Infrastrata plc

(formerly Portland Gas plc)

Interim report
31 January 2010

Contents

Infrastrata plc *(formerly Portland Gas plc)*

Directors, secretary and advisors

Directors	Kenneth Maurice Ratcliff *(Non-executive Chairman)* Andrew David Hindle *(Chief Executive Officer)* Craig Stuart Gouws *(Chief Financial Officer)* Walter Rookehurst Roberts *(Legal and Commercial Director)* Mark Anthony William Abbott *(Non-executive Director)* Jonathan Richard Davie *(Non-executive Director)* Maurice Edward Hazzard *(Non-executive Director)*
Company secretary	Walter Rookehurst Roberts
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Overview and highlights

- Company name changed from Portland Gas plc to Infrastrata plc in December 2009. Subsidiary company name changes were made during the period to reflect project locations.
- Placing of 2.5 million new ordinary shares at 100p per share in November 2009 to raise £2.5 million before expenses.
- The European Investment Bank listed the Portland Gas Storage Project in its pipeline of projects under appraisal during November 2009.
- The Portland Project Co-operation Group comprising companies who have expressed an interest in acquiring a working interest in Portland Gas Limited are continuing with their due-diligence exercise.
- The Company anticipates that all due-diligence for the Portland Project will be completed before the end of Q3 2010.
- Tenders have already been sought and received for the various construction tasks for the Portland Project and it is anticipated that initial contracts will be agreed for the construction of the project with contractors during Q3 2010 pending formal award of contracts once the funding process is completed. This would enable the Company to meet its timetable for commencing full construction of the project by the end of 2010.
- Appointment of Paddy Larkin, the CEO of Mutual Energy Limited, as a Non-executive Director of Islandmagee Storage Limited. In January 2010 a subsidiary of Mutual Energy Limited became a 35% partner in the business.
- The planning application for the Islandmagee Project was submitted in March 2010.
- The process required to acquire mining rights over a salt dome in North-West Germany is underway and further evaluation work is ongoing.
- The Andalucía Official Gazette published an application for our gas storage exploration licence; the Company is awaiting the outcome.
- Basic and diluted loss per share – 0.90p (31 January 2009 – 1.05p).
- Cash position - £3.5 million (31 July 2009 - £3.1 million).
- Net asset position - £24.1 million (31 July 2009 - £22.3 million).

Chairman and CEO's Statement

Infrastrata's business is focused on the development of two natural gas storage projects in the United Kingdom at Portland, Dorset and at Islandmagee, County Antrim, Northern Ireland. The two projects are major long-term infrastructure projects and could between them provide over 10% of the total UK and Ireland peak daily gas demand in the latter part of this next decade. The Company is also developing new projects in mainland Europe initially concentrating on Germany and Spain. The Company is one of only a few in Europe focused specifically on gas storage development, a sector with significant growth potential in Europe over the coming decades. To reflect this growing range of projects, in December 2009 the name of the Company was changed from Portland Gas plc in order that this name could be specifically identified with the Portland Project.

Financial Results

The Group has recorded a loss for the six month period ended 31 January 2010 of £0.64 million (31 January 2009 – loss £0.74 million). The loss for the period, together with the balance of £3.24 million brought forward, leaves a retained loss of £3.88 million to be carried forward. During the six month period ended 31 January 2010 £2.1 million was capitalised in respect of the Portland project bringing the carrying value of our investment in this project to £22.4 (31 July 2009 - £20.3 million). Further capitalised expenditure of £0.5 million in respect of the Islandmagee project has brought the investment value in that project to £2.3 million (31 July 2009 - £1.8 million). The Group's cash and net asset positions are £3.5 million (31 July 2009 - £3.1 million) and £24.1 million (31 July 2009 - £22.3 million) respectively.

The Portland Project

The Portland Project, a 1,000 million cubic metres salt cavern natural gas storage facility, was granted planning approval by Dorset County Council in May 2008. The Company's current estimate of total development cost for the project is £456 million, including approximately £22 million spent to date. A process to sell equity in Portland Gas Limited, the project company, was launched in July 2009. A Co-operation Group ("Group") of potential investors was formed in October 2009 and in November 2009, although the Group has not yet committed to an equity investment in the Project, they appointed an advisor to undertake a technical due-diligence exercise. This process has continued in parallel with an initial discussion on the shareholder and capacity agreements which is being coordinated by the legal advisors appointed to the project, Field Fisher Waterhouse LLP.

The Company anticipates that the first phase of the Group's due diligence will be completed shortly and that all due-diligence will be finalised by the Group before the end of Q3 2010.

The final number of investors and their respective equity interests in the project will be determined when the sale process is concluded.

Project advisor, BNP Paribas, is working on the development of a project financing structure. In November 2009 the European Investment Bank listed the Portland Project in its pipeline of projects under appraisal. In December 2009, Atkins Limited ("Atkins") was appointed as the Lenders' technical advisor and in March 2010 Atkins produced a technical due diligence report after completing the first of two phases of technical due-diligence.

Following the discharge of the pre-start planning conditions in July 2009, work commenced at Upper Osprey on Portland. The first task was to undertake initial drainage works on the wellpad area from which drilling down to the salt sequence deep below Portland will take place. These preliminary works were successfully completed in December 2009.

The gas storage facilities will be constructed in a number of stages, starting initially with drilling and construction of the brine handling facilities required for the creation of the caverns. This will be followed by construction of the gas facilities and pipelines. The project is scheduled to take approximately seven years to become fully operational.

Chairman and CEO's Statement *(continued)*

Tenders have already been sought and received for the various construction tasks and it is anticipated that initial contracts will be agreed for the construction of the project with contractors during Q3 2010 pending formal award of contracts once the funding process is completed. This would enable the Company to meet its timetable for commencing full construction of the project by the end of 2010. Assuming this timetable is maintained first gas operations will be in 2014 with full storage volume available in 2018.

Islandmagee Project

In March 2010 a planning application to develop a 500 million cubic metres salt cavern natural gas storage facility within a Permian salt sequence below Larne Lough in Northern Ireland was submitted to the Strategic Projects Unit of the Northern Ireland Planning Service.

The Company estimates that it will cost approximately £6.0 million to reach the Financial Investment Decision point ("FID") for the project. This includes completion of agreements for land rights and undertaking the Front End Engineering Design for the project, the latter to include acquiring data from the first cavern borehole. A number of companies with extensive gas storage development experience have expressed an interest in acquiring equity in the Project. Bi-lateral discussions are ongoing with the interested parties with a view to the introduction of a new partner during 2010 to fund the project through to FID.

Reaching FID requires that a regulatory framework together with clear and transparent transportation tariffs are in place for the development of a commercial gas storage facility in Northern Ireland. Such a framework will ensure the commercial linkage between the Northern Ireland, Great Britain and Republic of Ireland market areas which is required to provide a level playing field for gas storage development between the island of Ireland and Great Britain. The need for this legal and commercial framework for gas storage is recognised by the regulatory, government and commercial organisations. The project company, Islandmagee Storage Limited, anticipates that the principles for the necessary tariffs and licences will be decided early in 2011 for the development of the first gas storage facility in Northern Ireland.

The project has been designed to provide a very flexible service which will suit the strategic location it has on the gas pipeline network. Assuming construction commences in 2011, the target for first gas operations is 2015, with full storage volume available in 2017.

In January 2010 Infrastrata UK Limited, Moyle Energy Investments Limited (a wholly owned subsidiary of Mutual Energy) and Islandmagee Storage Limited entered into a preliminary shareholders agreement whereby Moyle Energy Investments Limited acquired a 35% interest in Islandmagee Storage Limited. Infrastrata UK Limited continues to assume one hundred percent of the risks and rewards of ownership and therefore Infrastrata plc includes the total assets and liabilities of Islandmagee Storage Limited in its consolidated interim results. Once a defined commitment date is reached, Moyle Energy Investments Limited will assume responsibility for its share of risks and rewards of ownership and pay its proportion of the back-costs at that point to Infrastrata UK Limited. In February 2010, Paddy Larkin, the CEO of Mutual Energy Limited, was appointed as a Non-executive Director of Islandmagee Storage Limited.

Other Projects

Whilst not being our immediate priority, we are pleased to confirm that progress has been made during the period with new ventures in Mainland Europe.

The process required to acquire mining rights over a salt dome in North-West Germany is underway and further evaluation work is ongoing. Infrastrata has an 80% interest in this joint venture alongside a local partner which holds a 20% interest.

The Andalucía Official Gazette in Spain published an announcement for an exploration licence application by a subsidiary of the Company during the period. The Company is awaiting the outcome of the application.

Chairman and CEO's Statement *(continued)*

Outlook

The Directors are continuing to limit spending of cash resources until investment is in place from industry partners and project finance is secured for the Portland project. Supporting the Islandmagee project planning application will be our priority in the near term. In the meantime, the Company will continue in parallel to advance our interests in new opportunities in the European gas market without placing undue strain upon the Company's financial and personnel resources.

The Directors have a reasonable expectation that the Group has adequate cash resources to meet committed expenditure. To avail the Company of any new and emerging opportunities in the next twelve months, if necessary the Directors believe that further funding could be obtained by the issuance of new equity or through the disposal of an interest in projects.

Finally, we know that we speak for all the management and staff of the Company in giving sincere thanks to our shareholders, both old and new, for your confidence and continued support. Our interests are in projects of a substantial nature that will contribute significantly to energy management in the UK, Ireland and Mainland Europe. The support of our shareholders has been and remains central to our ability to bring these projects to fruition. We would also like to take this opportunity to thank our staff and advisors for their professional contributions and ongoing commitment.

Ken Ratcliff – Non-executive Chairman
Andrew Hindle – Chief Executive Officer
19 April 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months ended 31 January 2010

	Notes	Six months ended 31 January 2010 Unaudited £	Six months ended 31 January 2009 Unaudited £	Year ended 31 July 2009 Audited £
Continuing operations				
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit/(loss)		-	-	-
Administrative expenses		(648,673)	(894,115)	(1,454,441)
Operating loss		(648,673)	(894,115)	(1,454,441)
Investment revenues		12,121	157,918	173,439
Loss before taxation		(636,552)	(736,197)	(1,281,002)
Taxation		-	-	-
Loss for the period		(636,552)	(736,197)	(1,281,002)
Total comprehensive income for the period		(636,552)	(736,197)	(1,281,002)
Basic and diluted loss per share	2	0.90p	1.05p	1.82p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 January 2010

	Notes	31 January 2010 Unaudited £	31 January 2009 Unaudited £	31 July 2009 Audited £
Non-current assets				
Plant and equipment		22,387,210	18,807,090	20,346,503
Intangible assets		2,259,084	1,599,167	1,821,551
Total non-current assets		24,646,294	20,406,257	22,168,054
Current assets				
Trade and other receivables		189,027	167,995	149,356
Available for sale assets		12,500	12,500	12,500
Cash and cash equivalents		3,476,273	4,799,588	3,066,502
Total current assets		3,677,800	4,980,083	3,228,358
Current liabilities				
Trade and other payables	3	(1,788,605)	(982,389)	(925,202)
Net current assets		1,889,195	3,997,694	2,303,156
Non-current liabilities				
Obligations under contractual and lease agreements due after one year	4	(2,424,514)	(2,366,297)	(2,185,741)
Net assets		24,110,975	22,037,654	22,285,469
Shareholders' funds				
Share capital	5	7,380,420	7,038,473	7,038,473
Share premium		11,381,095	8,576,705	8,576,705
Merger reserve		8,988,112	8,988,112	8,988,112
Share based payment reserve		239,247	130,906	177,189
Shares to be issued		-	-	746,337
Retained earnings		(3,877,899)	(2,696,542)	(3,241,347)
		24,110,975	22,037,654	22,285,469

Infrastrata plc *(formerly Portland Gas plc)*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended 31 January 2010

	Share capital £	Share premium £	Merger reserve £	Share to be issued £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 31 July 2008	7,038,473	8,576,705	8,988,112	-	38,498	(1,960,345)	22,681,443
Total comprehensive income for the period	-	-	-	-	-	(736,197)	(736,197)
Share based payments	-	-	-	-	92,408	-	92,408
Balance at 31 January 2009	7,038,473	8,576,705	8,988,112	-	130,906	(2,696,542)	22,037,654
Total comprehensive income for the period	-	-	-	-	-	(544,805)	(544,805)
Commitment to issue shares	-	-	-	746,337	-	-	746,337
Share based payments	-	-	-	-	46,283	-	46,283
Balance at 31 July 2009	7,038,473	8,576,705	8,988,112	746,337	177,189	(3,241,347)	22,285,469
Total comprehensive income for the period	-	-	-	-	-	(636,552)	(636,552)
Issue of equity capital	341,947	2,804,390	-	(746,337)	-	-	2,400,000
Share based payments	-	-	-	-	62,058	-	62,058
Balance at 31 January 2010	7,380,420	11,381,095	8,988,112	-	239,247	(3,877,899)	24,110,975

CONSOLIDATED CASH FLOW STATEMENT for the six months ended 31 January 2010

	Notes	Six months ended 31 January 2010 Unaudited £	Six months ended 31 January 2009 Unaudited £	Year ended 31 July 2009 Audited £
Net cash (used in) operating activities	6	(730,161)	(1,317,489)	(1,175,444)
Investing activities				
Investment revenues		12,121	157,918	173,439
Purchase of intangible assets		(276,946)	(335,508)	(530,729)
Purchase of plant and equipment		(995,242)	(2,982,297)	(4,678,611)
Proceeds on disposal of plant and equipment		-	-	883
Net cash (used in) investing activities		(1,260,067)	(3,159,887)	(5,035,018)
Financing activities				
Net proceeds on issue of ordinary shares		2,400,000	-	-
Net cash generated from financing activities		2,400,000	-	-
Net increase/(decrease) in cash and cash equivalents		409,772	(4,477,376)	(6,210,462)
Cash and cash equivalents at beginning of period		3,066,502	9,276,964	9,276,964
Cash and cash equivalents at end of period		3,476,274	4,799,588	3,066,502

Significant non-cash transaction

Significant non-cash transactions for the year ended 31 July 2009 comprise the settlement of a liability of £746,337 where the supplier agreed to accept 919,474 new 10p shares in settlement. Significant non-cash transactions for the six months ended 31 January 2010 comprise the subsequent issue of these shares.

NOTES TO THE INTERIM RESULTS for the six months ended 31 January 2010

1. Basis of preparation

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union.

Non-statutory accounts

The results for the year ended 31 July 2009 in this document do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts of the Company for the year ended 31 July 2009 has been delivered to the Registrar of Companies. The audit report on these accounts is unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

The financial information for the 6 months ended 31 January 2010 and 31 January 2009 is unaudited.

Accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for the inclusion of available for sale assets at fair value.

Except as described below, the same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in preparation of the Group's financial statements for the year ended 31 July 2009.

The presentation of the financial statements has been modified in order to comply with IAS 1 (revised). However the revised standard has no impact on the reported results or financial position of the Group.

Going concern

The Directors have a reasonable expectation that the Group has adequate cash resources to meet committed expenditure. Consequently the Directors consider it appropriate to prepare the interim report on a going concern basis. As with other development companies which have no revenue streams, the Group will only be able to advance its development programme if it has sufficient resources to do so. To avail the Company of any new and emerging opportunities in the next twelve months, if necessary the Directors believe that further funding could be obtained by the issuance of new equity or through the disposal of an interest in projects.

2. Loss per share

	Six months ended 31 January 2010 Unaudited p	Six months ended 31 January 2009 Unaudited p	Year ended 31 July 2009 Audited p
Basic loss per share	0.90	1.05	1.82

The calculation of basic loss per share is based upon a loss of £0.6m (January 2009: £0.7m, July 2009: £1.2m) divided by the weighted average number of ordinary shares in issue of 71,087,599 (January 2009: 70,384,727, July 2009: 70,384,727).

In accordance with IAS 33, diluted earnings per share calculations are not presented as assumed conversion of outstanding share options would be anti-dilutive.

NOTES TO THE INTERIM RESULTS for the six months ended 31 January 2010 *(continued)*

3. Trade and other payables

Included in the trade and other payables balance is an amount of £595,000 relating to amounts due to the Portland Gas Trust under a Section 106 deed of undertaking and a balance of £316,378 relating to an obligation under a lease agreement both of which will not become payable until the Portland Project is fully funded.

The Company reached agreement with Hydrock Group Limited to undertake works to the value of £300,000 on the Portland Project. These works were funded by a redeemable debenture created by a Board resolution on 7 July 2009 and granted to Hydrock. The Company redeemed the debenture on the 5 November 2009.

4. Obligations under contractual and lease agreements due after one year

The obligation under a lease agreement is to be settled over a period of 12.5 years. The increase in the lease agreement liability during the period is £333,773 arising from the periodic rent charge. Other contractual arrangements relate to payments to be made to the Portland Gas Trust under a Section 106 planning agreement and will be settled over a period of 20 years.

5. Share capital

On the 15 September 2009 the Company issued 919,474 new ordinary 10 pence shares which were classified as shares to be issued at 31 July 2009. These shares were issued to settle an existing liability of £746,337.

On the 5 November 2009 the company placed 2.5 million new ordinary 10 pence shares at 100p per share to raise £2.5 million before expenses.

6. Cash (used in) operations

	Six months ended 31 January 2010 Unaudited £	Six months ended 31 January 2009 Unaudited £	Year ended 31 July 2009 Audited £
Operating loss for the year	(648,673)	(894,115)	(1,454,441)
Depreciation	10,757	11,044	21,880
Profit on disposal of plant & equipment	-	-	367
(Increase)/decrease in trade and other receivables	(39,671)	137,525	156,164
(Decrease) in trade and other payables	(114,632)	(664,351)	(38,105)
Share option expense	62,058	92,408	138,691
Cash (used in) operations	(730,161)	(1,317,489)	(1,175,444)

7. Dividend

The Directors do not recommend payment of a dividend.

8. Publication of the interim report

This interim report is available on the Company's website www.infrastrata.co.uk