

Hardy plc

Annual Report & Accounts **FY2022**

Directors, Officers and Advisers

Directors

Michael Bretherton	Chairman
Richard Galvin	Non-Executive Director

Company Secretary
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Chairman's Statement

Hardy reported a profit after tax of £1.31 million for the year to 31 March 2022 (FY2022) compared to a profit of £7.15 million in the previous year ended 31 March 2021 (FY2021).

This FY2022 profit comprises a net gain of £1.20 million on short-term equity and derivative investments, together with dividends of £0.23 million, partially offset by administrative costs of £0.12 million. The previous FY2022 result comprises a £7.16 million net gain on short-term equity and derivative investments, together with dividends of £0.16 million, partially offset by administrative costs of £0.17 million.

Hardy did not invest in any new short-term equities during the FY2022 but its investment in Telit Communications Plc was rolled over into an unlisted company, Notano Midco Limited, under a share offer alternative which completed in August 2021. Notano Midco subsequently changed its name to Telit IOT Solutions Limited in the second quarter of 2022.

During FY2022, Hardy undertook a partial disposal of its investment holding in IDOX Plc and fully disposed of its entire investment holdings in Northgate Plc, IOG Plc and C4X Discovery Holdings Plc but excluding its warrants in C4X Holdings which remain unexercised and are carried in Hardy's accounts at fair value as a derivative investment asset. Total cash proceeds from these disposals amounted to £10.29 million of which £9.40 million was realised during the month of October 2021.

Following the above realisations in October 2021, the Directors approved the payment of a capital distribution to shareholders of 12p in cash per issued share. The capital distribution was payable to all shareholders on the register as at the close of business on Tuesday 9 November 2021 and amounted to £8.85 million in total.

The carrying value of the Company's equity investments at 31 March 2022 was £6.14 million represented by three investment holdings and a quoted derivative trading asset reflecting the fair value of share warrants held in a listed company (31 March 2021 was £15.34 million represented by six quoted investment holdings and a quoted derivative trading asset).

The Company held cash and cash receivables with investment brokerage institutions amounting to £1.77 million in total as at 31 March 2022, compared to comparable cash and receivables balances of £0.10 million at the previous 31 March 2021 year end.

Net assets decreased to £7.85 million (equivalent to 10.64p per share) at the 31 March 2022 balance sheet date, compared with £15.39 million (equivalent to 20.87p per share) at 31 March 2021. The £7.54 million decrease in net assets reflects the £8.85 million capital distribution paid to shareholders in November 2021, partially offset by the £1.31 million profit reported for the year.

Business model and short-term investment portfolio

Following the sale of the Company's Hardy Exploration & Production (India) Inc. ("HEPI") subsidiary in October 2019, 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, in part because of the disruption and uncertainty caused by the coronavirus (COVID-19) pandemic over the last two years. Given that world economies are now facing many further uncertainties associated with the Russia-Ukraine conflict as well as soaring energy prices and rising inflation, your directors will continue to take a very cautious approach to any commitment of the majority of the Company's resources in to any such single long-term investment. In the meantime, the Company has deployed its resources into short-term investments with a view to earning a return for shareholders in the interim period.

The short-term investments held by the Company at 31 March 2022 comprised:

- **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 IOT Solutions Limited** – 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; 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.

Capital reorganisation

The Company's share capital was redenominated from US$ into £ following approval of the special business resolution 3 at the Company's Annual General Meeting on 29 September 2021, so that the called up share capital now comprises 73,764,035 shares of £0.01 with a value of £0.74 million. In addition, the balance on the Company's share premium account was cancelled and the eliminated amount released to distributable reserves and the foreign currency translation reserve was also reclassified to distributable reserves.

Capital distribution and rationale

The Company's audited net asset base at 31 March 2020 amounted to £8.50 million following the sale of the Company's HEPI subsidiary in October 2019 and the subsequent reorganisation into a cash shell. The stated strategic intention of Hardy at that time was to use this resource base to acquire or establish another company or business asset.

In the meantime, the Company deployed its resources into short-term investments and was able to generate a significant profit return on these and which the Directors considered should be returned to shareholders by way of capital distribution of 12p in cash per issued share that was paid to all shareholders in November 2021 and which amounted to £8.85 million in total. The capital distribution represents a repayment of capital out of the distributable reserves created by the cancellation of the Company's share premium following the capital reorganisation referred to above. This capital distribution had the resultant effect of reducing the capital and reserves of the Company by approximately £8.85 million and which reduction is permitted under section 58 of the Isle of Man Companies Act 2006 and regulation 7 of the Company's Articles.

Immediately following the capital distribution, Hardy still had a remaining net asset capital base of £8.48 million, which was broadly the same size as at 31 March 2020, with which to continue to pursue its stated strategic intention.

Migration of tax residence to Jersey

On 21 January 2020, Blake Holdings Limited ("Blake"), which is controlled by Richard Griffiths, completed a successful takeover offer for Hardy following which Blake owned 86% of the company. Blake is a Jersey based and registered company of which I am also a Jersey based director. On 22 January 2020, I was appointed chairman of Hardy and two directors resigned from the board leaving Richard Galvin as the only other remaining director. 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 change of control and board restucture 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 May 2020. Since 31 May 2020 all management, operational and administrative functions of Hardy have been undertaken from Jersey and it was, therefore, considered appropriate that the tax residence of Hardy should be migrated from the UK to Jersey. Accordingly, a notice of migration was provided to HMRC in the second quarter of 2021 but based on subsequent consideration of the facts and correspondence with HMRC, we now consider that a defacto migration of tax residence to Jersey took place not later than 31 May 2020 and this position has been notified to HMRC and registered with the Jersey tax authorities.

Chairman's Statement (continued)

Post 31 March 2022 event highlights

Subsequent to the Company's 31 March 2022 year end, Hardy realised cash proceeds of £1.13 million from further partial disposals of its IDOX investment holding and invested £2.07 million in two new quoted short-term equity investments, the first being THG PLC, which is a vertically integrated digital-first consumer brands group with its own beauty, nutrition and wellbeing brands, as well as providing end-to-end e-commerce technology and operating platforms for third party brands, and the second being Circassia Group plc which is a dedicated diagnostics and management company focused on asthma.

Outlook

Whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of global vaccination programs has allowed for a full reopening of society in many countries during the first quarter of 2022, the full economic fallout from this two-year pandemic remains uncertain and the financial support measures taken during the period have left governments heavily indebted. In addition, world economies are now facing many further uncertainties associated with the Russia-Ukraine conflict as well as soaring energy prices and rising inflation.

The Hardy Board 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. We remain committed to the principles of strict cost control and delivering additional value for shareholders going forward.

Michael Bretherton
Chairman

6 July 2022

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 2022.

Principal activity and business model

The Company has implemented a short-term strategy to deploy its cash resources into short-term investment opportunities offering the potential to deliver a favourable return to shareholders whilst a longer-term commercial opportunity is identified, in line with its stated strategic intention as set out in the Chairman's Statement on pages 2 to 4.

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 2022.

Key performance indicators for the Company are set out below:

	31 March 2022	31 March 2021
Net assets (£ million)	7.85	15.39
Net asset value per share (pence)	10.64	20.87
Capital distribution per share (pence)	12.00	–
Profit after tax (£ million)	1.31	7.15
Cash and cash receivables with brokers (£ million)	1.77	0.10

Profit and loss

The Company's profit after tax for the year ended 31 March 2022 was £1.31 million compared to a profit of £7.15 million in the previous year. The current year profit resulted from a total return on short-term investments of £1.43 million less administrative costs of £0.12 million. The prior period result includes a gain of £7.15 million 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.

Balance Sheet

Net assets of the Company at 31 March 2022 amounted to £7.85 million compared with £15.39 million at 31 March 2021. The £7.54 million reduction in net assets reflects a capital distribution to shareholders of £8.85 million in November 2021, partially offset by the £1.31 million profit reported for the year.

The carrying value of short-term investments at 31 March 2022 was £6.14 million represented by two quoted and one private investment holding and a quoted derivative trading asset. At 31 March 2021 short-term investments amounted to £15.34 million, represented by six quoted investment holdings and a quoted derivative trading asset.

Cash and short-term deposit balances, together with cash receivable balances held with brokers were £1.77 million at 31 March 2022 compared to £0.10 million at 31 March 2021 as set out in note 14 to the financial statements.

Cash flow

The Company's overall cash and cash receivables position increased by £1.67 million during the year. This increase mainly reflects cash inflows of £10.39 million from investment disposal proceeds and dividend income received of £0.23 million, less outflows of £0.10 million from administration costs paid net of working capital movements and the payment of a capital distribution to shareholders of £8.85 million.

Risk review

Risk management

The Company's risk management objectives and exposure to various risks are detailed in note 14 to the financial statements.

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 are currently held in short-term UK equity investments. 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 with brokerage 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 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 receivables with brokers of £1.77 million as at 31 March 2022.

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 and receivable balances, the liquidity of short-term investments and the relatively low running cost base of the Company, ensures that the going concern assumption remains valid.

External risks

Global political and economic landscapes continue to be considered the key external risks faced, with the ability of both to adversely impact the performance of the Company. The key factors comprise the full economic fallout from the two-year Covid-19 pandemic, the current Russia-Ukraine conflict, a potential shift towards a decrease in global liberalised trade, uncertainty with respect to the continuing terms of existing economic trade areas and the transition to an environment of increasing interest rates and rising inflation. Such factors continue to impact the markets in which the Company operates, in terms of investment valuations and investor sentiment.

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 short-term 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

6 July 2022

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 2022.

Principal activity
Prior to the sale of the Company's sole operating subsidiary in October 2019, Hardy had been an operator in the resource sector for over 15 years. The Company's existing strategic intention is to use its cash and short-term investment resources 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 period the Company has deployed its resources into short-term investments with a view to developing a favourable return for the benefit of shareholders.

Business review and future developments
A full review of the Company's activities during the year ended 31 March 2022 is given in the Chairman's Statement on pages 2 to 4.

Results and dividend distributions
The Company's profit after tax for the year ended 31 March 2022 was £1.31 million, (FY2021: £7.15 million).

A capital distribution of £8.85 million, and representing 12p per share, (FY2021: £nil) was declared and paid to shareholders in November 2021.

Share capital and reorganisation
Following approval of the special business resolution 3 at the Company's Annual General Meeting on 29 September 2021, the Company's share capital was redenominated from US$ into £ (the "Redenomination") with the par value of the shares converting from US$0.01 to £0.01. The called up share capital, therefore, now comprises 73,764,035 shares of £0.01 with a value of £0.74 million. The total paid up share capital is unaffected, and the increase in the par value of the shares on the redenomination to £0.01 was matched by a corresponding decrease to the share premium account.

In addition, following approval of the above resolution 3, the balance on the Company's share premium account, which amounted to £67.93 million following the redenomination, was cancelled and the eliminated amount released to distributable reserves and the foreign currency translation reserve amounting to £24.20 million was also reclassified to distributable reserves.

Directors
The Directors that served in office throughout the year ended 31 March 2022 were:

Board member	Position
Michael Bretherton	Chairman
Richard Galvin	Non-Executive Director

Richard Galvin is engaged as a non-executive 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 £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.

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. Michael 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 (£):

Name of Director		Salaries/ fees	Benefits	Pension contribution	Total
Richard Galvin	FY2022	15,000	6,803	–	21,803
	FY2021	45,833	7,700	2,500	56,033
Michael Bretherton	FY2022	20,000	–	–	20,000
	FY2021	20,000	–	–	20,000
Total	FY2022	35,000	6,803	–	41,803
	FY2021	65,833	7,700	2,500	76,033

Richard Galvin's benefits included life cover and medical insurance. In addition to the above, Mr Galvin charged consultancy fees of £1,500 in FY2022 (FY2021: nil) for work over and above his required Director's services.

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 2022	Ordinary shares of $0.01 each 31 March 2021
Richard Galvin	10,000	10,000
Michael Bretherton	500,000	500,000

Directors' Report (continued)

Capital structure and significant shareholders

The Company's authorised and issued share capital and changes thereto are disclosed in note 12 to the financial statements. There were no share options or other long-term incentives in place as at 31 March 2022 or 2021.
At 31 March 2022 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, of 3 per cent or more, as of 6 July 2022 were as follows:

	Ordinary shares of £0.01 each
Richard Griffiths and controlled undertaking	91.51%

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.

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 7 September 2022 at 11.00 a.m.

A Notice of AGM 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. A form of proxy for use at the meeting also accompanies this document.

Shareholders not physically attending the AGM are recommended to vote using the form of proxy, in accordance with the instructions set out on the forms of proxy, so as to arrive not later than 11 a.m. on 5 September 2022, being 48 hours before the time of the meeting.

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 2022; and
- the re-appointment of Crowe U.K. LLP as auditors.

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 United Kingdom. Under such requirements, the Directors are required to prepare financial statements of Hardy Plc for the year ended 31 March 2022, which comprise the 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 United Kingdom, 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.

Directors' Report (continued)

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 2022 the Company had cash and cash receivables with brokers of £1.77 million in total, together with short-term investments of £6.14 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 5 to 7 and in Note 14 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 2022
Subsequent to the Company's 31 March 2022 year end, Hardy realised cash proceeds of £1.13 million from further partial disposals of its IDOX investment holding and invested £2.07 million in two new quoted short-term equity investments, the first being THG PLC, which is a vertically integrated digital-first consumer brands group with its own beauty, nutrition and wellbeing brands, as well as providing end-to-end e-commerce technology and operating platforms for third party brands, and the second being Circassia Group plc which is a dedicated diagnostics and management company focused on asthma.

Approved by the Board of Directors.

Richard Galvin
Non-Executive Director

6 July 2022

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 2022 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 Accounting Standards (IAS) as adopted by the UK, 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 2022 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with IAS as adopted by the UK;
- have been properly prepared in accordance with IAS as adopted by the UK and in conformity with the requirements of the Isle of Man Companies Act 2006.
- 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.

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

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 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.

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

6 July 2022

Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	Year ending 31 March 2022 £'000	Year ending 31 March 2021 £'000
Gross profit/(loss)		–	–
Administrative expenses		(115)	(169)
Operating loss		(115)	(169)
Financial and investment income	8	1,426	7,320
Profit before taxation and exceptional items		1,311	7,151
Taxation	5	–	–
Profit after taxation		1,311	7,151
Profit per share			
Basic & diluted	6	1.78p	9.69p

All activities are in respect of continuing operations and there are no other items of comprehensive income.

Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Foreign Currency Translation Reserve £'000	Retained earnings £'000	Total £'000
At 31 March 2020	415	68,249	24,204	(84,627)	8,241
Total comprehensive gain for the year	–	–	–	7,151	7,151
At 31 March 2021	415	68,249	24,204	(77,476)	15,392
Redenomination of share capital	323	(323)	–	–	–
Cancellation of share premium account	–	(67,926)	–	67,926	–
Cancellation of foreign exchange reserve	–	–	(24,204)	24,204	–
Capital distribution	–	–	–	(8,852)	(8,852)
Total comprehensive gain for the year	–	–	–	1,311	1,311
At 31 March 2022	738	–	–	7,113	7,851

Statement of Financial Position

As at 31 March 2022

	Notes	31 March 2022 £'000	31 March 2021 £'000
Current assets			
Trade and other receivables	9	1,680	24
Short-term investments	10	6,142	15,342
Cash and cash equivalents		95	76
Total current assets		7,917	15,442
Total assets		7,917	15,442
Liabilities			
Trade and other payables	11	(66)	(50)
Total liabilities		(66)	(50)
Net Assets		7,851	15,392
Shareholder's Equity			
Called-up share capital	12	738	415
Share premium	13	–	68,249
Foreign currency translation reserve	13	–	24,204
Retained earnings/(deficit)		7,113	(77,476)
Total equity		7,851	15,392

Approved and authorised for issue by the Board of Directors on 6 July 2022

Statement of Cash Flows

For the year ended 31 March 2022

	Notes	Year ending 31 March 2022 £'000	Year ending 31 March 2021 £'000
Operating activities			
Operating loss		(115)	(169)
Depreciation		–	2
(Increase)/decrease in trade and other receivables		(1,656)	69
Increase/(decrease) in trade and other payables		16	(204)
Net cash used in operating activities		(1,755)	(302)
Investing activities			
Purchase of short term equity investments		–	(4,270)
Proceeds from disposal of short-term investments		10,393	35
Net cash from/(used in) investing activities		10,393	(4,235)
Financing activities			
Dividend income	8	233	162
Capital distribution		(8,852)	–
Net cash (used in)/from financing activities		(8,619)	162
Net increase/(decrease) in cash and cash equivalents		19	(4,375)
Exchange differences arising on change in reporting currency		–	–
Cash and cash equivalents at the beginning of the year		76	4,451
Cash and cash equivalent at the end of the year		95	76

Notes to the Financial Statements

For the year ended 31 March 2022

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 ending 31 March 2022 (FY2022) 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 2022 the Company had cash and short-term investments of £6.24 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 as adopted by the UK (IFRS). The financial statements are presented in GBP pounds sterling rounded to the nearest thousand.

d) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

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 2021:

- Updates to IFRS9 "Financial Instruments"
- Interest Rate Benchmark Reform (Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16)
- Reference to the Conceptual Framework (Amendment to IFRS3)
- Classification of Liabilities of Current or Non-current (Amendments to IAS1)
- Definition of Accounting Estimates (Amendments to IAS8)
- Annual Improvement Cycle 2018-2020

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.

e) Presentational reporting currency

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

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 short-term investment portfolio assets and derivative financial instruments and the unrealised gains and losses on the revaluation of these, together with 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.

g) Short-term investments

Short-term investments include 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.

i) Quoted investments for which an active market exists are valued at closing bid-market price at the reporting date with any gains or losses arising from subsequent changes in fair value being presented in the Statement of Comprehensive Income as they arise.

ii) Unquoted investments are measured at fair value by the Directors as follows:
- Investments in companies that are still in a development phase continue to be valued based on cost unless there have been more recent benchmark subscriptions and investments which give a guide to fair value ("Price of Recent Investment") or where there are factors that indicate a change in fair value has occurred.
- Once the business becomes established, investments are valued based on an estimate of the fair value for the investee company derived using methodologies which include applying an average sector earnings multiple to operating profits, valuation by reference to net asset base and discounted cash flows.

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.

h) 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.

i) 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 differences arising from transactions during the year and from the year end translation are reflected through the income statement.

The Company held no foreign currency monetary assets or liabilities of significance at 31 March 2022 or 31 March 2021.

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.

The estimate and assumption that has the most significant effect on the carrying amounts of assets and liabilities in the financial statements is the valuation of quoted and unquoted short-term investments. These are valued as set out in note 1(g) to the financial statements and in accordance with IFRS. However, it may not always be possible to trade at the carrying amount valuations of such quoted and unquoted short-term investments. As at 31 March 2022, quoted short-term investments are carried in the financial statements at a valuation of £3.32 million and unquoted short-term investments are carried at a valuation of £2.82 million – see note 10 to the financial statements.

In addition, the absence of a tax liability charge in the financial statements for both the year to 31 March 2022 and the year to 31 March 2021 reflects the belief both that a defacto migration of tax residence from UK to Jersey took place on not later than 31 May 2020 and that any short-term investment gains arising during the period of UK tax domicile are eligible for relief against UK tax losses brought forward – see note 5 to the financial statements. Whilst this defacto migration of tax residence has been notified to HMRC and the related tax computation to 31 May 2020 has been submitted with short-term investment gains shown to be relieved against UK tax losses brought forward, HMRC have yet to confirm acceptance of the 31 May 2020 defacto migration, which they believe may have occurred at an earlier date, or of the eligibility to use the brought forward tax losses.

3 Segmental Reporting

The Company operates in a single geographical segment. There are currently no reportable segments of the Company.

4 Staff costs

	2022 £'000	2021 £'000
Wages and salaries	34	68
Social security costs	8	8
	42	76

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

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

	2022	2021
Management and administration	2.0	2.0

5 Taxation

Analysis of taxation charge for the year

	2022 £'000	2021 £'000
Current tax charge		
UK corporation tax	–	–
Jersey corporation tax	–	–
Total current tax charge	–	–
Deferred tax charge	–	–
Taxation charge	–	–

Factors affecting tax charge for the year

	2022 £	2021 £
Continuing operations profit before taxation		
Profit before taxation arising in respective domiciled countries		
UK domiciled	–	1,100
Jersey domiciled	1,311	6,051
	1,311	7,151
Total tax on continuing operations profits at the appropriate rate of tax in respective domiciled countries		
UK domiciled (FY2022: 19%, FY2021: 18%)	–	198
Jersey domiciled (FY2022: nil, FY2021: nil)	–	–
Total tax on continuing operations	–	198
Relief against losses brought forward	–	(198)
Total tax charge	–	–

5 Taxation – continued

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 change of control and board restructure in January 2020, was managed and controlled in the UK. The change in control arose on completion of a successful takeover offer by Jersey based Blake Holdings Limited ("Blake"), which is controlled by Richard Griffiths, and following which one of its Jersey based directors, Michael Bretherton, was appointed chairman of Hardy. The Company 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 May 2020. Since 31 May 2020 all management, operational and administrative functions of Hardy have been undertaken from Jersey. It was, therefore, considered appropriate that the tax residence of Hardy should be migrated from the UK to Jersey. Accordingly, a notice of migration was provided to HMRC in the second quarter of 2021 but based on subsequent consideration of the facts and correspondence with HMRC, we now consider that a defacto migration of tax residence to Jersey took place on not later than 31 May 2020 and this position has been notified to HMRC and registered with the Jersey tax authorities.

UK deferred tax credits arising on the realisation of write offs on the sale of the Company's Hardy Exploration and Production (India) Inc subsidiary in October 2019 are estimated to amount to £20.23 million, but based on current plans at the time and the intention that the tax residence of Hardy should be migrated from the UK to Jersey as noted above, no deferred tax asset was recognised in FY2020 or subsequent years in relation to carry forward UK tax losses.

All carry forward UK tax losses were subsequently forfeited on the tax migration from the UK to Jersey.

6 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 2022 (FY2021: 73,764,035) to give a profit per share of 1.78p per share for FY2022 (FY2021: 9.69p 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 2022 (2021: nil).

Earnings per Ordinary Share	**2022 £'000**	**2021 £'000**
Profit for the year	1,311	7,150
Weighted average number of shares*	73,764	73,764
Basic earnings per Ordinary Share (pence)	1.78	9.69
Diluted earnings per Ordinary Share (pence)	1.78	9.69

7 Audit fees

Audit fees payable to the Company's auditors for the audit of the financial statements for the year ended 31 March 2022 is £17,500 (2021: £27,600).

8 Financial and investment income

	2022 £'000	**2021 £'00**
Unrealised (losses)/gains on the revaluation of investments	(4,027)	6,673
Unrealised (losses)/gains on the revaluation of share warrants	(485)	485
Realised gains on the disposal of short-term investments	5,705	–
Dividend income	233	162
	1,426	7,320

9 Trade and other receivables

	At 31 March 2022 £'000	At 31 March 2021 £'000
Other receivables	1,674	20
Prepaid expenses	6	4
	1,680	24

Other receivables comprise cash held on demand with a reputable international brokerage firm pending investment.

10 Short-term investments

	At 31 March 2022 £'000	At 31 March 2021 £'000
Equity Investments – quoted	3,319	14,857
Equity investments – unquoted	2,823	–
Derivative trading asset – quoted	–	485
	6,142	15,342

The above investments in quoted equity investments can be converted into cash at short notice. The fair value of these investments approximates their book values as at 31 March 2022 and 31 March 2021.

The unquoted equity investment reflects a transfer from quoted equity investments on 31 August 2021 when the acquisition of Telit Communications Plc was completed by a private company in which Hardy received unquoted shares in consideration for its quoted holding in Telit.

The derivative trading asset at 31 March 2022 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 from 12 May 2021. At the 31 March 2022 balance sheet date the warrants were out-of-the-money and hence were considered to have no value. At the prior balance sheet date the warrants were valued using a Black Scholes option model to compute the present value of the warrants in light of the 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.

11 Trade and other payables

	At 31 March 2022 £'000	At 31 March 2021 £'000
Trade and other payables	26	12
Accruals	40	38
	66	50

12 Share capital

	Number of Ordinary Shares	Nominal Value £'000
Authorised Ordinary Shares		
At 31 March 2020 and 31 March 2021	200,000,000	1,616
At 31 March 2022	200,000,000	2,000
Allotted, issued and fully paid Ordinary Shares		
At 31 March 2020 and 31 March 2021	73,764,035	415
Redenomination of share capital	–	323
At 31 March 2022	73,764,035	738

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

At the Company's Annual General Meeting held in 2021 a resolution was passed to redenominate the par value of the share capital from $0.01 to £0.01. This increase in the par value of share capital had no impact on the number of shares in issue and was matched by a corresponding decrease to the share premium account as shown in note 13.

13 Reserves

In addition to share capital and retained earnings, at the prior year balance sheet date Hardy also held a share premium reserve and a foreign currency reserve, both of which were reduced to nil during the year, as detailed below.

	Share Premium reserve £'000	Foreign currency translation reserve £'000
At 31 March 2021	68,249	24,204
Redenomination of share capital	(323)	–
Cancellation of share premium reserve	(67,926)	–
Reclassification of foreign currency translation reserve	–	(24,204)
At 31 March 2022	–	–

Share premium reserve

The share premium reserve represents the excess of the amount subscribed for share capital over the nominal value of the shares, net of share issues expenses. The currency redenomination of the par value of share capital described in note 11 resulted in a matching decrease of the share premium reserve. Subsequent to the redenomination the remainder of the share premium reserve was subsequently cancelled.

Foreign currency translation reserve

The foreign currency translation reserve arose on the prior year change in presentational currency from $USD to £GBP. Following an absence of overseas operations, a change in presentational currency and the redenomination of share capital into £, maintenance of the foreign currency translation reserve was no longer considered appropriate and was subsequently reclassified to distributable reserves.

14 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.

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 and may also be held with reputable international brokerages pending investment.

	At 31 March 2022 £'000	At 31 March 2021 £'000
Cash on demand – rated AA	95	76
Other cash receivables – no rating provided*	1,674	20
Total cash and cash receivables	1,769	96

* These monies are held on demand with a reputable international brokerage for which no credit rating is available, note 9.

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

The Company has no material transactions denominated in foreign currencies and the majority of the Company's assets and liabilities as at 31 March 2022 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 2022 other than in relation to the proposed redenomination of Ordinary Shares from $USD into £GBP.

14 Financial risk management – continued

Interest rate risk profile of financial assets

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

	Fixed rate financial assets £'000	Floating rate financial assets £'000	Financial assets where no interest is earned £'000	Total £'000
US Dollars – cash amounts	–	1	–	1
Pound Sterling – cash receivables	–	1,768	–	1,768
Short-term investments	–	–	6,142	6,142
At 31 March 2022	–	1,769	6,142	7,911
US Dollars – cash amounts	1	–	–	1
Pound Sterling – cash receivables	95	–	–	95
Short-term investments	–	–	15,342	15,342
At 31 March 2021	96	–	15,342	15,438

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

Currency exposures

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

	At 31 March 2022 £'000	At 31 March 2021 £'000
$USD	1	1

The foreign exchange gain or loss recognised through the income statement for the years ended 31 March 2022 and 31 March 2021 in respect of the above exposures was negligible.

15 Financial instruments

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

Financial assets

Primary financial instruments	Book value 2022 £'000	Fair value 2022 £'000	Book value 2021 £'000	Fair value 2021 £'000
Short-term investments	6,142	6,142	14,857	14,857
Derivative trading assets	–	–	485	485
Cash and cash equivalents	95	95	76	76
Trade and other receivables	1,674	1,674	20	20
Trade and other payables	(66)	(66)	(50)	(50)
	7,845	7,845	15,388	15,388

All the above financial assets are current and unimpaired as at 31 March 2022. All the financial liabilities are current as at 31 March 2022.

16 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:

	2022 £'000	2021 £'000
Short-term employee benefits	42	76

Key management personnel include the Directors of the Company. Further information about the remuneration of individual Directors is provided on page 9 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 2022, accounting and administration fees have been charged through the Statement of Comprehensive Income in respect of £15,000 (FY2021: £15,000) charged by Sarossa Plc, which is a controlled undertaking of Richard Griffiths and of which Michael Bretherton is also a director. There was £15,000 outstanding balance owed by Hardy in relation this related party at the year end (FY2021: nil).

17 Post 31 March 2022 event highlights

Subsequent to the Company's 31 March 2022 year end, Hardy realised cash proceeds of £1.13 million from further partial disposals of its IDOX investment holding and invested £2.07 million in two new quoted short-term equity investments, the first being THG PLC, which is a vertically integrated digital-first consumer brands group with its own beauty, nutrition and wellbeing brands, as well as providing end-to-end e-commerce technology and operating platforms for third party brands, and the second being Circassia Group plc which is a dedicated diagnostics and management company focused on asthma.

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 **2022 ANNUAL GENERAL MEETING** of the Company will be held at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey on 7 September 2022.

Shareholders are welcome to physically attend the AGM however we recommend that current guidance regarding Covid-19 and the travel restrictions into Jersey continue to be monitored. Shareholders wishing to vote by proxy should do so in accordance with the instructions below. All completed Forms of Proxy must arrive not later than 11.00 a.m. on 5 September 2022, 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 2022 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.

No special business of the Company is to be proposed.

Registered office:

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

By Order of the Board

Christopher Stobart
Company Secretary

Dated 6 July 2022

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

1. 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 a.m. on 5 September 2022, being 48 hours before the time of the meeting.

2. 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 5 September 2022 (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 5 September 2022 (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.