The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

01 November 2021

Harland & Wolff Group Holdings plc
("H&W" or the "Company" or the "Group")

Unaudited Interim results for the twelve months ended 31 July 2021 & business update

Harland & Wolff Group Holdings plc (AIM: HARL), the UK quoted company focused on strategic energy infrastructure, fabrication, shipbuilding and vessel repairs is pleased to present its unaudited interim results for the twelve-month period ended 31 July 2021 and business update. These interim results have been prepared in connection with the Company's change of accounting reference date to 31 December. The Company's next audited financial results will be for the 17-month period ending 31 December 2021.

Key highlights:

- Revenues of £10.18 million; a seven-fold increase from the previous year (31 July 2020: £1.48 million) whilst still emerging from COVID-19 and associated lockdowns.
- Gross margin of 24% in line with Company's expectations for the portfolio of contracts delivered in the period.
- Operating loss before depreciation, amortisation and financing costs of £12.3 million (31 July 2020: £9.2 million).
- Total headcount now stands at 320 (31 July 2020: 80)
- Key strategic acquisitions made; Harland & Wolff (Appledore) in August 2020 for £7 million and Harland & Wolff (Methil and Arnish) in February 2021 for £0.65 million.
- The Directors believe that the Harland & Wolff Group now has the largest fabrication footprint in the UK dedicated to the marine and renewables industries capable of delivering large, complex ship building and fabrication contracts.
- Company's first major fabrication contract signed in April 2021; fabrication of eight wind turbine generator jackets for the NNG project in Scotland signed with Saipem UK Limited for a total value of £26.50 million; fabrication has commenced at pace, with a significant contribution expected in the second half of 2021.
- Strong pipeline of contracts across five distinct markets and six service sectors developed and being actively progressed.
- Defence and renewables markets are coming into play quicker than originally envisaged; significantly larger opportunities brought forward by the Government in its commitment to naval defence spending and transitioning to green energy by 2030.
- Directors believe that the Company will achieve a cash break-even on an annualised basis by the end of the current financial year (31 December 2021) and will be EBITDA positive in 2022.
- The Directors are confident that revenue for the 17-month period to December 2021 remains in line with market expectations.
- The Company is negotiating on major new potential contracts within cruise & ferry, commercial fabrication, defence and renewables in order to secure multi-year contracted revenue streams.
- 31 July 2021 marks the end of the period of major upgrades across all the yards; Harland & Wolff is now accelerating operations and has changed its focus from re-establishment of the yards to converting a substantial pipeline of opportunities into contracts.

John Wood, CEO of InfraStrata, commented: *"It is fantastic to be back in an environment where we can meet our clients face to face, which had not been possible since we made our first acquisition in Belfast and commenced the Harland & Wolff journey nearly two years ago. I am encouraged by the increase in revenue across the Group between the July 2020 and July 2021 across all sectors. We are focussed on taking the Company to a level of steady revenue flows and achieve our first year of positive EBITDA, expected to be in 2022. In order to establish our credibility within the industry, it has been essential to bring the yards back into full operation only after completing all the necessary upgrades to meet best of class technical and operational standards. I am delighted that we have now achieved that. Whilst the increased level of spending in the short-term hurts cashflows, and we are very mindful of that, it is, however, absolutely necessary that we invest in the business now in order to reap its benefits in the months and years to come.*
Our strategy is aligned with Government policy to promote growth, increase employment and kick-start a post-COVID recovery. With a footprint of over 250 acres, we are now the largest business dedicated to the marine construction and fabrication industry in the UK. With our investments in people and systems across the Group, we are in our best ever position to bid for and consummate larger long-term contracts as we strive to enhance shareholder value. We estimate that at circa 80% utilisation of the facilities, Harland & Wolff is capable of generating revenues of c£500m per annum. Whilst we have a lot of work to do to get to that level, the business is now starting to move in that direction with momentum being built across all our five markets."

Operational Review

Cruise & Ferry Market

The Company expects to welcome circa nine ferry vessels in November and December spanning a range of works across them. This set of vessels also includes the three-vessel deal announced earlier in the year. Almost all clients are repeat clients, and the Company is currently in the process of generating a contracted revenue stream backlog for 2022 in the ferry repair market. The cruise market continues to experience COVID related uncertainties leading to delays in executing contracts and having cruise vessels in the shipyard. Cruise vessel dry dockings are normally planned at least 12 months in advance. On that basis, the Company is actively engaged with its cruise clients to dry dock their ships in 2022 and 2023.

With the desire to increase onboard revenues, there will be a need for a substantial number of dry dockings, which, in turn, will also lead to longer and more extensive docking periods thereby creating higher spend profiles in the dry docks. Whilst there still remains uncertainty in this market, the Company has made good use of this time and relationships continue to build across the globe. The Company is pleased to report that, post the period end, it won and executed its first in-service support contract onboard the "Scarlet Lady" – a Virgin Cruises vessel.

On the ferry repair side, which continues to remain the baseload work that flows through the Belfast repair dock, the Company is negotiating block bookings and group deals to not only create value for its clients, but to also build a contracted revenue stream ensuring optimisation of the facilities. On the newbuild side, the Company is currently tendering for six newbuilds in the ferry market, two of which are due to be awarded in Q4 2021 and the remaining in 2022. All these projects will be multi-year and could utilise both the Belfast and Appledore yards in tandem, should the Company be successful in winning one or more of these tenders.

Renewables

The Company continues to make good progress on the first Saipem contract which was awarded in April and commenced in the summer. The works for fabrication, consolidation and load-out of the eight WTG jacket foundations is principally being conducted at Harland and Wolff's recently acquired Methil site. The Methil facility is now geared up to escalate fabrication of the contracted eight jackets in Q4'21 and Q1'22, with a view to completing this phase of the Project by April 2022. As announced previously, the Company is not taking any materials related risk; all the materials are supplied by the client and, therefore, the Company has no price and supply chain exposure especially with regard to the steel needed for this project given the recent steep increase in steel prices.

The renewables sector is growing quickly. The Company is involved in several negotiations with clients who are looking at booking fabrication capacity across all the Company's yards. The contracts being negotiated are complex and multi-year, with values ranging from approximately £30 million to £200 million. Project developers have now become conscious of the lack of fabrication capacity across the UK and are making efforts to book capacity in order to meet their local content requirements. The Company expects this market to be a key growth market for the whole Group going into 2022 and beyond.

The Company recently announced an MoU (Memorandum of Understanding) between H&W, Navantia and Windar. This MoU is expected to be converted into a formal joint venture shortly with the consortium bidding for large fixed and floating wind projects in the UK and Europe. Significant growth is expected in the floating wind turbine market, which requires large scale fabrication capacity and much larger load out capacities in contrast to fixed wind structures. The consortium is well placed to bid competitively for these large projects given the depth of experience that each partner carries and the fabrication and loadout capacity that the H&W group has across four sites.

With the inevitable move to floating wind, Harland & Wolff has dry docks and quayside facilities that can fabricate and load-out respectively these structures rapidly. The fabrication volume of these structures will be at a scale that the UK has not witnessed in the past. Further, the growing importance of as much local content as possible, as well as overseas yards reaching near-full capacity levels, bodes well for UK plc involved in large scale heavy engineering and fabrication.

Defence

The Company is currently building its defence pipeline of projects with a number of bids due to be evaluated and submitted over the course of Q4'21 and Q1'22. The Company is focussed on the FSS programme which is currently in the Commercial Procurement Phase (CPP) that will last for another eight months. The Company is actively engaged with the Ministry of Defence (MoD) on a number of programmes on a standalone basis as well as with the Company's joint venture partner, Navantia, on certain projects. It is the Company's view that there remains a strong desire within Government to rejuvenate shipbuilding at a national level, particularly in defence. With the largest fabrication footprint in the UK, we continue to engage with Government at the most senior level.

The combined offering of H&W's physical capacity and capability as well as Navantia's deep expertise within defence related ship-building has been very warmly welcomed by the MoD, as they seek to encourage new entrants into this market in order to provide greater competition and enable value for money for the UK taxpayer. As widely reported, the HMS Quorn (M55 Minehunter) is currently in a competitive tendering process for a mid-life upgrade, and the Harland & Wolff-Navantia consortium is bidding to win this contract with the outcome expected in Q1 2022. The Company has also submitted its bid to welcome the Queen Elizabeth Class Carriers (QEC) to our Belfast facility. This contract will be over a 10-year period commencing 2023. The Company believes that it is in a good position given its dock size, capacity and capabilities to service these vessels. Harland & Wolff (Belfast) is the only facility in the UK that undertakes these types of refits and maintenance on a daily basis for commercial vessels of this size. The award for this contract is expected to be announced in the next few months with Harland & Wolff and another competitor yard in the fray.

The Company is actively involved in advanced negotiations with other prime contractors to pick up sub-contract work for ongoing defence programmes. The Company has successfully cleared technical, physical and commercial due diligence and is now in the process of negotiating scopes of works for a series of sub-contracts, announcements of which will be made once these sub-contracts are formally executed. The Company continues to develop its operating model which focuses on the best delivery solution for its clients and which will provide the best probability of success. This could either be establishing relationships with partners or acting, in its own right, as prime contractors. The Company is attracting significant interest in its defence related offering not only from inside the UK but also from overseas, i.e., exporting vessels built in the UK. Harland & Wolff's defence focussed team is currently tendering for fifteen vessel acquisition programmes globally.

Commercial

As reported in the June 2021 trading update, the Company believes that there is a large opportunity within the Government and quasi-government space for new vessel build. In addition, significant traction has been built for general cargo vessels and for those that are required for offshore wind farm development. The National Shipbuilding Office is expected to be commissioned imminently and there is a renewed focus to rejuvenate the shipbuilding industry across the UK. The National Shipbuilding Office is expected to be mandated to oversee the build of over 100 new vessels over the next decade and also facilitate financing structures for both government and domestic vessels. The Company continues to keep itself aligned with government policy on shipbuilding following on from the extensive work that the Board has undertaken as part of the Marine Enterprise Working Group (MEWG), which is focused on providing industry specific inputs in order to refresh the national shipbuilding strategy. Harland & Wolff's dedicated commercial maritime team is currently in the process of tendering for twenty-two of vessels within this market.

Energy

With commodity prices at an all-time high, the Company is now starting to see enquiries focusing on repurposing of facilities and electrification of existing assets to complement the growing portfolio of offshore wind farms in the North Sea as well as for fabrication of infrastructure to extend the life of various oil and gas fields. The Company will continue to actively pursue these exciting projects as they develop. The Company expects more robust activity and contracts in 2022 as the global economy normalises.

Islandmagee Gas Storage Project

The Company announced on 13 October 2021 that it has been informed by the Department of Agriculture, Environment and Rural Affairs (DAERA) that it will issue the Environmental Consent Decision, Marine Licence, reviewed Abstraction Licence and Discharge Consent for the Islandmagee Gas Storage project (the "Project"). The issuance of these licences is subject to the Company's acceptance of certain conditions precedent as well its acceptance of ongoing monitoring obligations. Having reviewed these conditions, the Company is satisfied that it can successfully meet the conditions and ongoing obligations and has, therefore, informed DAERA of such acceptance. The Company now expects DAERA to issue the full marine licence within the next fortnight per the agreed timetable. The Company understands that there could possibly be a call for a judicial review once the award of the licence has been made. However, the Company is firmly of the opinion that such a legal challenge would have no merit and has, accordingly, procured third party legal advice and opinion which corroborates the Company's view.

The issuance of this full marine licence is an opportune time to undertake a full review of the best funding mechanism and the nature of our future participation in this project. The focus on the current gas supply crisis along with support from the National Infrastructure Bank for shovel ready projects warrants further evaluation of the various funding options as the UK economy progresses towards its Net Zero target. As reported previously, the Project, whilst currently focussed on the storage of natural gas, has the capability, subject to regulatory approvals, to store large volumes of hydrogen. As the UK economy progressively transitions from natural gas to hydrogen, large scale hydrogen storage will be critical for the success of this transition. The Company warmly welcomes the Northern Ireland's Department for Economy's energy transition report in which the vision is to be a world leader in hydrogen production and export. The report clearly recognises the value of large scale hydrogen storage, given that should hydrogen ultimately becomes the fuel of choice for the wider economy, it will have demand and supply patterns (typical seasonal variations) that are similar to those observed in the natural gas markets. The Company believes that lessons have to be learned from the failure to check price natural gas price volatility and one of the widely recognised mechanisms to mitigate against such price and supply volatility is to have adequate domestic storage capacity.

As the Company moves forward in its discussions with key project investors and stakeholders, announcements relating to the Project's Final Investment Decision (FID) will be made once those negotiations have been completed and a financing package has been formally agreed.

Financial overview

For the period ended 31 July 2021, the Company's consolidated revenues stood at £10.18 million (31 July 2020: £1.48 million) representing a seven fold increase from the comparative period last year. The gross profit for the period stood at £2.46 million (31 July 2020: £0.30 million) representing a gross margin percentage of 24%. Margins are, thus, broadly in line with our expectations. As we move into the next phase of the Company's growth cycle, with the onset of large fabrication contracts, we expect to develop an optimum mix of contracts within the portfolio to ensure gross margins achieve our desired level. Gross margins on fabrication contracts tend to be lower than those of vessel repairs (vessel repairs tend to attract highly specialised engineering skills on which margins tend to be higher) and therefore, we expect to see a slight dip in the consolidated gross margins for the 17-month period ending 31 December 2021 with the commencement of the Saipem fabrication contract in Methil. As we develop an optimum blend of work across the four sites, we expect to maintain our target of approximately 25%. The operating loss including depreciation and amortisation for the period stood at £14.68 million (31 July 2020: £9.18 million). This increased loss vis-à-vis the same period last year reflects an increase in the number of personnel and overall overheads, given that, for the period, we had five assets to service (Belfast, Appledore, Methil, Arnish and London). Operating losses included increased non-capitalised insurance, IT, recruitment, legal and asset maintenance costs on a much larger asset base relative to the comparative period. As at the period end date, the Group now has the largest fabrication footprint in the country, two of the largest dry docks in Europe and two of the largest specialist fabrication sites in the UK. Having acquired these assets out of administration, we have had to undertake an accelerated programme of repairs and maintenance as well as build up our core staff strength in order to be able to bid for and win large value contracts. Today, all our sites are fully operational with each site winning work and servicing clients, both new and repeat. All sites have now been fully paid for except Appledore, where there is a deferred consideration of £5.50 million payable to the vendors over 2021, 2022 and 2023. The deferred consideration portion for 2021 amounting to £1.50 million is due to the vendors at the end of the year.

Whilst we continue to focus on a conservative level of cash burn relative to our physical size, which has trebled in the course of the last 12 months, general overheads and non-project related costs have increased over the period. Administrative expenses for the period stood at £15.25 million (31 July 2020: £9.48 million) which was due to our broader asset base and our strategy to service, grow and maintain a developing business. With stability on our cost base, we are at that inflection point whereby winning larger contract values will increasingly cover our overheads and generate cash over and above the Group's normal operating expenditure. With over nine vessels coming into Belfast in the last two months of this financial year and with a ramping up of the first Saipem fabrication contract, we expect to achieve an annualised cash break even position by the end of the year.

The Company raised the following sums through the period to 31 July 2021 by placing of new equity shares:

- 13 January 2021: £8.40 million (before expenses)
- 24 May 2021: £12.07 million (before expenses)

The proceeds of these placings were utilised for the following purposes:

- Performance bonds to meet the conditions precedent on the Saipem contract
- Capex required at Methil to increase efficiency and productivity on the current Saipem contract and future contracts
- Capex required for essential repairs and maintenance at Belfast and Appledore as well as meeting the acquisition costs for Appledore, Methil and Arnish
- General working capital to meet the needs of the Group's growing business activities

Going into the second half of the current financial year and into the next year, we expect to have greater visibility and certainty of monthly cash flows. The company currently has no long-term debt in place, and with greater regularity of cash flows, we recognise the Company is more attractive to the corporate debt market. We are in discussions to structure a group revolving credit facility that we will be able to draw-down on as and when required, especially to fulfil the working capital requirements of larger contracts. It is the Board's view that the Company will benefit from having the ability to draw-down debt on an ongoing basis as the Company scales and wins larger contracts.

For further information, please visit www.harland-wolff.com or contact:

InfraStrata plc John Wood, Chief Executive Seena Shah, Head of Marketing & Communications	+44 (0)20 3900 2122 investor@infrastrataplc.com
Cenkos Securities plc (Nominated Adviser & Broker) Stephen Keys / Callum Davidson (Corporate Finance) Michael Johnson (Sales)	+44 (0)20 7397 8900

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months ended 31 July 2021

	Notes	Twelve months ended 31 July 2021 Unaudited £	Year ended 31 July 2020 Audited £
Continuing operations			
Revenue		10,178,378	1,482,081
Cost of sales		(7,717,432)	(1,178,534)
Gross profit		**2,460,946**	**303,547**
Other income		441,401	-
Management and administrative expenses		(15,257,107)	(8,257,724)
Depreciation and amortisation		(2,325,259)	(1,224,655)
Operating loss		**(14,680,019)**	**(9,178,832)**
Right of use lease interest		(1,499,650)	(852,182)
Finance expense		(481,935)	(378,864)
Finance income		256	5
Loss before taxation		(16,661,349)	(10,409,873)
Taxation		-	-
Loss for the period from continuing operations		(16,661,349)	(10,409,873)
Loss for the period attributable to the equity holders of the parent		(16,661,349)	(10,409,873)
Other comprehensive income :			
Revaluation of fixed assets - Gross		-	6,074,895
Total comprehensive income for the period attributable to the equity holders of the parent		(16,661,349)	(4,334,978)
Basic and diluted earnings per share			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 JULY 2021

	Notes	31 July 2021 Unaudited £	31 July 2020 Audited £
Non-current assets			
Intangible fixed assets	3	11,831,144	11,206,831
Property, plant and equipment	4	22,591,263	19,080,113
Right of Use	4	13,268,220	6,327,658
Total non-current assets		47,690,627	36,614,602
Current assets			
Inventories		267,983	331,465
Trade and other receivables	5	3,657,152	1,933,254
Cash & cash equivalents		4,837,793	6,723,236
Total current assets		8,762,928	8,987,955
Current liabilities			
Trade and other payables	6	(10,319,728)	(6,102,983)
Grant received in advance		-	(24,272)
Short-term borrowings	7	(734,060)	(863,655)
Short-term financial liability	7	(1,500,000)	(830,000)
Lease liabilities	7	(1,320,458)	(1,087,885)
Total current liabilities		(13,874,246)	(8,908,795)
Net current liabilities		(5,111,318)	79,160
Non-current liabilities			
Other payables	6	-	-
Loans and borrowings	7	(6,290,000)	(2,090,000)
Lease liabilities	7	(13,878,805)	(13,699,579)
Financial liability	7	(200,000)	(200,000)
Total non-current liabilities		(20,368,805)	(15,989,579)
Net assets		22,210,505	20,704,183
Shareholders' funds			
Share capital		12,032,779	11,457,457

Share premium	51,389,162	33,923,172
Merger reserve	8,988,112	8,988,112
Share based payment reserve	252,036	125,673
Revaluation reserve	6,074,895	6,074,895
Retained earnings	(56,526,479)	(39,865,126)
Total equity	22,210,505	20,704,183

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 July 2021

	Share capital	Share premium	Merger reserve	Share based payment reserve	Revaluation Reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
Balance at 31 July 2019	10,949,504	18,427,728	8,988,112	113,220	-	(29,455,253)	9,023,311
Loss for the period	-	-	-	-	-	(10,409,873)	(10,409,873)
Other comprehensive income for the period	-	-	-	-	6,074,895	-	6,074,895
Total comprehensive loss for the period	-	-	-	-	6,074,895	(10,409,873)	(4,334,978)
Shares issued	507,953	14,995,444	-	-	-	-	15,503,397
Share Option expense	-	-	-	12,453	-	-	12,453
Capital Contribution	-	500,000	-	-	-	-	500,000
Balance at 31 July 2020	11,457,457	33,923,172	8,988,112	125,673	6,074,895	(39,865,126)	20,704,183
Loss for the period	-	-	-	-	-	(16,661,349)	(16,661,349)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(16,661,349)	(16,661,349)
Shares issued	575,322	17,465,990	-	-	-	-	18,041,312
Share Option expense	-	-	-	126,364	-	-	126,364
Balance at 31 July 2021	12,032,779	51,389,162	8,988,112	252,037	6,074,895	(56,526,475)	22,210,510

CONSOLIDATED CASH FLOW STATEMENT
As at 31 July 2021

	Twelve months ended 31 July	Year ended 31 July
	2021 **Unaudited**	**2020** **Audited**
	£	**£**
Operating activities		
Operating loss for the period	(16,661,349)	(10,409,873)
Depreciation	2,325,259	1,224,655
Profit on disposal of intangible assets	-	-
Profit from disposal of investments	-	-
(Increase)/decrease in trade and other receivables	1,058,890	(706,815)
Increase in trade and other payables	6,601,061	4,491,542
(Increase)/decrease in inventories	96,376	(331,465)
Decrease in deferred income	(24,272)	-
Exchange differences	(436)	717
Finance income	(256)	(5)
Shares issued in lieu of fees	(1,099,183)	-
Share option expense	126,364	12,453
Finance costs	1,957,767	1,231,046
Net cash (used in) continuing and discontinued operating activities	5,619,779)	(4,487,745)
Investing activities		
Acquisitions of property plant and equipment	(12,775,288)	(5,776,709)
Acquisitions of intangible assets	625,996)	(1,030,043)
Grants received in advance	-	1,130,149
Net cash (used in) generated from investing activities	(13,401,285)	(5,676,603)
Financing activities		
Proceeds on issue of ordinary shares	19,640,495	15,503,396
Proceeds from warrant exercise	-	-
Interest received	256	5
Interest paid	(457,916)	(379,588)

Repayment of borrowings & lease liabilities	(1,087,616)	(1,245,041)
Short term borrowing	(959,594)	908,560
Long term borrowing	-	2,090,000
Net cash generated from (used in) financing activities	17,135,624	16,877,332
Net increase (decrease) in cash and cash equivalents	(1,885,439)	6,712,984
Cash and cash equivalents at beginning of period	6,723,232	10,252
Cash and cash equivalents at end of period	4,837,793	6,723,236
Cash and cash equivalents consist of:		
Cash at Bank	4,837,793	6,723,236

NOTES TO THE INTERIM RESULTS
For the twelve months ended 31 July 2021

1.

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 July 2021.

Non-statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

A copy of the statutory accounts of the Company for the year ended 31 July 2020 has been delivered to the Registrar of Companies. The audit report on these accounts is unqualified and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006. In their report, which was not qualified, the auditors included a material uncertainty in respect of going concern

The financial information for the twelve months ended 31 July 2021 is unaudited and 31 July 2020 is audited.

The group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information'.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2020, which was prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and any public announcements made by InfraStrata Plc during the interim reporting period.

Accounting policies

The interim financial information has been prepared under the historical cost convention except for certain items that are shown at fair value as disclosed in the accounting policies.

The same accounting policies, presentation and methods of computation are followed in preparing the interim financial information as were applied in preparation of the Group's financial statements for the year ended 31 July 2020.

The financial statements are presented in Sterling which is the functional currency of the group and all values are rounded to the nearest Pound Sterling (£).

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Going concern and carrying value of Islandmagee gas storage project

The Company raised £8.40 million via a placing of new equity shares in December 2020 and January 2021 and a further £12.07 million in May 2021. Management believes that the Company has, as at the 31 July 2021, sufficient liquidity to meet its obligations as a going concern. Management does not consider the carrying value of the Islandmagee gas storage project to have been impaired in the last twelve months. As announced to the market on 13 Octber 2021, the Department of Agriculture, Energy and Rural Affairs (DAERA) has formally issued a draft marine licence along with certain conditions that the Company has accepted. Once the marine licence has been formally granted, the Company will seek to attract new investors at the project level and proceed to Final Investment Decision. Finally, management runs a quarterly update on the continued economic viability of the gas storage project. The fundamentals in the UK gas market have not changed adversely and the project continues to be economically robust.

Intangible assets

Separately acquired trademarks are shown at historical cost except that as disclosed in the accounting policies certain items are shown at fair value.

Trademarks and other intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Artefacts	Over 20 years - Straight line basis
Trademarks	Over 20 years - Straight line basis

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold land and buildings	Over 50 years - Straight line basis
Modular buildings	Over 20 years - Straight line basis
Plant and machinery	Over 10 years - Straight line basis
Motor vehicles	Over 5 years - Straight line basis
Office furniture and equipment	Over 5 years - Straight line basis
Computer equipment	Over 3 years - Straight line basis

NOTES TO THE INTERIM RESULTS
For the twelve months ended 31 July 2021 (continued)

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS16.
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The incremental borrowing rate for the Group has been assessed to be 10%.
The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In applying IFRS 16 for the first time, the Group has recognised the following lease liabilities:

Current	£1,320,458	(31 July 2020: £1,087,885)
Non-current	£13,878,805	(31 July 2020: £13,699,579)

Right-of-use assets totalling £13,268,220 (31 July 2020: £14,018,516.98) and lease liabilities totalling £15,199,263 (31 July 2020: £14,787,464) were recognised during the period and depreciation on the right of use recorded in the income statement was £750,061 (31 July 2020: £283,616).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Earnings per Share

	31 July 2021 Unaudited £	31 July 2020 Audited £
(Loss) profit		
The (loss) profit for the purposes of basic and diluted loss per share being the net (loss) profit		
attributable to equity shareholders		
Continuing Operations	(16,661,349)	(10,409,875)
Number of shares		
Weighted average number of ordinary shares for the purpose of:		
Basic earnings per share	3,142,111,198	3,066,492,117
Basic and diluted earnings per share		
Continuing Operations	(0.53)	(0.34)

3. Intangible assets

	Artefacts	Trademarks	Gas storage development	Development costs	Business Intellectual Property	Project costs	Total
	£	£	£	£			£
Cost							
At 1 August 2019	-	-	10,168,605	-	-	-	10,168,605
Grant accrual during year			(1,130,149)				(1,130,149)
Additions	200,000	170,000	583,311	55,000	-	21,732	1,030,043
Revaluations	447,394	693,193	-	-	-	-	1,140,587
Amortisation charge							-
At 31 July 2020	647,394	863,193	9,621,767	55,000	-	21,732	11,209,086
At 1 August 2020	647,394	863,193	9,621,767	55,000	-	21,732	11,209,086
Revaluations	-	-	-	-	-	-	-
Additions	-	-	376,161	-	150,000	99,835	625,996
At 31 July 2021	647,394	863,193	9,997,928	55,000	150,000	121,567	11,835,082
At 31 July 2020	-	-	-	2,255	-	-	2,255
Amortisation charge	-	-	-	1,682	-	-	1,682
At 31 July 2021	-	-	-	3,937	-	-	3,937
Net book value							
At 31 July 2021	647,394	863,193	9,997,928	51,063	150,000	121,567	11,831,145
At 31 July 2020	647,394	863,193	9,621,767	52,745	-	21,732	11,206,831

4. Property, plant and equipment

	Land and buildings	Right of use	Office equipment	Motor vehicles	Plant & machinery	Plant & machinery under construction	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 August 2019	730,799	-	8,918	-	-	-	739,717
Revaluation recognised in other comprehensive income	3,066,738	-	25,972	373,464	2,346,331	-	5,812,505
Additions	2,806,171	14,302,133	203,574	297,056	2,469,908	-	20,078,842
At 31 July 2020	6,603,708	14,302,133	238,464	670,520	4,816,239	-	26,631,064
At 1 August 2020	6,603,708	14,302,133	238,464	670,520	4,816,239	-	26,631,064
Revaluation recognised in other comprehensive income							-
Additions	5,342,311	(235)	35,768	11,680	4,146,931	3,238,834	12,775,288
Transfer of asset	-	-	-	(127,683)	127,683	-	-
At 31 July 2021	11,946,019	14,301,898	274,232	554,517	9,090,853	3,238,834	39,406,352
Depreciation							
At 1 August 2019	-	-	892	-	-	-	892
Charge for year	276,050	283,616	62,974	55,478	544,283	-	1,222,401
At 31 July 2020	276,050	283,616	63,866	55,478	544,283	-	1,223,293
At 1 August 2020	276,050	283,616	63,866	55,478	544,283	-	1,223,293
Transfer of asset				(16,750)	16,750	-	-
Charge for the period	427,687	750,061	42,914	56,743	1,046,172	-	2,323,577
At 31 July 2021	703,737	1,033,677	106,780	95,471	1,607,205	-	3,546,870
Carrying amount							
At 31 July 2021	11,242,282	13,268,220	167,453	459,046	7,483,648	3,238,834	35,859,482
At 31 July 2020	6,327,658	14,018,517	174,598	615,042	4,271,956	-	25,407,771

5. Trade and other receivables

	Unaudited 31 July 2021 £	Audited 31 July 2020 £
Trade receivables	185,336	225276
Accrued Income	1,517,013	0
Other receivables	1,077,299	1397183
Prepayments	877,504	310795
	3,657,152	**1,933,254**

6. Trade and other payables

		Unaudited 31 July 2021 £	Audited 31 July 2020 £
Trade payables		3,932,415	2,127,487
Social security and other taxes	*	3,455,130	1,786,782
Outstanding defined contribution pension costs		54,820	50,352
Other payables		1,034,135	278,347
Accrued expenses		1,843,228	1,860,015
		10,319,728	**6,102,983**

* Includes amounts payable in more than one year

7. Financial liabilities

	Twelve months ended 31 July 2021 Unaudited £	Year ended 31 July 2020 Audited £
Current liabilities:		
Costain Loan	599,060	863,655
YA & Riverfort Loan	135,000	830,000
	734,060	**1,693,655**
Short term financial liability:		
Deferred consideration	1,500,000	-
Lease liability - right of use	1,320,458	1,087,885
	2,820,458	**1,087,885**
Non-current liabilities:		
Moyle Energy Investments	200,000	200,000
Deferred consideration	4,200,000	-
Other borrowings	2,090,000	2,090,000
Lease liability - right of use	13,878,805	13,699,579
	20,368,805	**15,989,579**

Costain Loan

In April 2018, Islandmagee Energy Limited (IMEL) concluded a Secured Development Loan Agreement with Costain Oil, Gas & Process Limited (“Costain”). Costain is the principal contractor in the FEED programme and in return for its services to IMEL, it agreed to provide a secured loan so as to facilitate the further development of the Islandmagee gas storage project. The loan is secured on the assets of IMEL. As at 31 July 2021, the terms of the loan have been altered so make the loan unsecured, which provides the Company the optionality to leverage the assets of IMEL. The Company has been making regular monthly payments to liquidate the loan under an agreed payment plan and will liquidate the loan accordingly.

Moyle Investments

In December 2017, The Company’s wholly owned subsidiary, InfraStrata UK Limited increased its ownership in IMEL from 90% to 100% by acquiring the remaining interest from Moyle Energy Investments Limited at par value. In recognition of the support by Moyle of the gas storage project at Islandmagee, InfraStrata plc will pay Moyle £200,000 on first gas storage.

Portum Capitis Asset Backed Facility

The Company retains only one long term loan on its books which is the asset backed facility provided by Portum Capitis in February 2020. This asset backed facility is an interest only facility that has a 2-year maturity and payable as a bullet payment in February 2022.

Deferred consideration

The total consideration payable to the vendors towards the acquisition of Harland and Wolff (Appledore) Limited has been agreed at £7 million. Of this, a sum of £1.5 million is now payable at the end of November 2021, £2million is payable on 31 August 2022 and a further £2million is payable on 31 January 2023 which has been recognised as deferred consideration in the Company’s balance sheet.

8. Issue of shares during the interim period

On 23 December 2020, the Company announced that it had conditionally raised, in aggregate, up to £7.4 million (before expenses) by way of a placing of new 14,222,225 Ordinary Shares at a price of 45 pence per share to existing and new investors (the "Placing"), as well as an Open Offer of up to 2,239,465 new Ordinary Shares to be issued to Qualifying Shareholders at a price of 45 pence per share. The Placing was conducted in two tranches.

The net proceeds from the Placing strengthened the Company's balance sheet and continue to enable it to tender for and win larger contracts, as well as to:

- provided capital expenditure for inter alia, the acquisition of a robotic welding panel line and other yard refurbishment programmes in preparation for the potential award and subsequent execution of fabrication contracts; and

- provided sufficient working capital to improve negotiating position on new contract opportunities by removing the potential for an emphasis of matter statement within upcoming full year results.

On 13 January 2021, the Company announced that all resolutions put to Shareholders at the General Meeting held earlier on that day in connection with the Placing and Open Offer of 23 December 2020 to raise up to £7.4 million (before expenses), were duly passed. Further, the Company was pleased to announce that it had raised the maximum amount possible under the Open Offer of £1.0 million (before expenses), having received valid applications for 5,173,144 Open Offer Shares in aggregate, including 4,025,457 Open Offer Shares applied for under the Excess Application Facility. Accordingly, the Company issued the maximum of 2,239,465 Open Offer Shares to be admitted to trading on AIM and undertook a scaling back process, on a pro-rata basis to return oversubscribed amounts to shareholders.

On 5 May 2021, the Company announced that it had conditionally raised, in aggregate, up to £10.30 million (before expenses) by way of a placing of new 34,333,334 Ordinary Shares at a price of 30 pence per share to existing and new investors (the "Placing"). In addition, the Company raised £1.77 million (before expenses) via an Open Offer of up to 5,900,266 new Ordinary Shares that were issued to Qualifying Shareholders at a price of 30 pence per share. The Placing was conducted in two tranches and all resolutions were passed on 24 May 2021.

On 24 May 2021, the Company announced that all resolutions put to Shareholders at the General Meeting held earlier on that day in connection with the Placing and Open Offer of 23 December 2020 to raise up to £7.4 million (before expenses), were duly passed. Further, the Company was pleased to announce that it had raised the maximum amount possible under the Open Offer of £1.0 million (before expenses), having received valid applications for 5,173,144 Open Offer Shares in aggregate, including 4,025,457 Open Offer Shares applied for under the Excess Application Facility. Accordingly, the Company issued the maximum of 2,239,465 Open Offer Shares to be admitted to trading on AIM and undertook a scaling back process, on a pro-rata basis to return oversubscribed amounts to shareholders.

9. Seasonal trend analysis

The Company normally observes a seasonal trend of ferry and cruise repairs being conducted over the winter period in preparation for summer sailings. However, given the effects of the lockdowns as a result of the COVID-19 pandemic, major ferry clients have deferred their winter 2020 works into summer and autumn 2021. Whilst the effects of the lockdown slowly dissipate, we envisage of backlog of cruise and ferry dry dockings being built up, and therefore, an urgency to book dry docking slots in the second half of the 2021 calendar year. Much of these bookings and the quantum of spend will depend on how successful the re-opening of the overall economy is as well as the ability for cruise and ferry operators to win back customers and resume sailings again. There are no particular seasonal variations observed within the other markets.

11. Dividend

The Directors do not recommend payment of a dividend for the period to 31 Julyy 2021.

12. Publication of the interim report

This interim report is available on the Company’s website https://www.infrastrataplc.com