

**25 November 2016**

**Westmount Energy Limited  
("Westmount" or the "Company")  
Final Results**

The Company is pleased to announce its Final Results for the year ended 30 June 2016. A copy of the results is available on the Company's website, [www.westmountenergy.com](http://www.westmountenergy.com), and will be posted to shareholders today.

Notice is hereby given that the Annual General Meeting of Westmount will be held at No 2 The Forum, Grenville Street, St Helier, Jersey JE1 4HH, Channel Islands on 20 December 2016 at 11:00 am.

**CHAIRMAN'S REVIEW**

The Year under review has been another difficult and volatile year for the Oil & Gas industry and in particular the junior E & P sector in which your Company invests.

As previously reported, last December your Company successfully raised a total of £509,602 by way of an Open Offer to existing shareholders and a Placing with two new investors, Mr John Craven and Mr Dermot Corcoran. Following the Annual General Meeting on 11 December 2015, the share capital was also amended to Nil Par Value. The amendments to our share capital, addition to our working capital and strengthening of our shareholder base has provided a strong platform to move the Company forward and continue to assess investment opportunities within the energy sector.

The Financial Statements show a loss for the year of £434,023, the majority of which relates to a reduction in value of our investment portfolio. The reduction is a non cash item and I comment on the portfolio separately below. Administrative expenses of £173,112 include legal and secretarial costs relating to the share subscription and Open Offer documentation, referred to above. The Company's corporate overhead has been reduced as much as possible to an annual rate of approximately £100,000 and myself and fellow board member Tom O'Gorman, who invested significantly in the December 2015 Open Offer, have in an effort to preserve cash and save on costs, provided our services free of charge to the Company for the past three years while we actively seek and evaluate an appropriate transaction for the Company.

**Portfolio**

As reported at the interim stage your Company's portfolio of energy shares is mainly focused on the Falkland Islands. Following an all share merger in January 2016, our holding in Falkland Oil & Gas was exchanged for a holding in Rockhopper Exploration plc. In spite of positive news events and the recent improved oil price, the valuations have not recovered. Your Company recorded a paper loss in the portfolio of £260,911 which arose mainly in the first half of the year from the market depreciation in our holding in Falkland Oil and Gas/Rockhopper. The share price performance has been very disappointing, should the share prices of the portfolio increase in the future, the valuations uplift will be shown in our income statement.

**FUTURE**

The oil price has recovered from the recent lows set in January of this year and recently traded in the \$45-\$55 range. There is hope that short term supply issues can be resolved by an agreement at the forthcoming OPEC meeting. The recent commodity price improvement and market stability has helped investor sentiment. We have recently seen significant and successful fundraisings from companies such as Providence and Hurricane, which I would have thought was not possible only a short time ago. These fundraising efforts and other such examples in our sector provide confidence that on finding the right opportunity, funding should be available.

When Messrs Craven and Corcoran joined the share register last December, we indicated that we would focus on repositioning your Company as a niche exploration and production investor in the conventional oil and gas sector, to position investors to benefit from a likely price upswing in the next two to five years.

We have reviewed a number of investment and corporate opportunities and shown them to our new shareholders Messrs Craven and Corcoran, for some technical evaluation and input. While we have identified a number of opportunities, including opportunities in the Atlantic Margin arena, we have been unable to conclude a transaction to date.

Westmount has sufficient cash resources on hand to continue to evaluate new opportunities and will revert to shareholders when we have a transaction that we feel will increase shareholder value, has the support of our key shareholders, advisors and importantly can be financed in the market place.

**GERARD WALSH**  
Chairman

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

|  | <i>Note</i> | <i>Year ended<br/>30 June<br/>2016<br/>£</i> | <i>Year ended<br/>30 June<br/>2015<br/>£</i> |
|--|-------------|--|--|
| Net loss on financial assets held at fair value through profit or loss |             | (260,911)                                    | (95,485)                                     |
| Administrative expenses  |             | <u>(173,112)</u>                             | <u>(126,754)</u>                             |
| <b>Operating loss</b>  |             | <u>(434,023)</u>                             | <u>(222,239)</u>                             |
| <b>Loss before and after tax</b>                                       |             | <u>(434,023)</u>                             | <u>(222,239)</u>                             |
| <b>Comprehensive loss for the year</b>                                 |             | <u>(434,023)</u>                             | <u>(222,239)</u>                             |
| Basic loss per share (pence)   | 4           | <u>(2.59)</u>                                | <u>(2.26)</u>                                |
| Diluted loss per share (pence)   | 4           | <u>(2.59)</u>                                | <u>(2.26)</u>                                |

All results are derived from continuing operations.

The Company has no items of other comprehensive income.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

|   | <i>Notes</i> | <i>As at<br/>30 June<br/>2016<br/>£</i> | <i>As at<br/>30 June<br/>2015<br/>£</i> |
|---|--------------|---|---|
| <b>ASSETS</b>   |              |   |   |
| <b>Non-Current Assets</b>                             |              |   |   |
| Financial assets at fair value through profit or loss | 5            | <u>216,299</u>                          | <u>536,821</u>                          |
| <b>Current Assets</b>                                 |              |   |   |
| Other receivables                                     | 6            | 10,023                                  | 9,721                                   |
| Cash and cash equivalents                             | 7            | <u>402,716</u>                          | <u>7,291</u>                            |
|   |              | <u>412,739</u>                          | <u>17,012</u>                           |
| <b>Total assets</b>                                   |              | <u>629,038</u>                          | <u>553,833</u>                          |
| <b>LIABILITIES AND EQUITY</b>                         |              |   |   |
| <b>Current Liabilities</b>                            |              |   |   |
| Trade and other payables                              | 8            | <u>31,387</u>                           | <u>31,760</u>                           |

|                                     |    |                |                |
|-------------------------------------|----|----------------|----------------|
| <b>EQUITY</b>                       |    |                |                |
| Share capital                       | 9  | 3,027,221      | 1,966,060      |
| Share premium account               | 10 | -              | 551,560        |
| Share option account                | 10 | 349,906        | 349,906        |
| Retained earnings                   |    | (2,779,476)    | (2,345,453)    |
| <b>Total equity</b>                 |    | <b>597,651</b> | <b>522,073</b> |
| <b>Total liabilities and equity</b> |    | <b>629,038</b> | <b>553,833</b> |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

|   | <i>Share<br/>capital</i><br>£ | <i>Share<br/>premium<br/>account</i><br>£ | <i>Share<br/>option<br/>account</i><br>£ | <i>Retained<br/>earnings</i><br>£ | <i>Total<br/>equity</i><br>£ |
|---|-------------------------------|---|--|-----------------------------------|------------------------------|
| <b>As at 1 July 2014</b>                                  | 1,966,060                     | 516,778                                   | 349,906                                  | (2,123,214)                       | 709,530                      |
| <b>Comprehensive income</b>                               |                               |   |  |                                   |                              |
| Loss for the year ended 30 June 2015                      | -                             | -   | -  | (222,239)                         | (222,239)                    |
| <b>Transaction with owners</b>                            |                               |   |  |                                   |                              |
| Expired redemption of B shares not taken up               | -                             | 34,782                                    | -  | -                                 | 34,782                       |
| <b>At 30 June 2015</b>                                    | <b>1,966,060</b>              | <b>551,560</b>                            | <b>349,906</b>                           | <b>(2,345,453)</b>                | <b>522,073</b>               |
| <b>Comprehensive income</b>                               |                               |   |  |                                   |                              |
| Loss for the year ended 30 June 2016                      | -                             | -   | -  | (434,023)                         | (434,023)                    |
| <b>Transaction with owners</b>                            |                               |   |  |                                   |                              |
| Open offer at 4p per 20p ordinary share                   | 509,601                       | -   | -  | -                                 | 509,601                      |
| Conversion of 20p ordinary shares to nil par value shares | 551,560                       | (551,560)                                 | -  | -                                 | -                            |
| <b>At 30 June 2016</b>                                    | <b>3,027,221</b>              | <b>-</b>                                  | <b>349,906</b>                           | <b>(2,779,476)</b>                | <b>597,651</b>               |

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

|  | <i>Note</i> | <i>Year ended<br/>30 June 2016</i><br>£ | <i>Year ended<br/>30 June 2015</i><br>£ |
|--|-------------|---|---|
| <b>Cash flows from operating activities</b>                                      |             |   |   |
| Total comprehensive loss for the year  |             | (434,023)                               | (222,239)                               |
| Adjustment for net loss on financial assets at fair value through profit or loss |             | 260,911                                 | 95,485                                  |
| Increase in other receivables  |             | (302)                                   | (2,114)                                 |
| Decrease in trade and other payables   |             | (373)                                   | (26,071)                                |
| Proceeds from sale of investments  |             | 59,611                                  | 50,582                                  |
| Net cash outflows from operating activities                                      |             | <b>(114,176)</b>                        | <b>(104,357)</b>                        |
| <b>Cash flows from financing activities</b>                                      |             |   |   |

|   |    |                |                 |
|---|----|----------------|-----------------|
| Proceeds from issue of ordinary shares                        |    | 509,601        | -               |
| Expired redemption of B shares not taken up                   | 10 | -              | 34,782          |
| Net cash generated from financing activities                  |    | <u>509,601</u> | <u>34,782</u>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |    | <u>395,425</u> | <u>(69,575)</u> |
| Cash and cash equivalents at beginning of year                |    | <u>7,291</u>   | <u>76,866</u>   |
| <b>Cash and cash equivalents at end of year</b>               | 7  | <u>402,716</u> | <u>7,291</u>    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 1. GENERAL INFORMATION AND STATEMENTS OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Westmount Energy Limited (the "Company") operates solely as an energy investment company. The investment strategy of the Company is to provide seed capital to small companies that are identified as having significant growth possibilities.

The Company was incorporated in Jersey on 1 October 1992 under the Companies (Jersey) Law 1991, as amended, and is a public company with registered number 53623. The Company is listed on the London Stock Exchange Alternative Investment Market ("AIM").

#### ***Basis of Preparation***

The financial statements have been prepared under the historical cost convention with the exception of investments measured at fair value and are in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, including standards and interpretations issued by the International Accounting Standards Board ("IASB").

### 2. ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

#### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

#### **IFRS 9 'Financial Instruments' (2014)**

The IASB released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company's financial assets will need to be considered based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Company's trade receivables and investments in debt-type assets currently classified as available for sale and held to maturity, unless classified as at fair value through profit or loss in accordance with the new criteria; and
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Company makes an irrevocable designation to present them in other comprehensive income.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

#### **Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the management while applying the Company's accounting policies in relation to the value of options issued, as set out in note 10. These estimates are based on the management's best knowledge of the events which existed at the date of issue of the financial statements and at the Statement of Financial Position date however, the actual results may differ from these estimates.

#### **Functional and presentational currency**

The functional currency of the Company is United Kingdom Sterling ("Sterling"), the currency of the primary economic environment in which the Company operates. The presentation currency of the Company for accounting purposes is also Sterling.

#### **Transactions and balances**

Foreign currency monetary assets and liabilities are translated into Sterling at the rate of exchange ruling on the last day of the Company's financial year. Foreign currency transactions are translated at the exchange rate ruling on the date of the transaction. Gains and losses arising on the currency translation are included in administrative expenses in the Statement of Comprehensive Income in the year in which they arise.

#### **Financial assets**

The Company classifies its financial assets at fair value through profit or loss.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### **Financial assets at fair value through profit or loss**

The Company designates its financial assets as at fair value through profit or loss as the financial assets are managed and their performance is evaluated on a fair value basis. Financial assets carried at fair value through profit or loss are initially recognised at fair value and any transactions costs are recognised in the Statement of Comprehensive Income. Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the investment.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Any gains or losses on derecognition of financial assets is calculated after setting the proceeds against the fair value and, in respect of a part disposal, against the fair value at the date of sale. The surplus or loss on realisation is transferred to the Statement of Comprehensive Income.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the statement of comprehensive income in the period in which they arise.

#### **Financial liabilities**

Financial liabilities are trade and other payables and are financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company either receives services from another entity or purchases any security the settlement of which remains outstanding as

at the reporting date. Payables are recognised initially at fair value less transaction costs, if any. These are subsequently measured at amortised cost using the effective interest method. Given the short term nature of payables, (period between their origination and settlement), their amortised cost is considered a reasonable estimate of their fair value.

#### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less at inception.

#### **Equity, reserves and dividend payments**

Ordinary shares are classified as equity. Share premium includes any premiums received on issue of share capital. Transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings include all current and prior period retained profits.

#### **Revenue Recognition**

Revenue comprises interest income from short term deposits and is recognised on an accruals basis.

#### **Expenditure**

The expenses of the Company are recognised on an accruals basis in the Statement of Comprehensive Income.

#### **Share options**

Equity-settled share based payment transactions are measured at the fair value of the goods and services received unless that cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. Fair value is measured at the grant date and is estimated using valuation techniques as set out in note 10. The fair value is recognised in the Statement of Comprehensive Income, with a corresponding increase in equity via the share option account. When options are exercised, the relevant amount in the share option account is transferred to the share premium account.

### 3. **TAXATION**

The Company is subject to income tax at a rate of 0%. The Company is registered as an International Services Entity under the Goods and Services Tax (Jersey) Law 2007 and a fee of £200 has been paid, which has been included in administrative expenses.

### 4. **LOSS PER SHARE**

The calculation of basic loss per ordinary share is based on the comprehensive loss for the year of (£434,023) (2015: (£222,239)). The weighted average number of shares in issue during the year was 16,765,990 (2015: 9,830,300). As explained in note 10 there are share options in issue over the Company's ordinary shares. The options would decrease the basic loss per share and as a result there is no dilution effect on the loss per share, therefore the diluted loss per share is the same as the basic loss per share.

### 5. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|  | 2016<br>£      | 2015<br>£      |
|--|----------------|----------------|
| Sterling Energy plc ("Sterling")               | 45,750         | 52,500         |
| Argos Resources Ltd ("Argos")                  | 37,500         | 81,300         |
| Falkland Oil & Gas Ltd ("Falkland")            | -              | 394,198        |
| Rockhopper Exploration plc ("Rockhopper")      | 128,036        | -              |
| Pancontinental Oil & Gas NL ("Pancontinental") | 5,013          | 8,823          |
| Total investments                              | <u>216,299</u> | <u>536,821</u> |

On 18 January 2016 Falkland entered into an all share merger agreement with Rockhopper. After the merger, the Company received 0.2993 Rockhopper shares for each Falkland share, therefore 1,196,600 Falkland shares were converted to 358,142 Rockhopper shares. On 30 June 2016, the market value of the Company's holding of 358,142 (2015: 1,446,600) ordinary fully paid shares in Rockhopper (2015: Falkland), representing 0.08% (2015: 0.27%) of the issued share capital of the company, was £128,036 (2015: £394,198) (35.75p per share (2015: 27.25p)). 250,000 Falkland shares were disposed in the current year.

On 30 June 2016, the market value of the Company's holding of 300,000 (2015: 300,000) ordinary fully paid shares in Sterling, representing 0.14% (2015: 0.14%) of the issued share capital of the Company, was £45,750 (2015: £52,500) (15.25p per share (2015: 17.50p per share)). No (2015: 200,000) shares were disposed in the current year.

On 30 June 2016, the market value of the Company's holding of 1,000,000 (2015: 1,000,000) ordinary fully paid shares in Argos, representing 0.46% (2015: 0.46%) of the issued share capital of the company, was £37,500 (2015: £81,300) (3.75p per share (2015: 8.13p per share)). No shares were disposed in the current or prior year.

On 30 June 2016, the market value of the Company's holding of 3,000,000 (2015: 3,000,000) ordinary fully paid shares in Pancontinental, representing 0.26% (2015: 0.26%) of the issued share capital of the company, was £5,013 (2015: £8,823) (0.17p per share (2015: 0.29p per share)). No shares were disposed in the current or prior year.

**6. OTHER RECEIVABLES**

|             | 2016          | 2015         |
|-------------|---------------|--------------|
|             | £             | £            |
| Prepayments | <u>10,023</u> | <u>9,721</u> |

**7. CASH AND CASH EQUIVALENTS**

|               | 2016           | 2015         |
|---------------|----------------|--------------|
|               | £              | £            |
| Fixed deposit | 400,256        | -            |
| Cash at bank  | <u>2,460</u>   | <u>7,291</u> |
|               | <u>402,716</u> | <u>7,291</u> |

Cash is held on fixed deposit for a term of one month.

Cash and cash equivalents are considered to be highly liquid, so that book cost is considered equivalent to fair value.

**8. TRADE AND OTHER PAYABLES**

|                  | 2016          | 2015          |
|------------------|---------------|---------------|
|                  | £             | £             |
| Accrued expenses | <u>31,387</u> | <u>31,760</u> |



9. **SHARE CAPITAL**

|  | 2016<br>£ | 2015<br>£  |
|--|-----------|------------|
| <b>Authorised:</b>   |           |            |
| 200,000,000 (2015: 200,000,000) nil par ordinary shares<br>(2015: 20p each)              | -         | 40,000,000 |
| 200,000,000 (2015: 200,000,000) redeemable "B" shares of nil<br>par each (2015: 1p each) | -         | 2,000,000  |

|                                     | Ordinary<br>shares | Ordinary<br>shares |
|-------------------------------------|--------------------|--------------------|
|                                     | No.                | £                  |
| 1 July 2015                         | 9,830,300          | 1,966,060          |
| Additions                           | 12,740,035         | 509,601            |
| Conversion of share premium account | -                  | 551,560            |
| At 30 June 2016                     | <u>22,570,335</u>  | <u>3,027,221</u>   |

On 14 December 2015, the Company raised further capital in the form of a subscription in conjunction with an open offer. The Subscription raised £240,000 before expenses with 6,000,000 ordinary shares at 4 pence per share. The open offer raised £269,601 before expenses with 6,740,035 ordinary shares at 4 pence per share.

There were no redemptions of share issues during the year ended 30 June 2016.

10. **SHARE PREMIUM AND SHARE OPTIONS**

|                                    | Share<br>Premium<br>Account<br>£ | Share option<br>Account<br>£ |
|------------------------------------|----------------------------------|------------------------------|
| 1 July 2015                        | 551,560                          | 349,906                      |
| Conversion to Nil Par value shares | <u>(551,560)</u>                 | <u>-</u>                     |
| At 30 June 2016                    | <u>-</u>                         | <u>349,906</u>               |

On 22 September 2009 the Company granted 250,000 share options at a weighted average exercise price of 62p per share.

In 2011 the terms of the options were changed, to give a weighted average exercise price of 17p per share. In 2012 this was changed to 20p per share.

On 5 December 2011 the Company granted 1,500,000 share options at a weighted average exercise price of 20p per share. The fair value of those options granted, after adjusting for the changes in the exercise price, was £184,590 using the Black Scholes valuation model.

As at 30 June 2016, options were outstanding over 1,650,000 (2015: 1,650,000) ordinary nil par shares, with a weighted average exercise price of 20p (2015: 20p). The options vested in the year ended 31 December 2012 and are exercisable at the option of the option holder, expiring 31 December 2016. During the year nil (2015: nil) options were exercised and £nil (2015: £nil) of the option reserve was released to share premium.

During the year, as part of the open offer, the Company converted its nominal and issued share capital to nil par value. As a consequence of the re-designation of the shares as nil par value, the Company has transferred the amount of the share premium account to share capital.

## 11. FINANCIAL RISK

The Company's investment activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### **a) Market Risk**

#### **i) Foreign exchange risk**

The Company is not exposed to significant currency risk as it invests in companies listed on the London Stock Exchange, predominately denominated in Sterling and has cash balances denominated in Sterling. The Company does have exposure to currency risk through its investment in Pancontinental, the directors do not deem the exposure significant and have not hedged this exposure.

#### **ii) Price risk**

Price risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk on the investments held by the Company and classified by the Company on the Statement of Financial Position as fair value through profit or loss. To manage its price risk management closely monitor the activities of the underlying investments.

The Company's exposure to price risk is as follows:

|   | Fair Value |
|---|------------|
| Fair Value Through Profit or Loss, as at 30 June 2016 | 216,299    |
| Fair Value Through Profit or Loss, as at 30 June 2015 | 536,821    |

The Company's investments are all publicly traded and listed on either the Alternative Investment Market ("AIM") or on the Australian Stock Exchange. The Company's sensitivity to a 15% increase/(decrease) in market price would be £32,445/(£32,445) (2015: £80,523/(£80,523)). A positive number indicates an increase in the net assets attributable to ordinary shareholders and a negative number indicates a decrease. The 15% increase/(decrease) on the net assets attributable to ordinary shareholders would have the same impact on the post-tax profit for the year. 15% represents management's assessment of a reasonably possible change in the market prices.

#### **iii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risk as it does not have any borrowings, however, the Company does have short term (<3 months) cash deposits, which exposes the Company to effects of fluctuations in the prevailing levels of market interest rates on its cash flow.

An increase in the interest rates of 0.5% (2015: 1%) would cause the Company's net financial assets to increase by £2,014 (2015: £73). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount. 0.5% represents the management's assessment of a reasonably possible change in interest rates.

The following table summarises the Company's exposure to interest rate risks:

**Interest rate risk profile**

**As at 30 June 2016**

|                           | Up to<br>1<br>year | Over 1<br>year | Non-interest<br>bearing | Total<br>£     |
|---------------------------|--------------------|----------------|-------------------------|----------------|
| <b>Assets</b>             |                    |                |                         |                |
| Other receivables         | -                  | -              | 10,023                  | 10,023         |
| Cash and cash equivalents | 402,716            | -              | -                       | 402,716        |
|                           | <u>402,716</u>     | <u>-</u>       | <u>10,023</u>           | <u>412,739</u> |
| <b>Liabilities</b>        |                    |                |                         |                |
| Trade and other payables  | -                  | -              | 31,387                  | 31,387         |

**As at 30 June 2015**

|                           | Up to<br>1 year | Over 1<br>year | Non-interest<br>Bearing | Total<br>£    |
|---------------------------|-----------------|----------------|-------------------------|---------------|
| <b>Assets</b>             |                 |                |                         |               |
| Other receivables         | -               | -              | 9,721                   | 9,721         |
| Cash and cash equivalents | 7,291           | -              | -                       | 7,291         |
|                           | <u>7,291</u>    | <u>-</u>       | <u>9,721</u>            | <u>17,012</u> |
| <b>Liabilities</b>        |                 |                |                         |               |
| Trade and other payables  | -               | -              | 31,760                  | 31,760        |

**b) Credit Risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The carrying amounts of the financial assets best represent the maximum credit exposure at the end of the reporting period. This also relates to the financial assets carried at cost, as they have a short term to maturity.

The Directors do not believe the Company is subject to any significant credit risk exposure regarding trade receivables. At the period end date the Company was exposed to credit risk on the investments of which the shareholders are aware. The Directors regularly review the investments held by the Company.

At the end of the reporting period, the Company's financial assets exposed to credit risk amounted to the following:

|   | 2016<br>£      | 2015<br>£      |
|---|----------------|----------------|
| Financial assets at fair value through profit or loss | 216,299        | 536,821        |
| Other receivables                                     | 10,023         | 9,721          |
| Cash and cash equivalents                             | 402,716        | 7,291          |
|   | <u>629,038</u> | <u>553,833</u> |

The Company considers that all the above financial assets are not impaired or past due for each of the reporting dates under review and are of good credit quality.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's primary source of liquidity consists of cash and cash equivalents and financial assets held at fair value through profit or loss. The Company's financial assets at fair value through profit or loss are publicly traded and are deemed highly liquid.

The following table details the contractual, undiscounted cash flows of the Company's financial liabilities:

**As at 30 June 2016**

|                              | Up to 3 months | Up to<br>1 year | Over 1<br>year | Total<br>£    |
|------------------------------|----------------|-----------------|----------------|---------------|
| <b>Financial liabilities</b> |                |                 |                |               |
| Accrued expenses             | 31,387         | -               | -              | 31,387        |
|                              | <u>31,387</u>  | <u>-</u>        | <u>-</u>       | <u>31,387</u> |

**As at 30 June 2015**

|                              | Up to 3<br>Months | Up to<br>1 year | Over 1<br>year | Total<br>£    |
|------------------------------|-------------------|-----------------|----------------|---------------|
| <b>Financial liabilities</b> |                   |                 |                |               |
| Accrued expenses             | 31,760            | -               | -              | 31,760        |
|                              | <u>31,760</u>     | <u>-</u>        | <u>-</u>       | <u>31,760</u> |

**Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide optimum returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders or sell assets. The Company does not have any debt nor is the Company subject to any external capital requirements.

**Fair Value Estimation**

The Company has classified its financial assets as fair value through profit or loss and fair value is determined via one of the following categories:

Level I – An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. As required by IFRS 7, the Company will not adjust the quoted price for these investments, (even in situations where it holds a large position and a sale could reasonably impact the quoted price).

Level II – Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III – Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The investments held by the Company fall within Level 1 as they are valued by unadjusted quoted prices.

**12. DIRECTORS' REMUNERATION AND SHARE OPTIONS**

|  | 2016<br>Directors'<br>fees<br>£ | 2015<br>Directors'<br>fees<br>£ | 2016<br>Options<br>outstanding<br>£ |
|--|---------------------------------|---------------------------------|-------------------------------------|
| D R King   | 12,000                          | 14,750                          | -                                   |
| M Bradlow  | 8,000                           | 8,000                           | 550,000                             |
| G Walsh  | -                               | -                               | 500,000                             |
| T O'Gorman   | -                               | -                               | 500,000                             |
| P J Richardson (resigned 9 <sup>th</sup> January 2015) | -                               | 4,000                           | 50,000                              |
|  | <u>20,000</u>                   | <u>26,750</u>                   | <u>1,600,000</u>                    |

At the year end the Company owed £3,000 (2015: £1,000) in outstanding directors' fees.

No share options were issued during the year ended 30 June 2016 (2015: nil) and nil (2015: nil) options were exercised during the year. All outstanding options are due to expire 31 December 2016.

The Company does not employ any staff except for its Board of Directors. The Company does not contribute to the pensions or any other long-term incentive schemes on behalf of its Directors.

13. **RELATED PARTIES**

The preparation of the financial statements of the Company, and Company Secretary services are undertaken by Stonehage Fleming Corporate Services Limited. During the year fees totalling £46,792 (2015: £nil) were paid to Stonehage Fleming Corporate Services Limited of which £22,287 (2015: £nil) was outstanding at the year end.

Stonehage Fleming Corporate Services Limited was appointed as Company Secretary on 17<sup>th</sup> September 2015. The previous Company Secretary was Crestbridge Corporate Services Limited. During the year fees totalling £nil (2015: £46,471) were paid to Crestbridge Corporate Services Limited of which £nil (2015: £12,360) was outstanding at the year end.

Fees paid to the Directors are disclosed in note 12.

14. **CONTROLLING PARTY**

In the opinion of the Directors the Company does not have a controlling party.

15. **SUBSEQUENT EVENTS**

On 15 November 2016, the market value of the investments that were held at 30 June 2016 was £182,954, which represents a material decline in the value of the investments from the end of the reporting period. The decline reflects the current market conditions on investments.