



**Fastnet Equity plc**  
(formerly Fastnet Oil & Gas plc)

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Annual Report 2015

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# Strategic Report: Chairman's Statement

## Introduction

I am pleased to present the financial statements of Fastnet Equity plc (the "Company" or "Fastnet") covering the year ended 31 March 2015.

## Fundamental Change of Business and Adoption of Investing Policy

The Board undertook a detailed asset review of its oil and gas exploration portfolio in Q4 2014 in light of the rapidly changing economic conditions in the oil and gas sector. This continued into 2015 with the Company conducting detailed due diligence on a broad range of merger and acquisition ("M&A") opportunities in the oil and gas sector. The purpose of these actions were to ensure that Fastnet's corporate strategy to create shareholder value by growing the Company's business and monetise its assets remained on track.

However, the underlying economic conditions in the oil and gas sector over the past 24 months has created an environment in which it was not possible for Fastnet to find partners to carry, with acceptable terms and conditions, some or all of the Company's exploration costs on its oil and gas exploration assets. During the review period, the Board also received certain unsolicited approaches with respect to opportunities outside the oil and gas sector. These included opportunities in the healthcare sector, which were not pursued at the time.

In light of the current economic climate within the oil and gas sector the Board determined that it was not in the best interests of shareholders to either pursue M&A opportunities within the oil and gas sector or to expend further resources on the Company's existing oil and gas assets. Consequently on

11 August 2015, Fastnet announced its intention to undertake a fundamental change in its business. At a General Meeting of the Company held on 28 August 2015, Fastnet shareholders voted to adopt an investing policy focussed on acquiring companies or businesses in the healthcare sector particularly those in the biopharma sector. On the same date the company name was changed from Fastnet Oil & Gas plc to Fastnet Equity plc.

## Corporate and Financial

Strong financial stewardship and capital maintenance is a key consideration for the Company. Since December 2014, the Company has undergone a comprehensive review of general and administrative costs, which have been reduced in the period from December 2014 to March 2015 by more than 40% to US\$1.9 million per year on an annualised basis. These costs have been reduced further in recent weeks and following the approval of the investing policy the Company intends to make further reductions to such costs to reduce them to below US\$0.6 million per annum on an annualised basis.

As at the 31 March 2015 the Company had US\$16.7 million cash reserves and going forward the Company will continue to keep costs down while it seeks to identify a suitable use of the Company's available cash reserves to drive shareholder value creation.

During the current financial year Paul Griffiths and Will Holland left the Board and subsequent to the year-end Carol Law resigned from the Board following the change of focus of the Company from the oil and gas sector to the healthcare sector. It is expected that further changes will be made to the Board with the appointment of parties

with the appropriate knowledge and expertise base to make investments in the healthcare sector.

## Outlook

The Board believes that the healthcare industry, particularly the biopharma sector, is experiencing strong momentum and there exist significant M&A and value creation opportunities for both small cap and large cap companies. Furthermore the Board believes that it has access to an international pipeline of such opportunities that could lead to value creation for shareholders. The sector is experiencing high activity levels in the UK and also in Ireland, a country where the Company has an existing operating base, with the required management, commercial, fiscal, operational and technical expertise all located in the Irish market.

**Cathal Friel**  
Non-Executive Chairman

3 September 2015

## Strategic Report: Investing Policy

On 11 August 2015 Fastnet announced its intention to undertake a fundamental change in its business. At a general meeting of the Company held on 28 August 2015, Fastnet shareholders voted to adopt the Investing Policy set out below and to change the company name from Fastnet Oil & Gas plc to Fastnet Equity plc.

### Investing Policy

The Company's investing policy is to acquire companies or businesses in the healthcare sector, particularly those in the biopharma sector. The businesses will typically have attributed to them some or all of the following characteristics:

- Strong management team with attractive track records;
- An established entity with existing intellectual property;
- Markets and products / services with significant commercial opportunities; and
- Revenue generating or near to medium term revenue generation capabilities.

The Company will initially focus on opportunities located in Europe but will also consider businesses in other geographical regions. The Directors believe that they have a broad collective range of sources of potential opportunities but also intend to appoint one or more additional directors with the relevant industry experience. The Directors will identify and assess potential investment targets and, where they believe further investigation is required, intend to appoint appropriately qualified external professionals to assist. The initial objective of the Directors is to create

incremental capital appreciation and any revenue generated by the Company will be applied to further the Investing Policy or will be used in the day to day management of the Company. Dividends may be declared at some future date depending on the financial position of the Company and the availability of distributable accounting profits.

The Directors intend that the Company takes an equity interest in a proposed investment which is likely to be a majority position up to 100% ownership. The Company's financial resources are likely to be invested in potentially one or more investments in a single transaction which will be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules and ESM Rules, in which case the approval of the shareholders will be required. Proposed investments may be made in quoted or unquoted securities in companies or partnerships at any stage of development.

The Company will be required to make an acquisition or acquisitions which will constitute a reverse takeover under the AIM Rules or otherwise implement its Investing Policy within 12 months of the general meeting which was held on 28 August 2015, failing which, the Company's ordinary shares would then be suspended from trading on AIM and ESM. If the Investing Policy has not been implemented within 18 months of the general meeting, the admission to trading on AIM and ESM of the ordinary shares would be cancelled and the Directors will convene a general meeting of the shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to shareholders.

## Strategic Report: Risks and Uncertainties

### Risks and Uncertainties

In the current reporting period the Group was subject to various business risks derived from oil and gas exploration which is inherently costly and risky. The success of the Group in that industry was dependent on its ability to engage in appropriate exploration projects and to attract sufficient funding and/or farm-outs to successfully develop the projects. Following the approval of the Investing Policy the Company is subject to additional risk factors relating to the business and operations of the Company.

These risk factors include:

- Implementation risk – the success of the Investing Policy is dependent on the ability of the Company to identify and acquire suitable acquisitions. These opportunities may not always be readily available additionally cash resources may be expended on examining acquisition opportunities that are not completed.

- Financial risk – the identification of suitable acquisitions may lead to the need for the Company to raise additional finance to facilitate the acquisition and subsequent development of the acquisition. There is no guarantee that the Company will be able to raise additional capital.
- Technical and due diligence risk – during the screening of potential investments the Company will be required to undertake technical, legal, financial and commercial due diligence. Any due diligence process may involve subjective analysis and there can be no assurance that all material circumstances will be identified.

To mitigate these risks the Company has identified four key characteristics of acquisition targets, set out above, as part of its Investing Policy. The Company is also initially focussing on targets based in Europe where there are stable jurisdictions with established healthcare legislation and government regulation. It is expected that further changes will be made to the Board of Directors in the coming months, with the appointment of parties with the appropriate knowledge and expertise base to make investments in the healthcare sector.

## Strategic Report: Operations Review

### Operational – Celtic Sea

Licence Name	Region	Area	Interest	Partner	Operator	Expiry
Mizzen Basin	Celtic Sea	787km <sup>2</sup>	100%	N/a	Fastnet	31 May 2015
Mizzen East	Celtic Sea	1,155km <sup>2</sup>	100%	N/a	Fastnet	31 April 2016
Deep Kinsale	Celtic Sea	285km <sup>2</sup>	60% <sup>A</sup>	Petronas	Fastnet	31 December 2015
Shanagarry	Celtic Sea	881km <sup>2</sup>	82.35%	Adriatic Oil, Carob, Petro Celtex	Fastnet	30 November 2015
Molly Malone	Celtic Sea	647km <sup>2</sup>	100%	N/a	Fastnet	31 May 2015
Block 49/13	Celtic Sea	272km <sup>2</sup>	85%	Carob, Petro Celtex	Fastnet	14 November 2015
Ventry	Celtic Sea	996km <sup>2</sup>	100%	N/a	Fastnet	31 August 2016
<b>Total Area</b>		<b>5,023km<sup>2</sup></b>				

<sup>A</sup> Fastnet has an exclusive option to farm-in, exercisable before 31 December 2015, by commencing a well on or before 31 December 2016 to test the Purbecko-Wealden reservoirs. Upon completion and, if warranted, testing of the well, Fastnet will earn a 60% working interest in the Deep Kinsale Prospect by funding 100% of all drilling and testing costs.

In April 2014, Fastnet hosted a one-day workshop on the Celtic Sea highlighting the hydrocarbon potential and the favourable business, infrastructure and regulatory environment for the oil and gas industry in Ireland. The workshop was very well attended by over twenty of the world's largest oil and gas companies who heard presentations on, amongst other things, the licensing and fiscal regime in the Celtic Sea, exploration and production-history, planned exploration and appraisal opportunities, regional infrastructure and shore based facilities. The workshop generated significant interest at the time and Fastnet began a two-stage farm-out process that was planned to conclude over the course of 2014.

In August 2014 the Company secured improved commercial terms on Deep Kinsale designed to enhance the prospects of securing a partner on the project. In addition, the Company continued with focussed technical work (US\$902,000 of expenditure during the year) to enhance the opportunity of concluding a farm-out of the Celtic Sea assets.

However, as the year progressed it became clear that the overall worldwide decline in oil prices, which commenced in Q3 2014, has had a materially adverse impact on economic conditions within the oil and gas sector. In particular, it has resulted in a strategic shift in the forward planning of many large oil and gas

companies which, the Company believes, has resulted in the delay of decisions and/or changes in strategy regarding farm-in opportunities for exploration assets. As a consequence of the decline in oil prices and despite implementing an extensive marketing process, the Company was unable to successfully conclude a farm-out of its Celtic Sea Assets.

On 31 May 2015, Fastnet's licensing options in the Celtic Sea relating to the Molly Malone and Mizzen licences expired. Fastnet applied, as part of an open tender process, for licensing options over portions of the original licensing option areas but the award of these licence options remains subject to grant by Minister of State at the Department of Communications, Energy and Natural Resources and it is at the Company's sole discretion to accept the award of these options within 28 days of the award notification. Fastnet will seek to secure a possible disposal or similar transaction for the Group's remaining Celtic Sea assets, however no further substantial expenditure will be incurred on the assets in the meantime.

## Strategic Report: Operations Review continued

### Operational – Morocco

Licence Name	Region	Area	Gross Interest	Net Interest	Partner	Operator	Expiry
Foum Assaka	Offshore Morocco	6,478km <sup>2</sup>	12.5%	9.375%	Kosmos, BP, SK, ONHYM	Kosmos	Current phase 30 June 2016
<b>Total Area</b>		<b>6,478km<sup>2</sup></b>					

<sup>A</sup> Fastnet's option agreement with OGIF expired on 31 December 2014.

#### Morocco Offshore

Fastnet concluded the farm-out of half of our interest in Foum Assaka to Korean-listed SK Innovation in April 2014. As part of the agreement with SK Innovation the Company received a two-well carry comprising of a carry in the first exploration well (FA-1) and first appraisal well or, at SK Innovation's sole discretion, a carry in a second exploration well. The carry for each well is capped at US\$100 million gross. In addition, SK Innovation reimbursed back costs to Fastnet of US\$20.4 million which the Company received during April 2014. As a result the total cost to Fastnet from acquisition of the Foum Assaka Licence to completion of the FA-1 exploration well, in April 2014, was restricted to US\$2.75 million. The FA-1 exploration well drilled was not a commercial success and, accordingly, a subsequent appraisal well was not warranted. Therefore the future carry for Fastnet on the Foum Assaka licence is subject to SK Innovation's election to participate in a second exploration well, which the Board considers is unlikely.

Subsequent to year end, following the approval of the Investing Policy, the Company intends to notify the participants in the Foum Assaka partnership of its decision to withdraw from the partnership and surrender its 12.5% paying interest.

#### Morocco Onshore, Tendirara Lakbir option agreement

In July 2014 Fastnet secured improved commercial terms from those previously announced during May 2013. The Tendirara Lakbir option agreement was extended to 31 December 2014 and Fastnet's net equity interest increased from 37.5% to 50%. In addition the drilling commitment was reduced from carrying OGIF for three wells to carrying them for two wells, the second of which was to be at Fastnet's election. The deadline to drill the first well was also extended to 21 April 2015. These revised terms significantly reduced Fastnet's financial exposure and provided improved project economics. Despite the improved terms and an extensive marketing process that began in the middle of 2014, the Company was unable to successfully conclude a farm-out of the Tendirara Lakbir licence onshore Morocco, prior to the expiry of the option on 31 December 2014.

#### Impairment of Exploration and Evaluation Assets

In the current reporting year an impairment charge of US\$36.6 million has been made in relation to the Company's exploration and evaluation assets. The Company believes that sufficient information was available at the reporting date (low oil prices, inability to farm out assets, significantly depressed share price below cash value, expiring or expired licensing options, disappointing exploration results in the Company's areas of interest) which suggested that the recovery of expenditure on the Moroccan and Celtic Sea areas of interest was unlikely, therefore the amounts which were capitalised in respect of these assets were written off to the statement of comprehensive income.

**The Strategic Report on pages 2 to 6 was approved by the board on 3 September 2015 and signed on its behalf by:**

Cathal Friel  
Director

## Board of Directors

### **Cathal Friel, *Non-executive Chairman***

Cathal is managing director and one of the founders of Raglan Road Capital Limited (which trades as Raglan Capital), a Dublin and London based corporate finance and merchant banking group. Cathal has over 25 years of managerial, entrepreneurial and corporate finance experience, as well as successfully advising major UK and Irish companies on domestic and international transactions.

He was previously one of the founding directors of Dublin based Merrion Corporate Finance, where he helped build Merrion to becoming one of Irelands top three corporate finance and stockbroking firms in less than 6 years, before successfully selling it for approximately €100 million in 2006.

### **Michael Nolan, *Non-Executive Director***

A founding director of Terra Energy Limited in 2008, Michael Nolan is a Chartered Accountant having worked in practice with Deloitte in Dublin. He is currently CFO and a director of Discover Exploration Limited an international oil and gas exploration company with operations in East Africa and New Zealand. From 2009 to 2012 he was a director and a member of the management team of Cove Energy plc which was sold to PTTEP of Thailand in August 2012. He acts as a non-executive director of Vancouver based, Rathdowney Resources Limited, a natural resource company operating in Europe and supported by the Hunter Dickinson group and listed on TSX-V. He is also a Director of AIM quoted companies, Tiger Resource Finance plc and Orogen Gold plc. He acted as chief executive officer of AIM listed, mining company, Minmet Plc from 1999 to 2007. He also serves on the Board of several resource exploration and investment companies.

### **Michael Edelson, *Non-Executive Director***

Michael has been a non-executive director of Fastnet Equity plc since he founded the Company (then called Hamilton Partners plc). Since 1990 he has founded and been on the board of many listed companies, largely on AIM, including ASOS (formerly Brindle plc), Magic Moments plc, Knutsford Group plc, Mercury Recycling Group plc, Prestbury Group plc and Singer & Friedlander AIM 3 VCT plc.

He has been a member of the board of Manchester United Football Club Limited since 1982.

### **Audit Committee Remuneration Committee**

### **Audit Committee Remuneration Committee**



# Group Directors' Report

For the year ended 31 March 2015

The Directors of Fastnet Equity plc (formerly Fastnet Oil & Gas plc) (the "Company") present their report and the Financial Statements of the Company and its subsidiary undertakings (together the "Group" or "Fastnet") for the year ended 31 March 2015.

## Name Change

On the 28 August 2015 at a general meeting of the Company, Fastnet shareholders voted to adopt the Investing Policy set out in the Strategic Report and to change the name of the Company from Fastnet Oil & Gas plc to Fastnet Equity plc.

## Results and Dividends

The results for the year are set out on pages 15 to 38 and are additionally discussed in the Strategic Report. The Directors do not recommend payment of a final dividend.

## Corporate Governance

The Directors recognise the importance of sound corporate governance. The Company complies with the main provisions of the UK Corporate Governance Code insofar as they are appropriate given the Company's size and stage of development.

The Company is managed by a board of directors and they have the necessary skills and experience to effectively operate and control the business. There are three directors as at the date of this report being; Cathal Friel, Michael Nolan and Michael Edelson. Michael Nolan and Michael Edelson comprise both the audit and remuneration committees.

The Company does not have a nomination committee, as the Board does not consider it appropriate to establish one at this stage of the Company's development. The Board takes decisions regarding the appointment of new directors as a whole and this is only done following a thorough assessment of a potential candidate's skills and suitability for the role.

The Board meets on average once every month and the directors make every effort to attend all board meetings. The Board is responsible for taking all major strategic decisions and also addressing any significant operational matters. In addition the Board reviews the risk profile of the Company and ensures that an adequate system of internal control is in place. Management information systems are in place to enable the directors to make informed decisions to properly discharge their duties.

As the business develops, the composition of the Board will remain under review to ensure that it remains appropriate to the managerial requirements of the company. One third of the directors retire annually in rotation in accordance with the Company's articles of association. This enables the shareholders to decide on the election of the Company's Board. All new Directors appointed since the previous Annual General Meeting are required to seek election at the next Annual General Meeting. The Directors required to seek re-election at the next Annual General Meeting is Michael Nolan.

The Directors who served on the Board during the year and to the date of this report are as follows:

Cathal Friel  
Paul Griffiths (resigned on 9 December 2014)  
Carol Law (resigned on 28 August 2015)  
Will Holland (appointed 9 May 2014 and resigned on 27 January 2015)  
Michael Edelson  
Michael Nolan

## Board Committees

The Company has an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. The composition of these committees may change over time as the composition of the Board changes.

### Audit Committee

The Audit Committee comprises Michael Edelson and Michael Nolan, with Michael Edelson as chairman.

The Audit Committee is responsible for:

- the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit,
- the review of reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group,
- compliance with legal and regulatory requirements.

### Remuneration Committee

The Remuneration Committee comprises Michael Edelson and Michael Nolan, with Michael Edelson as chairman.

The Remuneration Committee is responsible for the scale and structure of executive director and senior employee remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements.

The remuneration and terms and conditions of the non-executive Directors of the Company will be set by the executive members, or the Chairman if no executive members have been appointed, of the Board. No Director or manager is involved in any decision as to their own remuneration.

### Directors' Remuneration – Current Year

The remuneration of Directors for the year ended 31 March was as follows:

	Base fees US\$'000	Bonuses US\$'000	2015 Total US\$'000	2014 Total US\$'000
Cathal Friel	133	–	133	49
Paul Griffiths <sup>A</sup>	182	–	182	140
Carol Law <sup>B</sup>	170	250 <sup>C</sup>	420	120
Will Holland <sup>D</sup>	192	–	192	–
Michael Edelson	16	–	16	16
Michael Nolan	16	–	16	16
<b>2015 TOTAL</b>	709	250	959 <sup>E</sup>	–
<b>2014 TOTAL</b>	341	–	–	341 <sup>E</sup>

<sup>A</sup> Paul Griffiths resigned on 9 December 2014

<sup>B</sup> Carol Law resigned on 28 August 2015

<sup>C</sup> Bonus paid on the completion of the Fom Assaka farm-out to SK Innovation

<sup>D</sup> Will Holland resigned on 27 January 2015

<sup>E</sup> The Directors, or companies controlled by the Directors, also received payments in respect of consultancy and other services performed outside of their Directors contract. These are disclosed as consulting fees, office facilities and administration and other fees in Note 18 Related party transactions.

## Group Directors' Report continued

For the year ended 31 March 2015

### Internal Controls

The Directors are responsible for the Group's system of internal controls, the setting of appropriate policies on these controls, and regular assurance that the system is functioning effectively and that it is effective in managing business risk. Principal risk and uncertainties are discussed in the Strategic Report and Financial risk management objectives and policies are detailed in note 19 of the Notes to the Financial Statements.

The Audit Committee monitors the Group's internal control procedures, reviews the internal control process and risk management procedures and reports its conclusions and recommendations to the Board.

### Insurance

The Group has in place insurance protection, including a Directors and Officers liability policy, for risk of loss where management deems appropriate and cost effective; however in some cases risks cannot be effectively covered by insurance and the cover in place may not be sufficient to cover the extent of potential liabilities.

### Communications with Shareholders

Good and effective communication with shareholders has been given a high priority by the Board. We regard good communication with investors (both institutional and retail) and analysts as an essential part of the on-going operations of the Company. Fastnet is committed to providing up to date corporate information to existing and potential shareholders. The Group maintains a website ([www.fastneteconomy.com](http://www.fastneteconomy.com)) which contains an investor relations section whereby existing and potential investors can access Company information and reports, contact the Company and register to receive Company news alerts.

During the year, the senior management team conducted an extensive programme of face-to face communication. This included both one-on-one and group meetings with institutional investors in the UK, Ireland and across Europe and North America, as well as attendance at investor and industry conferences.

### Share Capital Structure

The Company has a single class of share capital, Ordinary Shares of 3.8 pence each. The Company's Ordinary Shares are listed on the Alternative Investment Market ("AIM") market of the London Stock Exchange (ticker: FAST.L) and the Enterprise Securities Market of the Irish Stock Exchange (ticker: FOI). At 31 March 2015, 345,369,071 Ordinary Shares were in issue. Details of share issues and changes to the capital structure during the year are set out in note 14.

### Substantial Shareholdings

Rank	Investor	No of shares at 11 August 2015	% of issued capital
1	Cathal Friel <sup>A</sup>	39,751,525	11.5
2	Dolmen Stockbrokers	28,040,409	8.1
3	Hargreaves Lansdown Stockbrokers	27,004,966	7.8
4	Barclayshare Stockbrokers	19,926,220	5.8
5	TD Waterhouse Stockbrokers	17,038,761	4.9
6	HSDL Stockbrokers	13,520,130	3.9
7	Davy Stockbrokers	12,006,491	3.5

<sup>A</sup> 36,418,331 of these shares are held by Raglan Road Capital Limited, a company in which Cathal Friel and his wife, Pamela Iyer, have a 90% interest.

## Directors and their Interests

### Interest in Shares

The Directors of the Company held the following interest in the Ordinary Shares of Fastnet Equity plc:

Director	3 September 2015	31 March 2015	31 March 2014
Cathal Friel <sup>A</sup>	39,751,525	18,888,051	18,888,051
Michael Nolan	3,361,395	3,361,395	3,361,395
Michael Edelson	922,384	922,384	922,384

<sup>A</sup> 36,418,331 (15,554,857 at 31 March 2015 and 31 March 2014) of these Ordinary Shares are held by Raglan Road Capital Limited, a company in which Cathal Friel and his wife, Pamela Iyer, have a 90% interest.

### Share Options

The Directors of the Company held the following share options/warrants of Fastnet Equity plc:

Director	Options held at 31 March 2014 & 2015	Weighted average exercise price	Expiry Date
Michael Nolan	1,777,697	5.2p	14/05/15
Michael Edelson	131,578	3.8p	30/10/16

### Going Concern

After making appropriate enquires, the Directors consider that the Company and the Group has adequate resources to continue in business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. As part of their enquires the Directors reviewed budgets, projected cash flows, and other relevant information for 12 months from the date of approval of the 2015 Annual Report and Financial Statements.

The Company is focused over the coming months on executing the Investing Policy. Running costs are continually reviewed with significant reductions made in the months prior to and after the year end. The Group is fully funded to meet all its commitments and obligations together with any potential liabilities that arise out of its decision to exit the oil and gas sector.

The Group's forecasts and projections reflect the Directors' plans for the coming year and include operating expenditures and capital expenditure on exploration that are committed to under the Group's licence authorisations. These costs are expected to be in the region of US\$535,000. The Group performs sensitivity analysis on its projected cashflows and when performing sensitivities has taken into account reasonable changes in market conditions, potential upside from the receipt of funds on asset disposals and removed cash outflows from sources which are not yet contractually binding.

The Group's forecasts, taking into account reasonably possible changes as described above, show that the Group will be able to operate and have significant financial headroom for the 12 months from the date of approval of the 2015 Annual Report and Financial Statements.

### Events after the Reporting Period

Events after the reporting period are set out in note 21 to the Financial Statements. Likely future developments in the business are discussed in the Strategic Report.

## Group Directors' Report continued

For the year ended 31 March 2015

### Auditors

The Board are recommending BDO LLP for re-appointment as auditor of the Company. BDO LLP have expressed their willingness to accept this appointment and a resolution re-appointing them will be submitted to the forthcoming Annual General Meeting.

### Disclosure of Information to the Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

### Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the Financial Statements contained therein.

This report was approved by the board on 3 September 2015 and signed on its behalf by:

Cathal Friel  
Director

# Independent Auditor's Report

For the year ended 31 March 2015

## Independent Auditor's Report to the members of Fastnet Equity plc

We have audited the financial statements of Fastnet Equity plc for the year ended 31 March 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of financial position, the company statement of cash flows, the company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditor's Report continued

For the year ended 31 March 2015

### Independent Auditor's Report to the members of Fastnet Equity plc

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Anne Sayers

*(senior statutory auditor)*

*For and on behalf of BDO LLP, statutory auditor*

London

United Kingdom

3 September 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Notes	For the year ended 31 March 2015 US\$'000	For the year ended 31 March 2014 US\$'000
<b>Continuing operations</b>			
Revenue		–	–
Operational costs		–	–
<b>Gross loss</b>		–	–
General and administrative costs		(3,196)	(2,469)
Impairment of exploration and evaluation assets	9	(36,593)	–
Other operating expenses		(12)	–
Share based payments	16	(129)	(464)
<b>Operating loss</b>		<b>(39,930)</b>	<b>(2,933)</b>
Finance income	6	185	201
Net foreign exchange gain		4	175
Loss on ordinary activities before taxation		(39,741)	(2,557)
Tax on loss on ordinary activities	7	–	–
<b>Loss and total comprehensive loss for the year attributable to the equity holders of the parent</b>	4	<b>(39,741)</b>	<b>(2,557)</b>
<b>Loss per share</b>			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (cent)	8	(11.51)	(0.87)



# Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	8	14
Exploration and evaluation assets	9	–	51,644
<b>Total non-current assets</b>		<b>8</b>	<b>51,658</b>
<b>Current assets</b>			
Trade and other receivables	12	173	76
Cash and cash equivalents	13	16,790	17,428
<b>Total current assets</b>		<b>16,963</b>	<b>17,504</b>
<b>Total assets</b>		<b>16,971</b>	<b>69,162</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	14	20,261	20,261
Share premium		38,918	38,918
Other reserves		2,080	1,815
Retained deficit		(44,792)	(5,051)
<b>Total equity</b>		<b>16,467</b>	<b>55,943</b>
<b>Non-current liabilities</b>			
Liability for share based payments	16	–	79
<b>Total non-current liabilities</b>		<b>–</b>	<b>79</b>
<b>Current liabilities</b>			
Trade and other payables	17	504	13,140
<b>Total current liabilities</b>		<b>504</b>	<b>13,140</b>
<b>Total liabilities</b>		<b>504</b>	<b>13,219</b>
<b>Total equity and liabilities</b>		<b>16,971</b>	<b>69,162</b>

The Financial Statements set out on pages 15 to 38 were approved and authorised for issue by the Directors on 3 September 2015.

They are signed on the Board's behalf by:

Cathal Friel  
Director

Company Number  
5316808

# Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Cash flows from operating activities</b>			
<b>Group operating loss for the year</b>		<b>(39,930)</b>	<b>(2,933)</b>
Depreciation	10	6	6
Share based payment expense	16	129	464
Impairment of exploration and evaluation assets		36,593	–
Movement in working capital:			
(Increase)/decrease in trade and other receivables		(97)	36
(Decrease)/increase in trade and other payables		(496)	359
<b>Net cash flow (used in)/from operating activities</b>		<b>(3,795)</b>	<b>(2,068)</b>
<b>Cash flow from investing activities</b>			
Payments for property, plant and equipment	10	–	(7)
Expenditure on exploration and evaluation assets		(17,442)	(27,382)
Farm-in proceeds		20,410	–
Bank interest received	6	185	201
<b>Net cash flow from/(used in) investing activities</b>		<b>3,153</b>	<b>(27,188)</b>
<b>Cash flow from financing activities</b>			
Net proceeds from issue of equity instruments		–	14,971
<b>Net cash flow from financing activities</b>		<b>–</b>	<b>14,971</b>
<b>Exchange and other movements</b>		<b>4</b>	<b>175</b>
<b>Net change in cash and cash equivalents</b>		<b>(638)</b>	<b>(14,110)</b>
Cash and cash equivalents at beginning of year	13	17,428	31,538
<b>Cash and cash equivalents at end of year</b>	<b>13</b>	<b>16,790</b>	<b>17,428</b>

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Notes	Share capital US\$'000	Share premium US\$'000	Share based payment reserve US\$'000	Merger reserve US\$'000	Reverse asset acquisition reserve US\$'000	Capital reserve US\$'000	Retained deficit US\$'000	Total US\$'000
Balance at 1 April 2013		15,832	28,595	695	11,478	(11,256)	9	(2,494)	<b>42,859</b>
Loss and total comprehensive loss for the year		–	–	–	–	–	–	(2,557)	<b>(2,557)</b>
Share based payments		–	–	889	–	–	–	–	<b>889</b>
Issue of share capital	14	4,429	10,323	–	–	–	–	–	<b>14,752</b>
<b>Balance at 31 March 2014</b>		<b>20,261</b>	<b>38,918</b>	<b>1,584</b>	<b>11,478</b>	<b>(11,256)</b>	<b>9</b>	<b>(5,051)</b>	<b>55,943</b>
Balance at 1 April 2014		20,261	38,918	1,584	11,478	(11,256)	9	(5,051)	<b>55,943</b>
Loss and total comprehensive loss for the year		–	–	–	–	–	–	(39,741)	<b>(39,741)</b>
Share based payments		–	–	265	–	–	–	–	<b>265</b>
<b>Balance at 31 March 2015</b>		<b>20,261</b>	<b>38,918</b>	<b>1,849</b>	<b>11,478</b>	<b>(11,256)</b>	<b>9</b>	<b>(44,792)</b>	<b>16,467</b>

Share capital represents the cumulative par value arising upon issue of ordinary shares of £0.038 each.

Share premium represents the consideration that has been received in excess of the nominal value on issue of share capital.

Share based payment reserve and capital reserve relate to the charge for share based payments in accordance with International Financial Reporting Standard 2.

Merger reserve was created on the acquisitions of Fastnet Oil and Gas (Ireland) Limited and Pathfinder Hydrocarbon Ventures Limited. Consideration on the acquisition of these subsidiaries included the issuance of shares. Under section 612 of the Companies Act 2006, the premium on these shares has been included in a merger reserve.

Reverse asset acquisition reserve arose during the year ended 31 March 2013 in respect of the acquisition by Fastnet Equity plc of Fastnet Oil and Gas (Ireland) Limited. Since the shareholders of Fastnet Oil and Gas (Ireland) Limited became the majority shareholders of the enlarged group the acquisition is accounted for as though there is a continuation of Fastnet Oil and Gas (Ireland) Limited's Financial Statements. The reverse asset acquisition reserve is created to maintain the equity structure of Fastnet Equity plc in compliance with UK company law.

Retained deficit represents losses accumulated in previous periods and the current year.

# Company Statement of Financial Position

As at 31 March 2015

	Notes	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	11	–	50,663
<b>Total non-current assets</b>		–	50,663
<b>Current assets</b>			
Trade and other receivables	12	165	46
Cash and cash equivalents	13	16,698	17,085
<b>Total current assets</b>		16,863	17,131
<b>Total assets</b>		16,863	67,794
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the company</b>			
Share capital	14	20,261	20,261
Share premium		38,918	38,918
Other reserves		13,336	13,071
Retained deficit		(55,879)	(5,170)
<b>Total equity</b>		16,636	67,080
<b>Non-current liabilities</b>			
Liability for share based payments	16	–	79
<b>Total non-current liabilities</b>		–	79
<b>Current liabilities</b>			
Trade and other payables	17	227	635
<b>Total current liabilities</b>		227	635
<b>Total liabilities</b>		227	714
<b>Total equity and liabilities</b>		16,863	67,794

The Financial Statements set out on pages 15 to 38 were approved and authorised for issue by the Directors on 3 September 2015.

They are signed on the Board's behalf by:

Cathal Friel  
Director

Company Number  
5316808

## Company Statement of Cash Flows

For the year ended 31 March 2015

	Notes	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Cash flows from operating activities</b>			
Operating loss for the year		(50,903)	(2,250)
Share based payment expense	16	129	464
Impairment of investments in subsidiaries	11	47,677	–
Movements in working capital:			
(Increase)/decrease in trade and other receivables	12	(119)	46
(Decrease)/increase in trade and other payables	17	(408)	282
<b>Net cash flow used in operating activities</b>		<b>(3,624)</b>	<b>(1,458)</b>
<b>Cash flow from investing activities</b>			
Bank interest received	6	185	199
Funds received from/(advanced to) subsidiary companies		3,043	(27,785)
<b>Net cash flow from/(used in) investing activities</b>		<b>3,228</b>	<b>(27,586)</b>
<b>Cash flow from financing activities</b>			
Net proceeds from issue of equity instruments		–	14,971
<b>Net cash flow from financing activities</b>		<b>–</b>	<b>14,971</b>
Foreign exchange and other movements		9	173
<b>Net change in cash and cash equivalents</b>		<b>(387)</b>	<b>(13,900)</b>
Cash and cash equivalents at beginning of year	13	17,085	30,985
<b>Cash and cash equivalents at end of year</b>	13	<b>16,698</b>	<b>17,085</b>

## Company Statement of Changes in Equity

For the year ended 31 March 2015

	Notes	Share capital US\$'000	Share premium US\$'000	Share based payment reserve US\$'000	Merger reserve US\$'000	Capital reserve US\$'000	Retained deficit US\$'000	Total US\$'000
Balance at 1 April 2013		15,832	28,595	695	11,478	9	(3,293)	<b>53,316</b>
Loss and total comprehensive loss for the year		–	–	–	–	–	(1,877)	<b>(1,877)</b>
Share based payments		–	–	889	–	–	–	<b>889</b>
Issue of share capital	14	4,429	10,323	–	–	–	–	<b>14,752</b>
<b>Balance at 31 March 2014</b>		<b>20,261</b>	<b>38,918</b>	<b>1,584</b>	<b>11,478</b>	<b>9</b>	<b>(5,170)</b>	<b>67,080</b>
Balance at 1 April 2014		20,261	38,918	1,584	11,478	9	(5,170)	<b>67,080</b>
Loss and total comprehensive loss for the year		–	–	–	–	–	(50,709)	<b>(50,709)</b>
Share based payments		–	–	265	–	–	–	<b>265</b>
<b>Balance at 31 March 2015</b>		<b>20,261</b>	<b>38,918</b>	<b>1,849</b>	<b>11,478</b>	<b>9</b>	<b>(55,879)</b>	<b>16,636</b>

Merger reserve was created on the acquisitions of Fastnet Oil and Gas (Ireland) Limited and Pathfinder Hydrocarbon Ventures Limited. Consideration on the acquisition of these subsidiaries included the issuance of shares. Under section 612 of the Companies Act 2006, the premium on these shares has been included in a merger reserve.

# Notes to the Financial Statements

## 1 General information

Fastnet Equity plc (formerly Fastnet Oil & Gas plc) ("Fastnet" or the "Company") is a company incorporated in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company Information page at the end of this report. The Company's offices are in Dublin and London. The Company is listed on the AIM market of the London Stock Exchange (ticker: FAST.L) and the Enterprise Securities Market of the Irish Stock Exchange (ticker: FOI). The principal activity of the Company during the year was oil and gas exploration. At a general meeting of the Company on 28 August 2015, a fundamental change of business and Investing Policy was approved by the shareholders of the Company. The investing policy is to acquire companies or businesses in the healthcare sector particularly those in the biopharma sector.

## 2 Accounting policies

### Basis of preparation

The consolidated Financial Statements consolidate those of the Company and its subsidiaries (together the "Group"). The consolidated Financial Statements of the Group and the individual Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The IFRS adopted by the EU as applied by the Company and the Group in the preparation of these Financial Statements are those that were effective from 1 April 2014.

### Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries for the year ended 31 March 2015, this being the reporting date of all entities within the Group. Subsidiaries are entities controlled by the Group. Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over an investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intergroup balances and any unrealised gains or losses or income or expenses arising from intergroup transactions are eliminated in preparing the consolidated Financial Statements.

### Presentation of Balances

The Financial Statements are presented in US Dollars ("US\$") which is the functional and presentational currency of the Company and the functional currency of all the Group's subsidiary companies. Balances in the Financial Statements are rounded to the nearest thousand (US\$'000) except where otherwise indicated.

The following table discloses the major exchange rates of those currencies utilised by the Group:

Foreign currency units to 1 US Dollar	EUR	GBP
Average year to 31 March 2015	0.6216	0.7945
At 31 March 2015	0.6740	0.9215
Average year to 31 March 2014	0.6295	0.7472
At 31 March 2014	0.6009	0.7271

(EUR = Euro; GBP = Pounds Sterling)

### 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 of 1 April 2014 have been reviewed by the Group and there has been no material impact on the financial statements as a result of these standards and amendments. The new standards include:

- IFRS 10: Consolidated Financial Statements.
- IFRS 11: Joint Arrangements.
- IFRS 12: Disclosure of Interests in Other Entities.
- IFRS 13: Fair Value Measurement.

### Standards issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 March 2015 but were either not effective at 31 March 2015 for these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures.

The new standards include:

IFRS 9	Financial Instruments <sup>5</sup>
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
IFRS 14	Regulatory Deferral Accounts <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>4</sup>
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions <sup>1</sup>
IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Improvements to IFRSs	Annual Improvements 2010-2012 Cycle <sup>2</sup>
Improvements to IFRSs	Annual Improvements 2011-2013 Cycle <sup>1</sup>
Improvements to IFRSs	Annual Improvements 2012-2014 Cycle <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018

### Principal accounting policies

The principal accounting policies are summarised below. They have been consistently applied throughout the period covered by the Financial Statements.

#### Financial instruments

Financial instruments are classified on initial recognition as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised on the Statement of Financial Position at fair value when the Company becomes party to the contractual provisions of the instrument, and subsequently carried at amortised cost using the effective interest rate method. Financial assets are reduced by appropriate allowances for estimated irrecoverable amounts. Interest earned from financial assets and interest paid on financial liabilities is recognised in the Statement of Comprehensive Income on an accruals basis over the term of the financial asset or liability using the effective rate of interest.

Financial assets are stated at their nominal value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

Financial liabilities are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short term payment period is not considered material.

#### Cash and cash equivalents

Cash comprises cash on hand and bank balances. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

#### Foreign currency translation

The Company translates foreign currency transactions into its functional currency, US Dollars ("US\$"), at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the Statement of Financial Position date. Exchange differences arising are taken to the Statement of Comprehensive Income except those incurred on borrowings specifically allocable to development projects which are capitalised as part of the cost of the asset.



## Notes to the Financial Statements continued

### 2 Accounting policies continued

#### Property, plant and equipment

Property, plant and equipment comprise computer equipment and furniture and fittings. Depreciated is charged at 25% per annum on a straight line basis so as to write off the cost over four years.

#### Exploration and evaluation assets

The Group applies the requirements of IFRS 6 Exploration for and evaluation of mineral resources in respect of its exploration and evaluation expenditure. The requirements of IFRS 6 are not applied to expenditure incurred by the Group before legal title to explore for and evaluate hydrocarbon resources in a specific area is obtained, generally referred to as pre-licence expenditure. Likewise the Group do not apply the requirements of IFRS 6 after the point at which the technical feasibility and commercial viability of extracting hydrocarbons are demonstrable.

The costs of exploring for and evaluating hydrocarbon resources are accumulated and capitalised as intangible assets by reference to appropriate cash-generating units (CGU), generally referred to as full cost accounting. Such CGUs are noted as not being larger than an operating segment as determined in accordance with IFRS 8 Operating segments.

Capitalised exploration and evaluation expenditure may include, amongst other costs, costs of licence acquisition, third party technical services and studies, seismic acquisition, exploration drilling and testing but do not include general overheads. Any property, plant and equipment (PPE) acquired for use in exploration and evaluation activities is classified as property, plant and equipment. However, to the extent that such PPE is consumed in developing an intangible exploration and evaluation asset the amount reflecting that consumption is recorded as part of the cost of the intangible exploration and evaluation asset.

Intangible exploration and evaluation assets are not depreciated and are carried forward, subject to the provisions of the Group's impairment of exploration and evaluation policy, until the technical feasibility and commercial viability of extracting hydrocarbons are demonstrable. At such point exploration and evaluation assets are assessed for impairment and any impairment loss is recognised before reclassification of the assets to a category of property, plant and equipment.

#### Impairment of exploration and evaluation expenditure

The Group's exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the exploration and evaluation assets may exceed the assets recoverable amount.

In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired:

- whether the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- whether substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- whether exploration for and evaluation of hydrocarbons in a specific area have not led to the discovery of commercially viable quantities of hydrocarbons and the Group has decided to discontinue such activities in the specific area; and
- whether sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group, as a next step, performs an impairment test in accordance with the provisions of IAS 36. In such circumstances the aggregate carrying value of the exploration and evaluations assets is compared against the expected recoverable amount of the CGU. The recoverable amount is the higher of value in use and the fair value less costs to sell. The Group has identified two cash-generating units, UK & Ireland and Morocco. In accordance with the provisions of IFRS 6 the level identified for the purposes of assessing the Group's exploration and evaluation assets for impairment may comprise one or more cash-generating units.

### Farm-in and farm-out arrangements

The Group accounts for its expenditure under farm-in arrangements in the same way as directly incurred exploration and evaluation expenditure.

Where consideration is received as part of a farm-out arrangement, the Group re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received is credited against costs previously capitalised in relation to the whole interest with any excess accounted for as a gain on disposal when the cash is received. The Group does not record any expenditure made by the farmee on its account.

### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In the consolidated Financial Statements, acquisition costs incurred are expensed and included in general and administrative expenses.

Frequently, the acquisition of exploration licences is effected through a non-operating corporate structure. As these structures do not represent a business, it is considered that the transactions do not meet the definition of a business combination. Accordingly the transactions are accounted for as the acquisition of an asset. The net assets acquired are recognised at cost.

### Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment.

### Impairment

At each Statement of Financial Position date, the Company reviews the carrying amounts of its investments and exploration and evaluation assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any impairment loss arising from the review is charged to the Statement of Comprehensive Income whenever the carrying amount of the asset exceeds its recoverable amount.

### Taxes

Tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date. Deferred tax assets or liabilities are recognised where the carrying value of an asset or liability in the Statement of Financial Position differs to its tax base, and is accounted for using the statement of financial position liability method. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

### Share based payments

The Group issues share options as an incentive to certain senior management and staff. The fair value of options granted is recognised as an expense with a corresponding credit to the share-based payment reserve. The fair value is measured at grant date and spread over the period during which the awards vest.

For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If it is not possible to estimate reliably the fair value of the goods or services received, the fair value of the equity instruments granted is used as a proxy.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the period.

## Notes to the Financial Statements continued

### 2 Accounting policies continued

The Group may issue warrants to key consultants, advisers and suppliers in payment or part payment for services or supplies provided to the Group. The fair value of warrants granted is recognised as an expense with a corresponding credit to the share-based payment reserve. The fair value is measured at grant date and spread over the period during which the warrants vest. The fair value is measured using the Black-Scholes model if the fair value of the services received cannot be measured reliably.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period end and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are areas that involve significant estimation, uncertainty and critical judgement in applying the Company's accounting policies:

#### Exploration and evaluation expenditure (see note 9)

Expenditure is capitalised as an intangible asset by reference to appropriate CGUs and is assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value.

This assessment involves judgement as to:

- (i) the timing of future development of the asset;
- (ii) the availability of funding structures to finance further exploration and the future costs of development;
- (iii) the potential of commercial development opportunities for extracting value from the asset; and
- (iv) when applicable the modelling inputs such as the appropriateness of discount rates, reserve and resource estimates, oil and gas pricing predictions, etc.

Further considerations relating to the above are set out in note 9.

#### Impairment of assets (see note 9 & 11)

The Group assesses each asset or cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual operating site, which is the lowest level for which cash inflows are largely independent of those of other assets.

#### Measurement of share based payments (see note 16)

The fair value of share based payments recognised in the Statement of Comprehensive Income is measured by use of valuation models, which take into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on historical share price performance.

The preparation of the consolidated Financial Statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the Financial Statements and the reported amounts of revenues and expenses during the reporting periods. The resulting accounting estimates will, by definition, differ from the related actual results.

### 3 Segmental information

In the opinion of the Directors the Group had one class of business during the year, being oil and gas exploration.

The Group's primary reporting format is determined by the geographical segment according to the location of the exploration asset. The two geographic reporting segments are: UK & Ireland, and Morocco. The geographical segment UK & Ireland includes the costs of the Company head office.

Segment information of the business is presented below:

	12 months to 31 March 2015			12 months to 31 March 2014		
	UK & Ireland US\$'000	Morocco US\$'000	Total US\$'000	UK & Ireland US\$'000	Morocco US\$'000	Total US\$'000
<b>Income Statement</b>						
Revenue	–	–	–	–	–	–
General and administrative costs	(2,747)	(449)	(3,196)	(2,145)	(324)	(2,469)
Impairment charges	(31,041)	(5,552)	(36,593)	–	–	–
Other operating expenses	(11)	(1)	(12)	–	–	–
Share based payments	(129)	–	(129)	(464)	–	(464)
Operating loss	(33,928)	(6,002)	(39,930)	(2,609)	(324)	(2,933)
Finance revenue	185	–	185	201	–	201
Net foreign exchange gain	4	–	4	176	(1)	175
<b>Loss before taxation</b>	<b>(33,739)</b>	<b>(6,002)</b>	<b>(39,741)</b>	<b>(2,232)</b>	<b>(325)</b>	<b>(2,557)</b>
<b>Assets and Liabilities</b>						
Current assets	16,915	48	16,963	17,188	316	17,504
Non-current assets	8	–	8	21,865	29,793	51,658
<b>Total Segment Assets</b>	<b>16,923</b>	<b>48</b>	<b>16,971</b>	<b>39,053</b>	<b>30,109</b>	<b>69,162</b>
Current liabilities	(358)	(146)	(504)	(745)	(12,395)	(13,140)
Non-current liabilities	–	–	–	(79)	–	(79)
<b>Total Segment Liabilities</b>	<b>(358)</b>	<b>(146)</b>	<b>(504)</b>	<b>(824)</b>	<b>(12,395)</b>	<b>(13,219)</b>
	<b>16,565</b>	<b>(98)</b>	<b>16,467</b>	<b>38,229</b>	<b>17,714</b>	<b>55,943</b>

### 4 Loss for the year

	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Loss for the year is stated after charging:</b>		
Fees payable to the Company's auditor for audit of the Company's annual accounts	11	26
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	22	33
Tax compliance services	20	15
Assurance services on corporate finance transactions	–	–
Audit-related assurance services	3	3
Depreciation of property, plant and equipment	6	6
Foreign exchange gains	4	175

## Notes to the Financial Statements continued

### 5 Employees

In addition to the Directors (details of numbers are contained in the Group Directors' Report), the average number of employees during the period was 4 (2014: 3).

Aggregate remuneration comprised:

	31 March 2015 US\$'000	31 March 2014 US\$'000
Other wages and salaries	239	162
Social security costs	50	17
Directors remuneration <sup>A</sup>	959	354
Share based payments – Directors <sup>B</sup>	59	290
Share based payments – employees	9	–
<b>Total employee costs</b>	<b>1,316</b>	<b>823</b>

<sup>A</sup> The Directors, or companies controlled by the Directors, also received payments in respect of consultancy and other services performed outside of their Directors contract. These are disclosed as consulting fees, office facilities and administration and other fees in Note 18 Related party transactions.

<sup>B</sup> Includes US\$19,000 (2014: US\$39,000) that capitalised to intangible assets during the year.

### 6 Finance income

	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Bank interest received</b>	<b>185</b>	<b>201</b>

### 7 Tax on ordinary activities

No UK Corporation Tax charge arises in the year ended 31 March 2015 and 31 March 2014.

A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction to the loss before tax to the actual tax (credit)/expense is as follows:

	31 March 2015 US\$'000	31 March 2014 US\$'000
Loss before tax on continuing operations	(39,741)	(2,557)
Tax credit at UK corporation tax rate of 20% (2014: 21%)	7,948	837
Effect of:		
Losses unutilised	443	340
Expenses not deductible for tax purposes	7,365	98
Differences in overseas taxation rates	140	99
<b>Total tax charge on loss on ordinary activities</b>	<b>–</b>	<b>–</b>

The Group has tax losses of US\$4,483,000 (2014: US\$1,987,000) to carry forward against future profits. Due to the fundamental change in the Company's business following the approval of the Investing Policy on 28 August 2015, these losses may not be available for use against the future profits of the Company. The deferred tax asset on these tax losses at 20% of US\$903,000 (2014: US\$397,000) has not been recognised due to the uncertainty of the recovery.

## 8 Loss per share – basic and diluted

The Group presents basic and diluted loss per share (“LPS”) data for its Ordinary Shares. Basic LPS is calculated by dividing the loss attributable to Ordinary Shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the year. Diluted LPS is determined by adjusting the loss attributable to Ordinary Shareholders and the weighted average number of Ordinary Shares outstanding for the effects of all dilutive potential Ordinary Shares, which comprise warrants and share options granted by the Company.

The calculation of loss per share is based on the following:

	31 March 2015	31 March 2014
Loss after tax attributable to equity holders of the parent (US\$'000)	(39,741)	(2,557)
Weighted average number of Ordinary Shares in issue	345,369,071	294,292,745
Fully diluted average number of Ordinary Shares in issue	345,369,071	294,292,745
<b>Basic and diluted loss per share (cent)</b>	<b>(11.51)</b>	<b>(0.87)</b>

Where a loss has occurred, basic and diluted LPS are the same because the outstanding share options and warrants are anti-dilutive. Accordingly, diluted LPS equals the basic LPS. The share options and warrants outstanding as at 31 March 2015 totalled 20,397,423 (31 March 2014: 17,647,423) and are potentially dilutive.

## 9 Exploration and evaluation assets

	Offshore Morocco US\$'000	Onshore Morocco US\$'000	Offshore Ireland US\$'000	Total US\$'000
<b>Cost</b>				
At 1 April 2013	9,496	–	2,545	12,041
Additions	19,319	978	19,306	39,603
At 31 March 2014	28,815	978	21,851	51,644
At 1 April 2014	28,815	978	21,851	51,644
Additions	3,471	986	902	5,359
Farm-in proceeds	(20,410)	–	–	(20,410)
<b>At 31 March 2015</b>	<b>11,876</b>	<b>1,964</b>	<b>22,753</b>	<b>36,593</b>
<b>Impairment</b>				
At 1 April 2013	–	–	–	–
At 31 March 2014	–	–	–	–
At 1 April 2014	–	–	–	–
Impairment charge	(11,876)	(1,964)	(22,753)	(36,593)
<b>At 31 March 2015</b>	<b>(11,876)</b>	<b>(1,964)</b>	<b>(22,753)</b>	<b>(36,593)</b>
<b>Carrying value</b>				
At 31 March 2013	9,496	–	2,545	12,041
At 31 March 2014	28,815	978	21,851	51,644
<b>At 31 March 2015</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Completion of farm-out to SK Innovation Co. Ltd.

On 18 December 2013 Fastnet entered into a farm-out agreement with SK Innovation Co. Ltd. (“SK”). Under the terms of the agreement, Fastnet received up to a two well carry comprised of a carry in one exploration well and first appraisal well (capped at

## Notes to the Financial Statements continued

### 9 Exploration and evaluation assets continued

US\$100 million per well) or at SK's sole discretion a carry in a second exploration well (capped at US\$100 million) for a 9.375% participating interest (12.5% paying interest) in the Fom Assaka Licence Area. All completion conditions in relation to the farm-out were finalised in April 2014 with Fastnet receiving US\$20.4 million in back costs from SK on completion.

#### Annual Impairment Review

As part of the annual impairment review of asset carrying values an impairment charge of US\$36,593,000 has been made in relation to the Company's exploration and evaluation assets. The Group's policy in relation to exploration and evaluation expenditure is to capitalise the expenditure when the rights to an area of interest are current, the expenditures are expected to be recouped through successful development and exploitation activities, the Company is forecasting future substantive spend on the assets and have not reached such a stage that a reasonable assessment of recoverable reserves indicates that a potential commercial development of the assets is unlikely. The Company believes that sufficient information was available at the reporting date (low oil prices, inability to farm out assets, significantly depressed share price below cash value, expiring or expired licensing options, disappointing exploration results in the Company's areas of interest) which suggested that the recovery of expenditure on the Moroccan and Celtic Sea areas of interest was unlikely, therefore the amounts which were capitalised in respect of these assets were written off to the statement of comprehensive income.

A summary of the key factors which were considered by the Directors as part of the year end annual impairment review are set out below:

- Overall worldwide decline in oil prices, which commenced in Q3 2014, has had a materially adverse impact on economic conditions within the oil and gas sector.
- A strategic shift in the forward planning of many large oil and gas companies (including the Group's partners on the Fom Assaka asset) which has resulted in the delay/or changes in strategy regarding farm-in opportunities for exploration assets.
- Unsuccessful farm out campaigns in relation to the Companies exploration assets despite implementing extensive marketing processes.
- Exploration activities from operators in the last 24 months including the post year end announcement that the Pura Vida Energy MZ-1 exploration well offshore Morocco and Lansdowne Oil & Gas plc Middleton exploration well in the Celtic Sea were considered to be unsuccessful.
- The Tendirra Lakbir licence option expired on the 31 December 2014 therefore the Company's rights to that area of interest are no longer current.
- Expired (Molly Malone and Mizzen on 31 May 2015) or expiring licensing options (Shanagarry expires on 30 November 2015, Block 49/13 expires on 14 November 2015 and Deep Kinsale Option expires on 31 December 2015).
- The Group's determination that no significant spend on the assets would be committed to in such uncertain market conditions.

As a result of the above the Directors determined that there were facts and circumstances which indicated at year end that the Group's assets were impaired and accordingly the assets were written off.

Subsequent to the year end and as a consequence of the uncertainty in the oil and gas sector the Directors concluded their review of the future strategy of the Group and recommended to the shareholders that the Company exit from the oil and gas sector completely and adopt a new Investing Policy. On the 28 August 2015, following the approval of the Investing Policy, the Group has publically stated that it now intends to terminate all future expenditure Offshore Ireland. In addition, pending formal notification by the Company to the partners on the Fom Assaka licence, the Company intends to withdraw from the partnership and relinquish the Company's 12.5% paying interest. Therefore confirming the Group will not commit to future substantive expenditure on the assets and relinquish its interest in the asset.

The actions undertaken by the Company since the year end reflect the resulting impact of the issues (summarised above) which had begun to affect the Group prior to the year end.

## 10 Property, plant and equipment

Total  
US\$'000

### Cost

At 1 April 2013	18
Additions	7
At 31 March 2014	25
Additions	–
<b>At 31 March 2015</b>	<b>25</b>

### Accumulated depreciation

At 1 April 2013	5
Depreciation charge	6
At 31 March 2014	11
Depreciation charge	6
<b>At 31 March 2015</b>	<b>17</b>

### Net book value

At 31 March 2013	13
At 31 March 2014	14
<b>At 31 March 2015</b>	<b>8</b>

## 11 Investment in subsidiaries

	Equity in subsidiary companies US\$'000	Funding for exploration activities US\$'000	Total US\$'000
<b>Cost</b>			
At 1 April 2013	19,737	3,023	22,760
Additions and adjustments in the year	(25)	27,928	27,903
<b>At 31 March 2014</b>	<b>19,712</b>	<b>30,951</b>	<b>50,663</b>
Additions and adjustments in the year	–	(2,986)	(2,986)
<b>At 31 March 2015</b>	<b>19,712</b>	<b>27,965</b>	<b>47,677</b>
<b>Impairment</b>			
At 1 April 2013 and 31 March 2014	–	–	–
Impairment charge	(19,712)	(27,965)	(47,677)
<b>At 31 March 2015</b>	<b>(19,712)</b>	<b>(27,965)</b>	<b>(47,677)</b>
<b>Net book value</b>			
At 31 March 2013	19,737	3,023	22,760
At 31 March 2014	19,712	30,951	50,633
<b>At 31 March 2015</b>	<b>–</b>	<b>–</b>	<b>–</b>



## Notes to the Financial Statements continued

### 11 Investment in subsidiaries continued

The carrying value of the Company's investments is linked to the potential development of the Group's oil and gas assets. As set out in note 9, the Directors have impaired the carrying value of the Group's exploration and evaluation assets to US\$ nil at the year end. Accordingly the Directors also consider it appropriate to write down the Company's investment in its subsidiaries to US\$ nil as (for the reason set out in note 9).

#### List of Subsidiary Companies

Subsidiary Company	Activities	Incorporation	% holding 31 March 2015	% holding 31 March 2014
Pathfinder Hydrocarbon Ventures Limited	Oil and Gas Exploration	Jersey	100	100
Fastnet Oil and Gas (Ireland) Limited	Oil and Gas Exploration	Ireland	100	100
Fastnet Oil & Gas BV <sup>A</sup>	Dormant	The Netherlands	–	100
Fastnet Morocco Exploration BV <sup>A</sup>	Dormant	The Netherlands	–	100

<sup>A</sup> Fastnet Oil & Gas BV and Fastnet Morocco Exploration BV were dissolved in March 2015.

### 12 Trade and other receivables

	Group		Company	
	31 March 2015 US\$'000	31 March 2014 US\$'000	31 March 2015 US\$'000	31 March 2014 US\$'000
Prepayments and accrued income	105	62	98	34
VAT recoverable	68	14	67	12
<b>Trade and other receivables</b>	<b>173</b>	<b>76</b>	<b>165</b>	<b>46</b>

### 13 Cash and cash equivalents

	Group		Company	
	31 March 2015 US\$'000	31 March 2014 US\$'000	31 March 2015 US\$'000	31 March 2014 US\$'000
Bank deposit accounts	16,686	17,185	16,663	16,929
Bank current accounts	104	243	35	156
<b>Cash and cash equivalents</b>	<b>16,790</b>	<b>17,428</b>	<b>16,698</b>	<b>17,085</b>

No notice is required to access funds held in deposit accounts.

#### 14 Share capital – Company

Details of ordinary shares of £0.038 each issued are in the table below:

Date		Number of shares	Issue Price £
<b>At 31 March 2013</b>		<b>273,940,493</b>	
27 November 2013	Share placing – £10,000,000	71,428,578	0.14
<b>At 31 March 2014 &amp; 31 March 2015</b>		<b>345,369,071</b>	

#### 15 Statement of Comprehensive Income – Company

In accordance with the provisions under section 408 of the Companies Act 2006, the Company has not presented a Statement of Comprehensive Income. The Company's loss for the year was US\$50,709,000 (2014: US\$1,877,000).

#### 16 Share-based payments

The Company has issued share options as an incentive to certain senior management and staff. In addition the Company has issued warrants to key consultants, advisers and suppliers in payment or part payment for services or supplies provided to the Group. Apart from the Share Appreciation Rights described below, each share option and warrant converts into one Ordinary Share of Fastnet Equity plc on exercise and are accounted for as equity-settled share-based payments. No amounts are paid or payable by the recipient and the options and warrants may be exercised at any time from the date of vesting to the date of their expiry. The equity instruments granted carry neither rights to dividends nor voting rights.

Share options and warrants in issue:

	Share Options		Warrants	
	Units	Weighted average exercise price	Units	Weighted average exercise price
Balance at 1 April 2013	10,355,327	17.6p	4,990,301	16.4p
Granted during the year	–	–	2,301,795	14.0p
<b>Balance at 31 March 2014</b>	<b>10,355,327</b>	<b>17.6p</b>	<b>7,292,096</b>	<b>15.6p</b>
<b>Exercisable at 31 March 2014</b>	<b>5,855,327</b>	<b>11.2p</b>	<b>7,292,096</b>	<b>15.6p</b>
Balance at 1 April 2014	10,355,327	17.6p	7,292,096	15.6p
Granted during the year	7,750,000	9.0p	–	–
Lapsed during the year	5,000,000	14.0p	–	–
<b>Balance at 31 March 2015</b>	<b>13,105,327</b>	<b>15.1p</b>	<b>7,292,096</b>	<b>15.6p</b>
<b>Exercisable at 31 March 2015</b>	<b>8,605,327</b>	<b>9.5p</b>	<b>7,292,096</b>	<b>15.6p</b>

The fair value is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions attached to the grant. The following are the inputs to the model for the equity instruments granted during the current and previous year:

## Notes to the Financial Statements continued

### 16 Share-based payments continued

	2015 Options Ranges	2014 Warrants Ranges
Expected life in days	1,461-1,825	1,095
Volatility	49%-56%	51%
Risk free interest rate	1.80%-1.84%	1.59%
Share price at grant	5.7p-10.75p	15.02p

During the year a total of 7,750,000 share options exercisable at a weighted average price of £0.09 were granted. The fair value of share options granted during the year was US\$103,000. The share options outstanding as at 31 March 2015 have a weighted remaining contractual life of 1.7 years with exercise prices ranging from £0.038 to £0.26.

During the prior year a total of 2,301,795 warrants exercisable at a weighted average price of £0.14 were granted. The fair value of warrants granted during the prior year was US\$219,000. The warrants outstanding as at 31 March 2015 have a weighted remaining contractual life of 1.2 years with exercise prices ranging from £0.11 to £0.22.

The value of share options and warrants charged to the Statement of Comprehensive Income during the year is as follows:

	31 March 2015 US\$'000	31 March 2014 US\$'000
Share options	208	554
Warrants	–	–
Share appreciation rights	(79)	(90)
<b>Total</b>	<b>129</b>	<b>464</b>

In addition to the above charges, share-based payments of US\$219,000, related to warrants, were charged to share premium in the prior year. A further US\$57,000 (2014: US\$116,000) was capitalised to intangible assets during the year.

#### Share Appreciation Rights

The Company issued Share Appreciation Rights ("SAR") to a non-executive Director that require the Company to pay the intrinsic value of the SAR to the Director at the date of exercise. To vest, the Fastnet Equity plc share price must show at least a 25% compound annual growth from the award price (£0.052) over the three years from the grant date. The SAR is accounted for as a cash-settled share based payment and the fair value is estimated by using a Monte-Carlo simulation model, which is rerun at each Statement of Financial Position date. The fair value of the SAR at 31 March 2015 is US\$ nil (31 March 2014: US\$149,000).

Inputs to the Monte-Carlo simulation are detailed below:

Expected life in days	44
Volatility	59%
Risk free interest rate	1.35%
Share price at rerun	2.05

## 17 Trade and other payables

	Group		Company	
	31 March 2015 US\$'000	31 March 2014 US\$'000	31 March 2015 US\$'000	31 March 2014 US\$'000
Trade payables	254	12,275	137	354
Accrued expenses	226	853	87	281
Social security costs and other taxes	24	12	3	–
<b>Trade and other payables</b>	<b>504</b>	<b>13,140</b>	<b>227</b>	<b>635</b>

## 18 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the Directors of Fastnet Equity plc.

Amounts included in the Financial Statements, in aggregate, by category of related party are as follows:

	31 March 2015 US\$'000	31 March 2014 US\$'000
Directors		
Directors remuneration	959	354
Share based payments	59	290
Consulting fees	202	297
Office facilities and administration	29	17
Other fees	686	247
<b>Total</b>	<b>1,935</b>	<b>1,205</b>

## 19 Financial risk management

The Group's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being liquidity, market risk and credit risk. The Board of Directors is responsible for the Group and Company's risk management policies and whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The main policies for managing these risks are as follows:

### Liquidity risk

The Group is not subject to any externally imposed capital requirement, accordingly the Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Working capital forecasts are prepared to ensure the Group has sufficient funds to complete contracted work commitments.

## Notes to the Financial Statements continued

### 19 Financial risk management continued

The following table shows the maturity profile of current assets and current liabilities of the Group:

	Less than 1 month	Between 1 and 3 months	Between 3 and 6 months	Total
<b>31 March 2015</b>				
Current assets	16,963	–	–	16,963
Current liabilities	426	–	78	504
<b>31 March 2014</b>				
Current assets	17,504	–	–	17,504
Current liabilities	13,058	–	82	13,140

#### Capital management

The Group considers its capital to be its ordinary share capital, share premium, other reserves and retained deficit. The Group manages its capital to ensure that entities within the Group will be able to continue individually as going concerns, while maximising the return to shareholders through the optimisation of debt and equity balances. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. On a regular basis, management receives financial and operational performance reports that enable continuous management of assets, liabilities and liquidity. No changes were made in the objectives, policies or processes during the years ended 31 March 2015 and 31 March 2014.

#### Market risk

Market risk arises from the use of interest bearing financial instruments and represents the risk that future cash flows of a financial instrument will fluctuate as a result of changes in interest rates. It is the Group's policy to ensure that significant contracts are entered into in its functional currency whenever possible and to maintain the majority of cash balances in the functional currency of the Company. The Group considers this policy minimises any unnecessary foreign exchange exposure. In order to monitor the continuing effectiveness of this policy the Board reviews the currency profile of cash balances and managements accounts.

During the year, the Group earned interest on its interest bearing financial assets at rates between 0.1% and 1.4%. The effect of a 1% change in interest rates obtainable during the year on cash and on short-term deposits would be to increase or decrease the Group loss before tax by US\$194,000.

In addition to cash balances maintained in US\$, the Group had balances in £ and € at year-end. A theoretical 10% adverse movement in the year end US\$:£ exchange rate would lead to an increase in the Group loss before tax by US\$1,000 with a corresponding reduction in the group loss before tax with a 10% favourable movement. A theoretical 10% adverse movement in US\$:€ exchange rates would lead to an increase in the Group loss before tax by US\$9,000 with a corresponding reduction in the group loss before tax with a 10% favourable movement.

A currency split of the Group's net assets at 31 March 2015 and 31 March 2014 was as follows:

	Net Assets US\$'000	Assets US\$'000	Liabilities US\$'000
<b>31 March 2015</b>			
US Dollars	16,494	16,623	129
Pounds Sterling	73	223	150
Euro	(100)	125	225
	<b>16,467</b>	<b>16,971</b>	<b>504</b>
<b>31 March 2014</b>			
US Dollars	56,537	68,863	12,326
Pounds Sterling	(617)	199	816
Euro	23	100	77
	<b>55,943</b>	<b>69,162</b>	<b>13,219</b>

#### Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss. Credit risk arises from cash and cash equivalents and from exposure via deposits with the Group and Company's bankers. For cash and cash equivalents, the Group and Company only uses recognised banks with high credit ratings.

#### Categories of Group and Company financial instruments

	Group		Company	
	31 March 2015 US\$'000	31 March 2014 US\$'000	31 March 2015 US\$'000	31 March 2014 US\$'000
<b>Financial assets:</b>				
Cash and cash equivalents	16,790	17,428	16,698	17,085
Total financial assets	16,790	17,428	16,698	17,085
<b>Financial liabilities:</b>				
Trade and other payables	504	13,140	227	635
Total financial liabilities	504	13,140	227	635
<b>Net</b>	<b>16,286</b>	<b>4,288</b>	<b>16,471</b>	<b>16,450</b>

All financial assets are categorised as loans and receivables and all financial liabilities are categorised as financial liabilities measured at amortised cost. The amortised cost of all financial assets and liabilities shown above is considered to also be the fair value of the Group's and the Company's assets and liabilities.

## Notes to the Financial Statements continued

### 20 Capital commitments and contingencies

Fastnet has obligations to carry out agreed work programmes under the terms of award on its oil and gas licensing authorisations. Commitments and contingencies on these are detailed below.

#### Offshore Ireland Assets

Following the approval of the Investing Policy on 28 August 2015, Fastnet will withdraw from the oil and gas sector and not commit further substantial expenditure on the assets in the meantime. All costs incurred to 31 March 2015 in respect of the Company's Celtic Sea work programmes have been accrued for. Going forward the Group has other potential liabilities in respect of rental fees and work programmes in respect of certain parts of its Celtic Sea portfolio. The Company estimates that these amounts should not exceed US\$325,000 in aggregate.

#### Foum Assaka Petroleum Agreement

Fastnet's running costs in respect of its partnership share in the Foum Assaka Licence are approximately US\$20,000 per month based on cash calls received post year end and forecast cash calls from the approved budget to 31 December 2015. Additionally, should the partnership proceed with drilling a further exploration well and SK Innovation elect not to participate in a second exploration well, the Company would be exposed to the cost and would be required to seek further financing or secure a partner to finance Fastnet's 12.5 per cent paying interest in the Foum Assaka Licence. Following the approval of the Investing Policy at the general meeting of the Company on 28 August 2015, the Company will formally withdraw from the partnership and surrender its 12.5% paying interest in the Foum Assaka Licence and will notify the participants in the partnership ("JOA Parties") accordingly. In addition to its pro-rata share for the approved work program and budget items until 31 December 2015 the Company is responsible for all costs associated with respect to filing changes with the other JOA Parties and the relevant government authorities. The Board estimates that the total liabilities in respect of all of the above should not exceed an aggregate sum of US\$210,000. Other than these costs no further expenditure on the assets will be undertaken.

### 21 Events after the reporting period

On the 28 August 2015 at a general meeting of the Company, Fastnet shareholders voted to adopt the Investing Policy set out in the Strategic Report and to change the name of the Company from Fastnet Oil & Gas plc to Fastnet Equity plc.

# Company Information

## Registered Office

Ivybridge House  
1 Adam Street  
London WC2N 6LE

## Company Number

5316808

## Directors

Cathal Friel – Non-executive Chairman  
Michael Nolan – Non-executive Director  
Michael Edelson – Non-executive Director

## Company Secretary

Alan Mooney

## Company Website

[www.fastnetequity.com](http://www.fastnetequity.com)

## AIM Nominated Adviser

Shore Capital and Corporate Limited  
Bond Street House  
14 Clifford Street  
London W1S 4JU

## Joint Broker

Shore Capital Stockbrokers Limited  
Bond Street House  
14 Clifford Street  
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## ESM Adviser and Joint Broker

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