Commerce from the University of Calgary and was a qualified petroleum landman.

Single total figure of remuneration for each Director

Set out below are the emoluments of the Directors of the Company for the years indicated (£):

Executive	Name of Director	Fixed	Long term			Total
		Salaries/ fees	Benefits	Pension contribution	Other	
Richard Galvin ^{1,6}	FY2021	45,833	7,700	2,500	–	56,033
	FY2020	83,934	638	7,641	147,533	239,746
Michael Bretherton ⁴	FY2021	20,000	–	–	–	20,000
	FY2020	3,688	–	–	–	3,688
Ian MacKenzie ^{1,2,3}	FY2020	88,590	1,766	–	384,970	475,326
Alasdair Locke ⁵	FY2020	31,839	–	–	–	31,839
Peter Milne ⁵	FY2020	31,839	–	–	–	31,839

¹ Ian MacKenzie and Richard Galvin's benefits included life and medical insurance.

² Ian MacKenzie resigned effective on 18 October 2019.

³ Ian MacKenzie's "Other" is payment in lieu of notice and other amounts following the disposal of HEPI on 2 October 2019.

⁴ Michael Bretherton was appointed on 22 January 2020.

⁵ Alasdair Locke and Peter Milne resigned from the Board on 22 January 2020.

⁶ Richard Galvin's "Other" payment is in relation to the terminal bonus entitlement set out on page 7.

Directors' interests

The interests of Directors in the shares of the Company as at 31 March are given below:

	Ordinary shares of \$0.01 each 31 March 2021	Ordinary shares of \$0.01 each 31 March 2020
Richard Galvin	10,000	10,000
Michael Bretherton	500,000	500,000

Capital structure and significant shareholders

The Company's authorised and issued share capital and changes thereto are disclosed in Note 14 to the financial statements. There were no share options or other long-term incentives in place as at 31 March 2021. At 31 March 2021 and at the date of this report, there were 73,764,035 Ordinary Shares of Hardy issued and fully paid. Major interests in share capital of the Company, more than 3 per cent, as of 13 July 2021 were as follows:

	Ordinary shares of \$0.01 each 13 July 2021
Richard Griffiths and controlled undertaking	91.11%

Corporate governance

The Directors recognise the importance of sound corporate governance and where practical will seek to observe the principles of the UK Corporate Governance Code 2016 (UK Code). The Directors acknowledge, however, that whilst the Company is in its current state of transition, with no operating business and only 2 directors, it is not possible to comply with many aspects of the UK Code. Once the Company has acquired or established a company, business or asset that operates in the resources sector or other industries, it is the intention of the Company to follow the Quoted Companies Alliance ("QCA") Corporate Governance Code to the extent that they consider the principles appropriate for the Company's size and nature.

The Board

The Board comprises currently of a Chairman and one non-executive Director.

Audit committee

The Audit Committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Company's auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors. The Audit Committee comprises of Richard Galvin and Michael Bretherton, who acts as chairman.

Internal Control

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, but not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

- i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least four times per year;
- ii) The Company has operational, accounting and employment policies in place;
- iii) The Board actively evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and
- iv) There is a clearly defined organisational structure and well-established financial reporting and control systems.

Directors' Report (continued)

Annual General Meeting

The Company's next Annual General Meeting (the "AGM") will be held at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey on 29 September 2021 at 11.00 a.m.

The notice of the AGM and the explanatory circular to shareholders setting out the business to be conducted at the meeting (the "Notice") accompanies this Annual Report and can be found on the Company's website www.hardyplc.com.

Important: COVID-19 implications – participating in the AGM. In accordance with current governmental instructions and guidance regarding Covid-19 and the potential travel restrictions into Jersey, it is recommended **that you should not attempt to physically attend the AGM**. Instead, it is recommended that you should vote by proxy, in accordance with the instructions set out on the forms of proxy, so as to **arrive not later than 11 a.m. on 27 September 2021**, being 48 hours before the time of the meeting.

Forms of proxy for use at the meeting also accompany this document. Your attention is drawn to the notes to the forms of proxy.

The business of the AGM is set out in the Notice, and comprises the usual business of:

- adopting the audited accounts of the Company for the year ended 31 March 2021; and
- the re-appointment of Crowe U.K. LLP as auditors.

and also additional special business covering:

- the re-denomination of the Company's share capital from USD \$ into £;

The Board of Directors is satisfied that the performance of all Directors continues to be effective and is also satisfied as to their commitment to their role as Directors.

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and IFRS as adopted by the European Union. Under such requirements, the Directors are required to prepare financial statements of Hardy Oil and Gas plc for the year ended 31 March 2021, which comprise of Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and related notes. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and 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; and
- Prepare the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006. The Directors are responsible for ensuring the Directors' Report and other information included in the Annual Report are prepared in accordance with company law of the Isle of Man.

In addition to the above, the Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities. The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of their knowledge:

- The financial statements, which are prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Annual Report and statement of accounts includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

Internal control and risk management systems

The Board has the ultimate responsibility for the Company's internal control and risk management systems. The Audit Committee monitors internal controls and risk management systems on an annual basis. The Company has established a system of control and risk management involving an appropriate degree of oversight by senior management.

Reappointment of auditor

Crowe U.K. LLP have expressed their willingness to continue as auditor. In accordance with the Isle of Man Companies Act 2006, a resolution reappointing Crowe U.K. LLP as auditor of the Company will be proposed at the next Annual General Meeting.

Going concern

The financial information has been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. As at the 31 March 2021 the Company had cash and short-term investments of £15.42 million. The Directors have reviewed the Company's ongoing activities and having regard to the Company's existing working capital position, the Directors are of the opinion that the Company has adequate resources to enable it to undertake its planned activities over the next 12 months from the date of these financial statements.

Risk management

The Company's risk management objectives and exposure are detailed in the Strategic Report on pages 4 to 6 and in Note 17 to the financial statements.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken in his duty 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.

Events after 31 March 2021

There have been no material events that have occurred since 31 March 2021 to the date of this report. The quoted share prices of many of the Companies short-term investments have performed favourably since the year end and are estimated to have generated unrealised gains of £1.65 million in total on short-term investments in the first quarter of the current financial year to 30 June 2021.

Approved by the Board of Directors

Richard Galvin
Non-Executive Director

16 July 2021

Independent auditor's report to the shareholders of Hardy plc

Opinion

We have audited the financial statements of Hardy Plc (the 'Company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, in conformity with the requirements of the Isle of Man Companies Act 2006.

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man 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 Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' loans and remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our audit procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the parent company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas which involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

Independent auditor's report to the shareholders of Hardy plc (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 80(c) of the Isle of Man 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.

Leo Malkin
For and on behalf of Crowe U.K. LLP
Chartered Accountants
London

16 July 2021

Statement of Income

For the year ended 31 March 2021

	Notes	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Continuing Operations			
Revenue		–	–
Cost of Sales		–	–
Gross profit/(loss)		–	–
Administrative expenses		(169,029)	(1,540,318)
Operating loss		(169,029)	(1,540,318)
Financial and investment income	10	7,319,535	1,708,732
Profit before taxation and exceptional items		7,150,506	168,414
Profit on disposal of subsidiary	3	–	4,689,688
Taxation	7	–	–
Profit after taxation		7,150,506	4,858,102
Profit per share			
Basic & diluted	8	9.69p	6.59p

Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Profit for the year		7,150,506	4,858,102
Other items of Comprehensive Income			
Exchange differences arising on change in reporting currency	15	–	361,518
Total comprehensive income for the year		7,150,506	5,219,620

Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital £	Share premium £	Share option reserve £	Foreign Currency Translation Reserve £	Retained earnings/ (deficit) £	Total £
At 31 March 2019	414,925	68,249,145	82,054	23,842,420	(89,566,649)	3,021,895
Total comprehensive income for the year	–	–	–	361,518	4,858,102	5,219,620
Adjustment of lapsed options	–	–	(82,054)	–	82,054	–
At 31 March 2020	414,925	68,249,145	–	24,203,938	(84,626,493)	8,241,515
Total comprehensive gain for the year	–	–	–	–	7,150,506	7,150,506
At 31 March 2021	414,925	68,249,145	–	24,203,938	(77,475,987)	15,392,021

Statement of Financial Position

As at 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
Assets			
Non-current assets			
Property, plant and equipment	11	–	2,218
Total non-current assets		–	2,218
Current assets			
Trade and other receivables	12	23,791	93,027
Short-term investments	13	15,342,323	3,949,037
Cash and cash equivalents		76,287	4,451,757
Total current assets		15,442,401	8,493,821
Total assets		15,442,401	8,496,039
Liabilities			
Trade and other payables	16	(50,380)	(254,524)
Total liabilities		(50,380)	(254,524)
Net Assets		15,392,021	8,241,515
Shareholders' Equity			
Called-up share capital	14	414,925	414,925
Share premium	15	68,249,145	68,249,145
Foreign currency translation reserve	15	24,203,938	24,203,938
Share option reserve	15	–	–
Retained earnings deficit		(77,475,987)	(84,626,493)
Total equity		15,392,021	8,241,515

Approved and authorised for issue by the Board of Directors on 16 July 2021

Statement of Cash Flows

For the year ended 31 March 2021

	Notes	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Operating activities			
Operating loss		(169,029)	(1,540,318)
Depreciation	11	2,218	2,963
Decrease/(increase) in trade and other receivables		69,236	(39,210)
(Decrease)/increase in trade and other payables		(204,144)	156,969
Net cash used in operating activities		(301,719)	(1,419,596)
Investing activities			
Expenditure on fixed assets	11	–	(56)
Net proceeds on disposal of subsidiary	3	–	6,326,681
Purchase of short-term equity investments		(4,270,360)	(3,719,133)
Realised from short-term liquidity fund investments		34,780	3,060,161
Net cash (used in)/from investing activities		(4,235,580)	5,667,653
Financing activities			
Investment income		161,829	99,468
Inter corporate loan		–	(216,409)
Net cash from/(used in) financing activities		161,829	(116,941)
Net (decrease)/increase in cash and cash equivalents		(4,375,470)	4,131,116
Exchange differences arising on change in reporting currency		–	257,921
Cash and cash equivalents at the beginning of the year		4,451,757	62,720
Cash and cash equivalent at the end of the year		76,287	4,451,757

Notes to the Financial Statements

For the year ended 31 March 2021

1 Accounting Policies

The following accounting policies have been applied in the preparation of the financial statements of Hardy Plc (“Hardy” or the “Company”). The domicile, country of incorporation, address of the registered office and a description of the Company’s principal activities can be found in the Directors’ Report. These Company financial statements are for the year ended 31 March 2021 (FY2021) together with prior year Company comparatives.

a) Basis of measurement

Hardy prepares its financial statements on a historical cost basis except as otherwise stated.

b) Going Concern

The financial information has been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. As at the 31 March 2021 the Company had cash and short-term investments of £15.42 million. The Directors have reviewed the Company’s ongoing activities and having regard to the Company’s existing working capital position, the Directors are of the opinion that the Company has adequate resources to enable it to undertake its planned activities over the next 12 months from the date of these financial statements.

c) Basis of Preparation

Hardy prepares its financial statements in accordance with applicable International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union.

The Company adopted IFRS 16 ‘Leases’ for the year commencing 1 April 2019. The Company has no leases which falls to be accounted for under the new IFRS 16 standard and the introduction of the standard has no effect on the current or prior year results, assets or liabilities shown in these financial statements.

d) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for a change in the reporting currency of the Company from US\$ to £, as described in Note 1 (e). The change in reporting currency is a change in accounting policy and has been accounted for retrospectively in line with IAS 8. New standards and amendments to IFRS effective as for the financial reporting period have been reviewed by the Company and there has been no material impact on the financial statements as a result of these standards and amendments.

Standards issued but not yet effective

New Accounting Standards, interpretations and amendment adopted.

The following were new standards and amendments to existing standards which are relevant to the Company and are effective for annual periods commencing on or after 1 April 2020:

- IFRS 3 Definition of a Business (Amendments to IFRS 3)
- IAS 1 and IAS 8 Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

Adoption of these new and amended standards has had no material impact on the financial statements of the Company.

Accounting Standards or interpretations, not yet early adopted

A number of new standards, amendments to existing standards and interpretations which have been issued or amended by IASB, are not yet effective and have not been applied in preparing these financial statements. The Directors are considering the standards, however, at this time they are not expected to have a significant impact on the Company.

Notes to the Financial Statements

For the year ended 31 March 2021

e) Presentational reporting currency

The presentational currency of the Company was changed for reporting periods commencing on 1 April 2020 from US\$ (\$) to £. This change in the reporting currency of the Company was made to reflect the fact that, following the sale of the Company's Hardy Exploration & Production (India) Inc subsidiary and its oil and gas interests in October 2019, it no longer has any \$ based operations or assets and liabilities of significance denominated in \$.

The functional currency of the Company continues to be that of the primary economic environment in which the Company operates which is £. This is the currency in which expenses are incurred, salaries are paid, income is received, and equity funds are raised.

Given the functional currency of the Company continues to be £ no translation of the current financial year trading results to 31 March 2021 or the balance sheet figures at that date was required and these figures have simply been presented in £.

A change in presentational currency is classified as a change in accounting policy which is accounted for retrospectively. In accordance with accounting standards the statutory financial information included in the Company's annual report for the years ended 31 March 2020 and 31 March 2019, as previously reported in \$ have been restated into £ using the procedures outlined below:

- assets and liabilities denominated in non-sterling currencies were translated into sterling at closing rates of exchange. Non-sterling trading results were translated into sterling at average rates of exchange;
- Share Capital, share premium and other reserves were translated at the historic rates prevalent at the dates of transactions; and
- all exchange rates used were extracted from the Company's underlying financial records;
- foreign exchange translation differences resulting from the above retranslations have been taken to a Foreign Exchange Translation Reserve.

The exchange rate applied to restate the 31 March 2020 balance sheet figures was \$1.23790 per £1 sterling, (2019: \$1.32000). The average exchange rates used to restate the result for the years to 31 March 2020 and 31 March 2019 were \$1.27895 and \$1.36157 respectively.

f) Revenue and other income

Revenue and other income is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and other sales related taxes. The Company recognises income when the amount of income can be reliably measured and when it is probable that the future economic benefits will flow into the Company.

i) Investment return (other income)

Investment return represents the sum of realised gains and losses on the disposal of investment portfolio assets and derivative financial instruments and the unrealised gains and losses on the revaluation of these, together with and any related investment income received and receivable. Realised gains and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the fair value of the investments at the start of the accounting period or acquisition date if later. Unrealised gains and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period. Dividends from investments are recognised when the Company's right to receive payment has been established.

ii) Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

Notes to the Financial Statements

For the year ended 31 March 2021

g) Investments

Investments by the parent company in its subsidiary were stated at cost less any impairment provisions.

h) Short-term investments

Short term investments include quoted investment assets, which are designated at fair value through profit or loss on initial recognition. This is considered most appropriate as these investment assets are assessed and evaluated on a fair value basis and are valued at closing bid-market price at the reporting date. Any gains or losses arising from subsequent changes in fair value are presented in the Statement of Comprehensive Income as they arise.

Short-term investments also include derivative trading assets, which are valued at the trade date, being the date at which the Company becomes party to the contractual provisions of the instrument. The Company only trades in derivative financial instruments that are quoted in active markets with the related financial assets or liabilities being stated at fair value with any change in fair value being recognised through profit or loss. The Company currently only holds share warrants whose fair value is measured using a Black Scholes options pricing model.

i) Taxation

The tax expense represents the sum of current tax and deferred tax. Current tax is based on the taxable profit of the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income as it excludes certain items of income or expenses that are taxable or deductible in years other than the current year and it further excludes items that are never taxable or deductible. The current tax liability is calculated using the tax rates that have been enacted or substantially enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 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 in the future against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted at the year-end date.

j) Foreign currencies

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. At the year-end date, all foreign currency monetary assets and monetary liabilities are restated at the closing exchange rate. Exchange difference arising from transactions during the year and from the year end retranslation are reflected in the Statement of Comprehensive Income.

The Company held no foreign currency monetary assets and liabilities of significance at 31 March 2021 or 31 March 2020.

Notes to the Financial Statements

For the year ended 31 March 2021

k) Share-based payments

Hardy has previously issued share options to Directors and employees, which are measured at fair value at the date of grant. The fair value of the equity settled options determined at the grant date is expensed on a straight-line basis over the vesting period. In performing the valuation of these options, only market conditions are considered. Fair value is derived by use of the binomial model. The expected life used in the model is based on management estimates and considers non-transferability, exercise restrictions and behavioural considerations. In case of lapsed vested options, the amount recognised in the shares option reserve is adjusted to retained earnings as a reserve movement.

2 Critical accounting estimates and judgements

The preparation of the Company's financial statements requires the use of estimates and judgements that affect the carrying value of assets and liabilities at the reporting date and the reported amounts of revenue and expenditure for the year. These estimates and judgements are made based on management's knowledge of the facts, taking into account historical experiences and expectations of future events that are believed to be reasonable under the particular circumstances. By definition the actual results will most likely differ from the estimates made.

3 Disposal of Subsidiary

On 2 October 2019, the Company completed the sale of its wholly-owned subsidiary, Hardy Exploration & Production (India) Inc. ("HEPI") to Invenire Energy Private Ltd for a gross consideration of £6,841,550 (US\$8,750,000). The subsequent sale of HEPI generated a profit of £4,689,688 on disposal as follows:

	£
Gross consideration	6,841,550
Less costs of disposal	(514,869)
Net Proceeds	6,326,681
Less carrying value of investment	(1,636,993)
Profit on disposal of subsidiary	4,689,688

4 Segmental Reporting

Following the disposal of HEPI to Invenire Energy Private Limited in 2019, the Company now operates in a single geographical segment. There are currently no reportable segments of the Company.

Notes to the Financial Statements

For the year ended 31 March 2021

5 Staff costs for continuing operations

	2021 £	2020 £
Wages and salaries	72,154	371,881
Social security costs	6,356	143,692
Termination benefits expense	–	535,406
	78,510	1,050,979

Staff costs include executive Directors' salaries, fees, life and medical insurance benefits, pension contributions and terminal benefits. The Company has no pension commitments as at the year-end date.

The termination benefits expense includes payments in lieu of notice and termination payments to departing employees in excess of those amounts accrued for at 31 March 2020. Social security costs for FY2021 also include an amount in relation to the same.

The weighted average monthly number of employees, including executive Directors and individuals employed by the company, are as follows:

	2021	2020
Management and administration	2	2

6 Share-based payments

Changes in outstanding share options during the year are summarised below:

	2021 Number of options	Weighted average price	2020 Number of options	Weighted average price
Outstanding at beginning of the year	–	–	250,000	£0.65
Granted during the year	–	–	–	–
Lapsed during the year	–	–	(250,000)	£0.65
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–

There was no share-based payments charge to the statement of comprehensive income in the year (FY2020: nil). An adjustment was made in the prior year FY2020 statement of changes in equity to release £82,054 from the share option reserve to retained earnings in order to reflect the vested options that lapsed during the year.

Notes to the Financial Statements

For the year ended 31 March 2021

7 Taxation

Analysis of taxation charge/(credit) for the year

	2021 £	2020 £
Current tax charge		
UK corporation Tax	–	–
Total current tax charge	–	–
Deferred tax charge	–	–
Taxation charge	–	–

Factors affecting tax charge for the year

	2021 £	2020 £
Continuing operations profit before taxation and exceptional items	7,150,506	168,414
Profit before taxation multiplied by the appropriate rate of tax in respective countries (FY2021: 18%, FY2020: 20%)	1,287,091	33,683
Profit on sale of subsidiary	–	4,689,688
Gain before taxation multiplied by the appropriate rate of tax (FY2021: 18%, FY2020: 20%)	–	937,938
Total tax on continuing operations and sale of subsidiary	1,287,091	971,621
Deferred tax credit on investment write off losses on sale of subsidiary	–	(20,235,000)
Relief against losses brought forward	(1,287,091)	–
De-recognition due to potential non-reversal of deferred tax asset	–	19,263,379
Total tax charge	–	–

Following the sale of HEPI, Hardy's operational and investment activity is subject to tax in the UK only at a rate of 18 and 20 per cent respectively. Prior to the sale of HEPI, the Company's equity investment in HEPI amounted to \$129.60 million less investment write off impairment provisions of \$127.50 million. UK deferred tax credits arising on the realisation of investment write off losses on the sale of HEPI are estimated to amount to £20.23 million. Based on current plans and the intention that the tax residence of Hardy should be migrated from the UK to Jersey as noted below, no deferred tax asset has been recognised in FY2021 in relation to carry forward tax losses (FY2020: nil).

Hardy is an Isle of Man incorporated company which, prior to the sale of the Company's HEPI subsidiary in October 2019 and the subsequent board changes in January 2020, was managed and controlled in the UK. However, since the closure and vacation of its Aberdeen premises in June 2020, all management, operational and administrative functions of Hardy have been undertaken from Jersey and there are no plans for this situation to change. It is, therefore, considered appropriate that moving forward the tax residence of Hardy should be migrated from the UK to Jersey and notice of migration has been provided to HMRC with a view for the migration taking effect from, on or around, 30 June 2021 or as soon as possible thereafter.

Notes to the Financial Statements

For the year ended 31 March 2021

8 Earnings per share

Basic earnings per share is calculated on a weighted average of 73,764,035 Ordinary Shares in issue for the year ended 31 March 2021 (FY2020: 73,764,035) to give a profit per share of 9.69 pence per share for FY2021 (FY2020: 6.59 pence per share). Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares in issue during the year to assume conversion of all dilutive potential Ordinary Shares. There were no dilutive potential Ordinary Shares in issue at 31 March 2021 (2020: nil).

	2021 £	2020 £
Earnings per ordinary share		
Profit for the year	7,150,506	4,858,102
Weighted average number of shares*	73,764,035	73,764,035
Basic earnings per Ordinary Share (pence)	9.69	6.59
Diluted earnings per Ordinary Share (pence)	9.69	6.59

9 Audit fees

Audit fees payable to the Company's auditors for the audit of the financial statements for the year ended 31 March 2021 is £15,300 (2020: £23,000).

10 Financial and investment income

	2021 £	2020 £
Unrealised gains on investments	6,672,477	188,681
Unrealised gain on share warrants	485,229	–
Interest income on inter-company loans	–	1,420,583
Dividends	161,829	99,468
	7,319,535	1,708,732

11 Property, plant and equipment

	Total £
Cost	
At 31 March 2019	154,992
Additions	56
At 31 March 2020	155,047
Assets written off	(155,047)
At 31 March 2021	–
Depreciation	
At 31 March 2019	149,866
Charge for the year	2,963
At 31 March 2020	152,829
Charge for the period	2,218
Assets written off	(155,047)
At 31 March 2021	–
Net book value at 31 March 2020	2,218
Net book value at 31 March 2021	–

Notes to the Financial Statements

For the year ended 31 March 2021

12 Trade and other receivables

	At 31 March 2021 £	At 31 March 2020 £
Other receivables	19,853	84,504
Prepaid expenses	3,938	8,523
	23,791	93,027

13 Short-term investments

	At 31 March 2021 £	At 31 March 2020 £
Equity Investments	14,856,907	3,914,070
Derivative trading asset	485,229	–
HSBC US\$ Liquidity Fund	–	34,780
HSBC £ Liquidity Fund	187	187
	15,342,323	3,949,037

The above investments in quoted equity investments and liquidity funds can be converted into cash at short notice. The fair value of these investments approximates their book values as at 31 March 2021 and 31 March 2020.

The derivative trading asset at 31 March 2021 reflects the fair value of share warrants held in a listed company. The share warrants are able to be exercised at any time during a 5 year period commencing on 12 May 2021. The warrants have been valued using a Black Scholes option model to compute the present value of the warrants in light of current market conditions. The inputs to the model included a 0.2 per cent. risk free rate, a spot price of 39.2p, a strike price of 28.0p and a volatility rate of 58 per cent.

14 Share capital

	Number \$0.01 Ordinary Shares	Nominal Value £ GBP
Authorised Ordinary Shares		
At 31 March 2020	200,000,000	1,615,639
At 31 March 2021	200,000,000	1,615,639
Allotted, issued and fully paid Ordinary Shares		
At 31 March 2020	73,764,035	414,925
Shares issued	–	–
At 31 March 2021	73,764,035	414,925

The Ordinary Shares in issue have equal voting and other rights with no guarantee to dividend or other payments.

Notes to the Financial Statements

For the year ended 31 March 2021

15 Reserves

Hardy holds the following reserves, in addition to share capital and retained earnings:

	Share premium reserve £	Share option reserve £	Foreign currency translation reserve £
At 31 March 2019	68,249,145	82,054	23,842,420
Share options lapsed	-	(82,054)	-
Movement in foreign currency translation reserve	-	-	361,518
At 31 March 2020 and 31 March 2021	68,249,145	-	24,203,938

Share premium reserve

The share premium represents the excess of the amount subscribed for share capital over the nominal value of the shares, net of share issues expenses.

Share option reserve

The fair value of share options issued to Directors and employees are charged to operating profit over the overall vesting period of the award with a corresponding credit to the share option reserve. All of the Company's share options expired and lapsed in the year to 31 March 2020 and as a result the whole of the share option reserve was released to the retained earnings deficit in that prior year.

Foreign currency translation reserve

The foreign currency translation reserve arose on the change in presentational currency from \$US to £ in line with the retrospective change in accounting policy described in Note 1(e).

16 Trade and other payables

	At 31 March 2021 £	At 31 March 2020 £
Trade and other payables	11,881	11,309
Accruals	38,499	243,215
	50,380	254,524

17 Financial risk management

Hardy finances its operations through a mixture of equity and retained earnings. Finance requirements are continually reviewed by the Board in relation to the context of continuing operations and strategic plans. Hardy's objective is to maintain a strong financial position to sustain future development of the business. The Company expanded its capital management approach in the prior financial year to allow for the short-term investment in UK listed equities.

Hardy's treasury functions are responsible for managing fund requirements and investments which include banking, cash flow management and interest and foreign exchange exposure to ensure adequate liquidity to meet cash requirements. Hardy's principal financial instruments are cash, deposits, short-term investments, receivables and payables. Hardy's main financial risks are now considered to be liquidity and credit risk. Set out below are policies that are used to manage such risks:

Liquidity risk

The Company currently has cash which has been placed in deposits and short-term equity investments which can be converted into cash at short notice, ensuring sufficient liquidity to meet the Company's expenditure requirements. Hardy has no outstanding loan obligations.

Notes to the Financial Statements

For the year ended 31 March 2021

17 Financial risk management – continued

Credit risk

Deposits and other money market instruments, as a general rule, are placed with banks and financial institutions that have ratings of not less than AA or equivalent, which are verified before placing the deposits. Cash surpluses may also be invested in short-term investments in certain liquid funds and securities.

The Board will continue to assess the strategies for managing credit risk and is satisfied with the existing policies. The maximum financial risk exposure relating to the financial assets is the carrying value of such financial assets as at the year-end date.

Foreign currency risk

Following the sale of HEPI on 2 October 2019, the Company no longer has transactions denominated in US Dollars (US\$) and the majority of the Company's assets and liabilities as at 31 March 2020 were denominated in Pounds Sterling (£). The reporting and presentational currency of the Company was changed from US\$ to £ for all reporting periods commencing on 1 April 2020.

Capital Management

The Company monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Company considers its capital to consist of share capital only. The Board manages the structure of its capital and makes necessary adjustments to accommodate the changes in the economic conditions. To maintain or adjust the capital structure, the Board may issue new shares for cash. No significant changes were made in the objectives, policies or processes during the year ended 31 March 2021 other than in relation to the proposed redenomination of Ordinary Shares from US\$ into £, the proposed cancellation of the share premium and its release to distributable reserves and the proposed reclassification of the foreign currency translation reserve as distributable reserves as set out in the enclosed Notice of Annual General Meeting for the AGM which is to be held on 29 September 2021.

Interest rate risk profile of financial assets

The interest rate risk profile of the financial assets of the Company as at 31 March 2021 is as follows:

	Fixed rate Financial assets	Floating rate Financial asset	Financial asset no interest is earned	Total
	£	£	£	£
FY2021				
US Dollars	563	–	187	750
Pound Sterling	95,577	–	–	95,577
Short-term investments	–	–	15,342,136	15,342,136
	96,140	–	15,342,323	15,438,463

The interest rate risk profile of the financial assets of the Company as at 31 March 2020 was as follows:

	Fixed rate Financial assets	Floating rate Financial asset	Financial asset no interest is earned	Total
	£	£	£	£
FY2020				
US Dollars	–	–	17,612	17,612
Pound Sterling	–	57	4,434,088	4,434,145
Short-term investments	–	34,967	3,914,070	3,949,037
	–	35,024	8,365,770	8,400,794

Financial assets include cash and deposits, quoted equity investments and derivative trading assets.

Notes to the Financial Statements

For the year ended 31 March 2021

17 Financial risk management – continued

Currency exposures

The currency exposures of the monetary assets denominated in currencies other than £ of the company are as follows:

	At 31 March 2021 £	At 31 March 2020 £
\$USD	750	17,612

The foreign exchange gain recognised in the income statement for the years ended 31 March 2021 and 31 March 2020 in respect of the above exposures was negligible.

18 Financial instruments

Book values and fair values of the Company's financial assets and liabilities are as follows:

Financial assets

	Book value 2021 £	Fair Value 2021 £	Book value 2020 £	Fair Value 2020 £
Primary financial instruments				
Short-term investments	14,857,094	14,857,094	3,949,037	3,949,037
Derivative trading assets	485,229	485,229	–	–
Cash and short-term deposits	76,287	76,287	4,451,757	4,451,757
Trade and other receivables	19,853	19,853	84,504	84,504
Trade and other payables	(50,380)	(50,380)	(254,524)	(254,524)
	15,388,083	15,388,083	8,230,774	8,230,774

All the above financial assets are current and unimpaired as at 31 March 2021. All the financial liabilities are current as at 31 March 2021.

19 Related party transactions

Related party transactions with Directors and the key management personnel of the Company, comprise only remuneration payments. The aggregate remuneration for these is as follows:

	FY2021 £	FY2020 £
Short-term employee benefits	76,033	391,108
Termination payments	–	532,502
	76,033	923,610

Key management personnel include the Directors of the Company. Further information about the remuneration of individual Directors is provided on page 8 of the Directors' Report.

There were no sales made to related parties. Purchases from related parties are made at normal market prices and when balances are outstanding at the period end, these are unsecured, interest free and settlement occurs in cash,

During the year to 31 March 2021, accounting and administration fees have been charged through the Statement of Comprehensive Income in respect of £15,000 (FY2020: nil) charged by Sarossa Plc, which is a controlled undertaking of Richard Griffiths and of which Michael Bretherton is also a director. There was no outstanding balance owed by Hardy in relation this related party at the year end (FY2020: nil).

Notes to the Financial Statements

For the year ended 31 March 2021

20 Redenomination of share capital from \$ into £ and related proposals

The Company's share capital is currently denominated in \$ and up until the financial year ending 31 March 2020, the presentational currency of the Company for the purposes of financial reporting was \$.

However, following the sale of the Company's HEPI subsidiary on 2 October 2019, the Company no longer has any subsidiaries or transactions of significance denominated in \$ and almost all of the Company's assets and liabilities at its 31 March 2020 year end were denominated in £ and this position is expected to continue. Therefore, with effect from the financial year commencing 1 April 2020, the Company has presented its financial results exclusively in £. Accordingly, it is now proposed as special business at the Annual General Meeting ("AGM") to be held on 29 September 2021, that a redenomination of the Company's share capital into £ (the "**Redenomination**") is undertaken, with the par value of the Ordinary Shares converting from US\$0.01 to £0.01. The called up share capital would then comprise 73,764,035 £0.01 Ordinary Shares with a value of £737,640.35. The paid up share capital will be unaffected, and the increase in the par value of the Ordinary Shares on the redenomination to £0.01 will be matched by a corresponding decrease to the share premium account. Resolution 3 included in the enclosed Notice of AGM deals with this proposal.

If the above Resolution 3 is passed at the AGM, then the balance on the Company's share premium account, which will amount to £67,926,430 following the redenomination, will be cancelled and the eliminated amount released to distributable reserves (the "**Elimination**"). In addition, if Resolution 3 is passed then maintenance of the foreign currency translation reserve amounting to £24,203,938 will no longer be considered appropriate and will be reclassified as distributable reserves (the "**Reclassification**").

The financial effects of these proposals are as follows:

Financial Effects of the Redenomination, Elimination and Reclassification Proposals

	Audited 31 March 2021 £	Redenomination proposal £	Elimination and Reclassification proposals £	Post completion of the proposals £
Called up share capital	414,925	322,715	–	737,640
Share premium	68,249,145	(322,715)	(67,926,430)	–
Foreign currency translation reserve	24,203,938	–	(24,203,938)	–
Retained (deficit)/earnings	(77,475,987)	–	92,130,368	14,654,381
Total Equity	15,392,021	–	–	15,392,021

Notice of Annual General Meeting

(Incorporated under the Companies Act 2006 of the Isle of Man and registered in the Isle of Man with registered number 018168V)

NOTICE IS HEREBY GIVEN that the **2021 ANNUAL GENERAL MEETING** of the Company will be held at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey on 29 September 2021.

Important: COVID-19 implications – participating in the AGM.

In consideration of the current guidance regarding COVID-19 and the potential travel restrictions into Jersey, we recommend you should not attempt to physically attend the AGM. Instead, we recommend that you vote by proxy, in accordance with the instructions set out on the form of proxy, **so as to arrive not later than 11.00 a.m. on 27 September 2021**, being 48 hours before the time of the meeting.

When completing your proxy forms, your attention is drawn to the notes to the forms of proxy.

A. At the Annual General Meeting, the following ordinary business will be transacted:

The consideration and, if thought fit, passing of the following resolutions which will be proposed as ordinary resolutions:

1. **THAT** the audited accounts of the Company for the year ended 31 March 2021 and the reports of the Directors and the Auditors and any other document required to be annexed thereto be and they are hereby considered and adopted.
2. **THAT** Crowe U.K. LLP, London, United Kingdom be and they are hereby re-appointed as Auditors to the Company and that the Directors be and they are hereby authorised to determine their remuneration.

B. In addition, the following special business will be transacted:

The consideration and, if thought fit, passing of the following resolution:

3. **THAT** the par value of each Ordinary Share, issued and to be issued, in the capital of the Company be redenominated from US\$0.01 to £0.01.

Registered office:

First Names House
Victoria Road
Douglas
Isle of Man, IM2 4DF

By Order of the Board

Christopher Stobart
Company Secretary

Dated 16 July 2021

Notice of Annual General Meeting (continued)

(Incorporated under the Companies Act 2006 of the Isle of Man and registered in the Isle of Man with registered number 018168V)

Notes on entitlement to attend and vote at the Annual General Meeting:

1. In accordance with current guidance regarding COVID-19 and the travel restrictions into Jersey, we recommend that you should not attempt to physically attend the AGM. Instead, we recommend that you vote by proxy, in accordance with the instructions below. All completed Forms of Proxy must arrive not later than 11.00 a.m. on 27 September 2021, being 48 hours before the time of the meeting.
2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, sent by post to First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF or sent by facsimile to +44 (0)1624 624469 or scanned and e-mailed to Stephen.Edmonds@iqeq.com, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority). All Forms of Proxy and any power of attorney of other authority must arrive not later than 11.00 a.m. on 27 September 2021, being 48 hours before the time of the meeting.
3. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006 (Isle of Man), specifies that only those members registered in the register of members as at 11.00 a.m. on 27 September 2021 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to vote in respect of the Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 11.00 a.m. on 27 September 2021 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to vote at the meeting.

Explanatory notes on the business of the Annual General Meeting

The business of the Annual General Meeting ("AGM") is set out in the notice of AGM.

ORDINARY BUSINESS

The ordinary business of the AGM is to approve the accounts of the Company for the year ended 31 March 2021 and to re-appoint Crowe U.K. LLP as auditors.

SPECIAL BUSINESS

The special business of the AGM is to approve that the par value of each Ordinary Share, issued and to be issued, in the capital of the Company be redenominated from US\$0.01 to £0.01.

The Directors are proposing the above special business to redenominate the Company's share capital from \$ to £ following the change of the reporting and presentational currency of the Company from \$ to £ that was made on 1 April 2020 for all future reporting periods commencing on that date. This change was made to reflect the fact that subsequent to the sale of the Company's wholly-owned Hardy Exploration & Production (India) Inc. subsidiary on 2 October 2019, the Company no longer has any subsidiaries or transactions of significance denominated in \$ and all of the Company's assets and liabilities are now denominated in £ other than for a very minor residual \$ bank balance.

The Directors took the decision to implement a change in presentational currency to better reflect the operations and focus of the Company, which is currently all £ denominated, and to eliminate unnecessary foreign currency volatility from the financial statements.

If the above special business resolution is passed at the AGM, the par value of the Ordinary Shares will convert from US\$0.01 to £0.01 and the called up share capital would then comprise 73,764,035 £0.01 Ordinary Shares with a value of £737,640.35. The paid up share capital will be unaffected, and the increase in the par value of the Ordinary Shares on the redenomination to £0.01 will be matched by a corresponding decrease to the share premium account.

The Directors intend that, if the above special business resolution is passed at the AGM, then the balance on the Company's share premium account, which will amount to £67,926,430 following the redenomination of the par value of each Ordinary Share from US\$0.01 to £0.01, will be cancelled and the eliminated amount released to distributable reserves. In addition, if the above special business resolution is passed, then maintenance of the foreign currency translation reserve amounting to £24,203,938 will no longer be considered appropriate and the Directors then intend that this will be reclassified as distributable reserves.

The illustrative financial effects of the above proposals are included in Note 20 of the notes to the financial statements.

