

12 September 2017

Strat Aero plc (“Strat Aero”, the “Company” or the “Group”)

Half Yearly Report

Strat Aero Plc, the AIM quoted international aerospace company focused on the Unmanned Aerial Vehicle (“UAV”) sector, is pleased to present its unaudited half yearly report for the six-month period ended 30 June 2017.

OVERVIEW

- 38% growth in revenue: US\$568,553 (2016: US\$410,740)
- 57% reduction in Operating Loss: US\$910,222 (2016: US\$2,093,743)
- Cash balances at the period-end amounted to US\$371,896 (2016: US\$275,428)
- Significant restructuring of costs achieved, further rationalisation opportunities identified whilst business being well positioned for growth
- Geocurve successfully transitioning to focus on recurring contracts and developing reputation as an innovative industry leader
- Training course AUTQ, upgraded and revamped and gaining traction with the market place
- Training division set to expand under the stewardship of Training Director Mark Wharry
- New Financial Planning and Control System Implemented
- Corporate HQ revamped and combined into single office with Geocurve

Iain McLure, CEO of Strat Aero plc, commented, *“The continued implementation of a robust strategy and rationalised cost base has delivered a clear improvement in Strat Aero’s performance in the first six months of the year. I am pleased to report that all indications point towards this trend continuing in the coming months and this, together with a number of exciting projects coming to fruition across the Group, renews my optimism in Strat Aero’s ability to become a leading provider of services and training within the UAV industry and deliver meaningful value to the Company’s shareholders.”*

CHAIRMAN’S STATEMENT

In 2017 we have continued to pursue the strategy to focus on our key strengths and experience, specifically in the areas of Survey and Inspection via our subsidiary Geocurve, Training through our newly created Training Division and ad hoc consultancy via our Corporate HQ.

Training

The key development in the Training area was the revamping and upgrading of our AUTQ training course following the appointment of Mark Wharry as our Director of Training in February 2017. Mark brings significant and substantial experience as a professional aviator, a professional trainer and as one of the leading UAV Instructors in the World. Since joining Mark has revamped and upgraded our training course, AUTQ, comprehensively and it is now one of the most modern, comprehensive and

inclusive commercial UAV pilot training courses commercially available. AUTQ is designed for professional and commercial organisations who require training in the principle of safe airmanship along with practical flying instruction and importantly practical instruction on specific industry applications.

Master Franchises

We operate a master franchise model where Strat Aero undertakes to train the trainers, they in turn train the graduates and Strat Aero undertake the exam and certification.

iCoach

Our agreement with Hong Kong based I-Coach to roll-out our training programmes in Hong Kong, and the Taiwanese Republic of China, has seen substantive development over the last six months. Following the completion of the “Train the Trainers” course in June 2017 in Taipei, the team at TWUAS (the Taiwanese UAS Development Agency, the first customer under iCoach) are ready to conduct their first independent student course at the end of September.

TWUAS have conducted several business and fact finding projects across the Far East, in parallel to advertising and marketing AUTQ (Applied Unmanned Technology Qualification). They have significant interest from various agencies across Taiwan, and are targeting to fill courses through the remainder of the year.

TWUAS also have a serious governmental interest in Taiwan. Strat Aero was invited to discuss implementation of UAV services to a major Regional Government keen to implement UAV technology into their “smart city” concept.

During the visit in June 2017, we met with the Taiwanese CAA to advise them on how the UK approach to regulation differs from the US, and help them as they began designing their own laws. Local government agencies are very interested in developing technology, so have engaged with both TWUAS and some of the first AUTQ graduates in building drone-friendly areas, and encouraging manufacturers to set up in the area. The intent is to continue to advertise the AUTQ as the “go-to” professional qualification for the region. TWUAS expect to train more students as interest builds, and are looking at developing more instructors too.

Further afield, iCoach have been publicising our course on mainland China, and hope to have an agreement in principle with another training provider by the end of this year. They have also been looking at placing courses in Hong Kong. We are also jointly pursuing training certification in Mainland China, which is the world’s largest market for UAS training.

LimKokWing University

In the second half of September 2017, we will be in Kuala Lumpur to carry out training for the first batch of LKW instructors. As an organisation with over 30,000 students, LKW is potentially a source of a significant number of AUTQ graduates. They plan to run the full AUTQ as a 2-week course, but also to

integrate it in a shorter format into many different university courses, for example they run a degree course in Construction Management and a UAV specific module will become a key component of this. Following a successful start-up in Malaysia we intend to develop our relationship with the LKW group further to expand into their five universities in Africa.

The start of this programme has been delayed for some time due to the complexity of planning and integration with the teaching staff and curricula in the Cyberjaya Technology University. This will result in a delay to our internal projections for this contract for the full year ended 31 December 2017. However, the delay has enabled us to further refine the course and deepen our relationship with LKW.

We are also undertaking a joint student marketing programme with the university and the relationship with the university has introduced Strat Aero to a number of potential clients within the government sector in Malaysia.

MUDAS & DCAM

As we make inroads into Malaysia, we have gained support from MUDAS, the Malaysia Unmanned Drone Advocacy Society. They are promoting a "fly responsibly" policy for all UAS pilots in Malaysia, and are very keen to partner with Strat Aero as their preferred training company. We are looking at designing a short course for hobbyists that would be distributed through a partnership with MUDAS.

In addition to MUDAS, we have had a letter of recommendation and endorsement signed by the Department of Civil Aviation Malaysia and MUDAS, agreeing that AUTQ is the strongest and most comprehensive course and their preferred course in the region. This is a significant endorsement of the quality of AUTQ.

These relationships are important and will help us to develop AUTQ as the de facto number one qualification in Malaysia. These endorsements also help raise the profile of Strat Aero and AUTQ and the application of UAV technology. A "pool" of well trained and qualified pilots also gives us the opportunity to consider the development of services related businesses in the country. We intend to scope these opportunities and develop appropriate business plans during Q4 of 2017.

Other Opportunities in Training

We are actively pursuing similar University franchise agreements in both Indonesia and Singapore. Both countries have a large University establishment and a keen interest on the development of new technology opportunities via professional education. We are very focused on crystallising opportunities in the short to medium term.

Courseware

The full renewal request for Strat Aero's National Qualified Entity ("NQE") status has been submitted to the CAA, along with a completely re-written exposition and copies of all our courseware. The renewal is a standard process and we believe the NQE will be renewed without issue.

As the consolidated courseware is of a suitably high standard, we are now looking at having it formally accredited with OFQUAL and City & Guilds, to allow it to be represented as a true vocational qualification. This will add further value to our courseware and to graduates as they embark on commercial UAV careers.

Automated Log Book Production

We have agreed a trial period with a company who provide comprehensive, cloud-based logging systems for UAS pilots. The system provides pre-flight planning tools, post flight analysis and aircraft maintenance logs - all requirements of Aviation Authorities for commercial UAV pilots.

We have a private server with our own corporate branding, and will be able to use it to track our instructors across the globe for accreditation purposes. It will also help our students build good habits and air safety patterns. The plan is to charge a recurring fee for this service in the future. This helps us keep the students linked to Strat Aero after they graduate, and will be the starting point for us to develop and grow our planned Professional Pilot's Association, connecting AUTQ graduates from all over the world, and providing access to further professional development.

We will also implement the system in Geocurve to manage and assist our own Pilot activity and planning.

UK Courses

Closer to home, we will look to run more AUTQ courses in the closing months of the year; interest is still growing, with specific discussions going on with some larger clients. We have responded to several large training tenders in the UK and are awaiting the outcome of these. We also have specific plans to run courses with some of our Geocurve partners in the Construction business sector.

Other Training Activities

Our Director of Training Mark Wharry has been invited to sit on the British Standards Institute's working group on UAS standards. This multi-disciplinary body has representatives from various industries, standardisation specialists, engineers and academics, and is responsible for analysing international standards and making appropriate changes for the UK market. Strat Aero is the only NQE represented there, and Mark is the training expert for the group. This means Strat Aero will be at the forefront of designing a standard for professional UAS training, to be applied to both training institutions and their graduates. With the recent discussions at UK government level concerning UAS registration and control, keeping Strat Aero and the AUTQ involved at the highest levels gives us a unique opportunity to help shape the future of UK-based UAS training.

The working group also has a responsibility to look at manufacturing and operating standards, so we will be fully involved with their upcoming discussions with the Department for Transport and the further development of UAS regulations and laws across the UK. Lastly, thanks to the work carried out on the BSi working group, Mark has also been seconded to the International Standardisation Organisation, to help them in the production of worldwide standards for drone training, in conjunction with the International Civil Aviation Organisation and the European Aviation Safety Agency.

Survey & Inspection

Geocurve

The first half of 2017 has been a period of change for Geocurve placing it on a strong footing for the future. In common with other parts of Strat Aero, Geocurve has undergone a restructure within the team, all designed to increase its focus and strengthen its key business areas.

In May 2017, Geocurve moved to our new offices in Kelvedon. This move has provided us with a professional environment and created a collaborative workspace for the entire team. Additionally, it has drastically reduced our travelling time to and from projects and thus an overall reduction in operating costs. We are continuing to review our cost base monthly and seek to improve our operating efficiency at all times. Geocurve will also benefit from the new Finance Systems and process changes within the overall group - again creating a cost saving and step change in efficiency. We are pleased with the progress at Geocurve.

Projects

The partnership and contract with CH2M continues to develop and prosper. The main focus is of course on the high-profile Thames Estuary Asset Management Team2100 Project. Through this Geocurve has consistently delivered unique and innovative solutions developing new survey and inspection techniques on this critical project.

Our innovation drive within this project has led to success in two prestigious awards and also being shortlisted for a further six awards in September 2017. The first innovation award was for 'Environment Agency's Project Excellence Awards' in March 2017. The second was 'Esri UK 2017 Customer Success Awards - Data Collection category at their May 2017 Annual Conference. The six shortlisted awards are for 'The New Civil Engineering TechFest Awards 2017'.

We are continuing to work with CH2M to deliver innovation and robust survey solutions on Team2100 and other large projects in their portfolio. This activity is growing our experience, expertise and recognition within the industry.

In addition to CH2M we continue to work with several existing regular clients. Our preference and focus is for recurring work as opposed to continual one-off projects. This allows us to build and manage a regular revenue stream and plan and resource our projects accordingly.

Prospects

In Q2 2017 we acquired five new contracts with three new clients. At present each is of a relatively small value, but characterised by the potential to deliver regular, repeating revenues. We continue to focus on these types of opportunities.

Geocurve continues to hold a unique position within the survey and inspection industry. We have a strong and unblemished safety record. This is very important as it allows us to gain extending operating

permissions from the CAA, meaning we have the ability to fly in areas and situations where other operators do not.

Our mix of people is also very unique as we have trained surveyors to fly, trained pilots to survey and also pilots who have major skills and experience in imaging and data capture. Our processing department consists of a highly skilled and trained team of analysts who can translate the captured UAV and survey data into real and meaningful products for our clients.

The changes within Geocurve and the revised focus have had a significant impact on the 2017 results so far, with improvement seen in many key areas. This is a trend we plan to continue for the future.

The summer period saw a cyclical relative slowdown in work and this was expected as it is normal within the construction industry due to new budgets being finalised and summer holidays. We do expect this to recover in the second half of the year, especially during Q4.

Overall the UAV business in reality continues to fall behind the significant early expectations of the market analysts, this is driven by a slow uptake on new technology, reluctance to adopt change and also the fact that buying a drone is easy - using it safely in a commercial environment to deliver results which add value to a customer business takes a great deal of skill and experience.

Slowly but surely Geocurve are becoming recognised as experts in their field and this will increasingly translate into tangible profitable projects in the future. In addition to this steady growth, we are actively pursuing new technology opportunities and through an innovative approach, we are evaluating the potential to create a transformational change in the Geocurve business.

Financial Overview

During the period the Group recorded revenues of US\$568,553 compared with US\$410,740 for the six months to 30 June 2016. The operating loss for the six months to 30 June 2017, before taxation, was US\$910,222 (Period to 30 June 2016: US\$2,093,743). Administrative expenses amounted to US\$1,448,180 (Period to 30 June 2016: US\$2,387,675), a large portion of these costs continue to comprise wages and salaries, consultancy and professional fees associated with a public company. The loss after tax for the period after deducting share issuance costs was US\$ 1,113,851. The loss per share was 0.07 cents (2016: loss per share of 1.20 cents).

Consolidated net assets at 30 June 2017 amounted to US\$786,965 (30 June 2016: US\$173,875). Cash balances at the period end amounted to US\$371,896 (30 June 2016: US\$275,428).

During the period the Company raised US\$1,384,058 net of costs through the issue of new shares.

As announced on 1 March 2017 the Company successfully re-negotiated its £300,000 short term loan facility with Farina Investments (UK) Ltd on favourable terms. As at 8 September 2017 STG 190,000 remains undrawn from this facility and the company has a cash balance of STG 130,000.

Corporate HQ

The ongoing theme within our HQ Functions has been cost reduction and improved efficiency wherever possible. We continue to rationalise and optimise our expenditure across all HQ areas including marketing, consultancy, facilities and General and Administrative overhead.

In October 2017 we will cease to locate our HQ at Gatwick Airport and relocate all Corporate HQ functions to our new offices shared with Geocurve in Kelvedon, Essex. This will represent further savings both in terms of staff and facilities overheads.

We are implementing a new Group wide Financial Planning and Control system that will enable improved planning, decision support and control across all our entities and activities. The project has been implemented on time and on budget and is due to be completed at the end of September.

In the Corporate HQ we have won and completed a small consultancy contract for the DCA in Cyprus. We continue to look for similar opportunities in this field.

USA

In the USA after a detailed review we concluded that it is difficult for us to compete successfully and profitably in a crowded and relatively immature market at this time. We have undertaken a very aggressive cost cutting programme in the US and as a result we have made the majority of our US based employees redundant. The total headcount of around 18 people has now been reduced to two. The remaining two employees will become independent contractors and continue to support and manage our ongoing customer contracts with Millionair and Readyjet and also to maintain and develop our in house Digital Data Management (DDM) system.

We are currently exiting and minimising other US related commitments, including office lease and all equipment and software rentals. This is in line with our stated strategy of focusing on growing our three core business areas.

Outlook

The size and breadth of the opportunity presented by the growing UAV industry remains attractive. We will continue to aggressively pursue profitable growth strategies and maintain a sensible overhead footprint to support that growth. Our stretch goal this year is to achieve operational breakeven by the end of 2017, recognising that this presents a significant challenge, given the starting point and that it may be that this is not achieved until the first half of 2018. We have made substantial progress towards this but we also face the inherent cyclicity of our revenue and cost cycles. We expect to seek to strengthen our balance sheet in coming months to ensure that the business is adequately funded through to break even and the directors will consider a range of options including debt and equity.

We are confident we have the right people with the right experience and expertise along with the technology to capitalise on the opportunities available to us. Now thanks to the significant progress

made during the first half, we believe we have a robust strategy and platform in place to harness our resources and in the process build a cash generative and profitable business, one that generates real value for both our customers and our shareholders.

I look forward to providing further updates on our progress in due course, as we look to deliver on our vision to transform Strat Aero into a world class provider of UAV based services and solutions.

Acknowledgments

On behalf of the Board, I would like to extend our thanks to our business partners, customers, associates and valued shareholders for their continued support throughout the period.

Graham Peck
Executive Chairman

ENQUIRIES:

Strat Aero plc

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STRAT AERO PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2017

		Unaudited 6 months ended	Unaudited 6 months ended	Audited Year ended
		30 June 2017	30 June 2016	31 December 2016
Continuing operations	Note	US\$	US\$	US\$
Revenue		568,553	410,740	862,988
Cost of sales		(30,595)	(116,799)	(269,909)
Gross profit		537,958	293,941	593,079
Administration expenses		(1,448,180)	(2,387,675)	(4,189,598)
(Loss)/Gain on foreign exchange		-	(9)	3,292
Impairment		-	-	-
Operating Loss before Share Issuance Costs		(910,222)	(2,093,743)	(3,593,227)
Share Capital issuance Costs	5	(153,784)	-	-
Operating Loss after Share Capital Issuance Costs		(1,064,006)	(2,093,743)	(3,593,227)
Finance costs		(76,119)	(28,243)	(43,407)
Loss before income tax		(1,140,125)	(2,121,986)	(3,636,634)
Income tax expense		26,274	-	112,158
Loss after tax		(1,113,851)	(2,121,986)	(3,524,476)

Other Comprehensive Income**Items that may be subsequently reclassified to profit or loss:**

Currency translation difference	-	81,599	53,029
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Total comprehensive income for the period attributable to owners of the parent	(1,113,851)	(2,040,387)	(3,471,447)
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Earnings per ordinary share attributable to owners of the parent during the period (*expressed in cents per share*)

Basic and diluted	4	(0.07)	(1.20)	(1.38)
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STRAT AERO PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		Unaudited	Unaudited	Audited
		30	30	31 December
		June	June	2016
		2017	2016	
	Note	US\$	US\$	US\$
Non-current assets				
Intangible assets		1,558,195	2,186,513	1,763,384
Property, plant and equipment		186,431	276,757	179,189
Total non-current assets		1,744,626	2,463,270	1,942,573
Current Assets				
Inventories		-	90,488	-
Trade and other receivables		310,641	221,505	210,255
Cash and cash equivalents		371,896	275,428	3,918
Total current assets		682,537	587,421	214,173
TOTAL ASSETS		2,427,163	3,050,691	2,156,746
Equity attributable to owners of the parent				
Share capital	3	6,104,870	3,474,004	4,130,803
Share premium		7,217,308	6,406,012	7,217,308
Other reserves		(741,323)	(497,059)	(751,486)
Translation reserve		(22,786)	45,681	17,111
Retained loss		(11,771,104)	(9,254,763)	(10,657,253)
TOTAL EQUITY		786,965	173,875	(43,517)

Current liabilities			
Trade and other payables	727,260	1,271,097	1,323,866
Borrowings	143,088	406,497	98,688
Total current liabilities	870,348	1,677,594	1,422,5534
Non-current liabilities			
Other payables	-	90,600	-
Borrowings	409,696	748,468	417,555
Deferred tax liabilities	360,154	360,154	360,154
Total non-current liabilities	769,850	1,199,222	777,709
TOTAL LIABILITIES	1,640,198	2,876,816	2,200,263
TOTAL EQUITY AND LIABILITIES	2,427,163	3,050,691	2,156,746

STRAT AERO PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2017

	Attributable to owners of the parent					
	Share capital	Share premium	Other reserves	Translation reserve	Retained loss	Total
	US\$	US\$	US\$	US\$	US\$	\$
As at 31 December 2015	2,292,836	6,171,415	(574,010)	(35,918)	(7,132,777)	721,546
Loss for the period	-	-	-	-	(2,121,986)	(2,121,986)
Other comprehensive income for the period						
Currency translation difference	-	-	-	81,599	-	81,599
Total comprehensive income for the period	-	-	-	81,599	(2,121,986)	(2,040,387)
Proceeds from shares issued (net of costs)	1,181,168	234,597	-	-	-	1,415,765
Share based payments	-	-	76,951	-	-	76,951
Transactions with owners, recognised directly in equity	1,181,168	234,597	76,951	-	-	1,492,716
As at 30 June 2016	3,474,004	6,406,012	(497,059)	45,681	(9,254,763)	173,875
As at 1 January 2017	4,130,803	7,217,308	(751,486)	17,111	(10,657,253)	(43,517)
Loss for the period	-	-	-	-	(1,113,851)	(1,113,851)
Other comprehensive income for the period						
Currency translation difference	-	-	10,163	(39,897)	-	(29,734)

Total comprehensive income for the period	-	-	10,163	(39,897)	(1,113,851)	(1,084,117)
Proceeds from shares issued	1,537,842		-	-	-	1,537,842
Non cash share issues	436,225	-	-	-	-	436,225
Warrants Issued	-			-	-	-
Transactions with owners, recognised directly in equity	1,974,067			-	-	1,974,067
As at 30 June 2017	6,104,870	7,217,308	(741,323)	(22,786)	(11,771,104)	786,965

STRAT AERO PLC

CONSOLIDATED STATEMENT OF CASH FLOW

For the six month period ended 30 June 2017

	Unaudited	Unaudited	Audited
	6 months ended 30 June 2017	6 months ended 30 June 2016	Year ended 31 December 2016
	US\$	US\$	US\$
Cash Flows from Operating Activities			
Loss for the period before tax	(1,140,125)	(2,121,986)	(3,636,634)
Depreciation of property, plant and equipment	47,623	82,134	176,206
Amortisation of intangible assets	209,723	68,431	425,787
Share based payments	436,225	76,951	14,889
Impairments	-	-	-
Share Capital Issuance Costs	153,784		
Finance costs	76,119	28,243	43,407
Foreign exchange on operating activities	(21,523)	200,018	71,484
Taxation	26,274	-	112,158
Increase in inventories	-	(2,000)	-
(Increase)/Decrease in trade and other receivables	(100,386)	241,309	252,559
(Decrease) in trade and other payables	(596,606)	(595,101)	(314,832)
Cash used in operations	(908,892)	(2,022,001)	(2,854,976)
Interest expense	(76,128)	(28,261)	(43,441)

Net cash used in operating activities	(985,020)	(2,050,262)	(2,898,417)
Cash Flows used in Investing Activities			
Purchases of intangible assets	-	(24,111)	(1,086)
Purchases of property, plant and equipment	(67,620)	13,251	-
Purchase of subsidiaries (net of cash acquired in the Group)	-	-	-
Interest income	9	18	34
Net cash used in investing activities	(67,611)	(10,842)	(1,052)
Cash Flows from Financing Activities			
Net proceeds from/(Repayments of) borrowings	36,541	(446,071)	98,688
Issue of shares, net of issue costs	1,384,058	1,415,765	1,520,229
Net cash generated from financing activities	1,420,599	969,694	1,618,917
Net (decrease)/ increase in cash and cash equivalents	367,968	(1,091,410)	(1,280,552)
Exchange gains/(losses)	10	(118,419)	(200,787)
Cash and cash equivalents at beginning of period	3,918	1,485,257	1,485,257
Cash and cash equivalents at end of period	371,896	275,428	3,918

NOTES TO THE INTERIM RESULTS:

1. General information and accounting policies

The principal activity of Strat Aero Plc (“the Company”) and its subsidiaries (together “the Group”) is the development, marketing and selling of Unmanned Aerial Vehicle inspection services, training programmes and software in the aviation industry.

The Company is a public limited company, which is listed on the London Stock Exchange: AIM and incorporated and domiciled in the United Kingdom. Its registered office is: The Beehive, City Place, Gatwick Airport, West Sussex, RH6 0PA.

This announcement is for the unaudited interim results for the period ended 30 June 2017.

The Directors approved these unaudited interim results on 11 September 2017.

2. Basis of preparation

The condensed consolidated interim financial information (the “Financial Information”) has been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this Financial Information. The Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In the opinion of the Directors the Financial Information for the period represents fairly the financial position, results from operations and cash flows for the period in conformity with generally accepted accounting principles consistently applied.

The Financial Information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. The Financial Information has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the period ended 31 December 2016 were approved by the Board of Directors on xx June 2017 and subsequently delivered to the Registrar of Companies and are also available on the Group’s website: www.strat-aero.com. The independent auditor’s report on those financial statements was unqualified, however drew attention to going concern matters by way of emphasis of matter.

The 2017 Financial Information of the Group has not been audited or reviewed.

The Financial Statements are presented in US Dollar rounded to the nearest dollar.

Going concern basis

The Group has been actively managing the review of the going concern position including the following material measures:

- Development of key partner relationships in order to assist Strat Aero to take advantage of new market opportunities.
- Evaluating and developing revenue pipeline opportunities
- Consideration of future fund raisings; and
- Deferral of Directors remuneration

Based on our commercial review for 2017 and 2018 and the Group's economic prospects the Directors have made the assessment, the above measures provide sufficient working capital in order to cover the period until the Group is able to earn operating positive cash flows. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all available information regarding the foreseeable future; in particular for the period covering 12 months from the date of issue of the financial information.

Risks and uncertainties

The Board continuously assesses and monitors the key risks facing the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2016 Annual Report and Financial Statements. The key financial risks are liquidity risk and credit risk.

Critical accounting estimates and judgements

The preparation of Financial Information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4 of the Group's 2016 Annual Report and Financial Statements.

Accounting Policies

The same accounting policies, presentation and methods of computation have been followed in this Financial Information as were applied in the preparation of the Group's Annual Financial Statements for the period ended 31 December 2016.

3. Share capital

On 31 January 2017 the Company issued 380,000,000 new ordinary shares of 0.1p each at a price of 0.1p per share raising £380,000. On the same date the Company issued 418,000,000 warrants exercisable for two years from the date of grant at an exercise price of 0.225p.

On 21 February 2017, following approval from shareholders at a general meeting of the Company, the Company issued the 850,000,000 new ordinary shares of 0.1p each at a price of 0.1p per share raising £850,000 in connection with a placing announced on 14 February 2017. In addition, certain directors and a director of a subsidiary company agreed to subscribe for 250,000,000 Ordinary Shares at the Placing Price in settlement of outstanding compensation and expenses accrued since 2015 in the sum of £250,000. On the same date the Company issued 1,170,000,000 warrants exercisable for two years from the date of grant at an exercise price of 0.225p in conjunction with the two placings.

On the same date a further 50,000,000 new ordinary shares of 0.1p each at a price of 0.1p per share were issued to certain professional advisors and service providers of Strat Aero in satisfaction of fees outstanding in the amount of £50,000.

On March 1 2017 50,000,000 new ordinary shares in the Company at a price of 0.1p per ordinary share was issued to Farina Investments (UK) Ltd in exchange for agreeing new favourable Loan terms and in consideration of interest accrued to date.

Directors' Transactions

The directors of the Company who participated in the February 2017 Placing were as follows:

1. Iain McLure subscribed for 100,000,000 new ordinary shares of 0.1p each for £100,000
2. Gerard Dempsey subscribed for 25,000,000 new ordinary shares of 0.1p each for £25,000
3. Paul Ryan subscribed for 110,000,000 new ordinary shares of 0.1p each for £110,000

4. Earnings per share

Basic earnings per share has been calculated by dividing the loss attributable to equity holders of the Company after taxation by the weighted average number of shares in issue during the period. There is no difference between the basic and diluted earnings per share as the effect on the exercise of options and warrants would be to decrease the earnings per share.

	6 months ended 30 June 2017	6 months ended 30 June 2016	Year ended 31 December 2016
	US\$	US\$	US\$
Basic and Diluted			
Loss after taxation	(1,113,851)	(1,997,554)	(5,931,933)
Weighted average number of shares	1,560,970,345	177,139,686	93,993,888
Earnings per share (cents)	(0.07)	(1.20)	(6.31)

5. Share Capital Issuance Costs

Costs associated with share capital placements in 2017 totaling US\$ 153,784, comprise broker commissions, and have been reflected in the Income Statement for the period as the Equity was issued at par value with no share premium attached.

6. Dividends

No dividend has been declared or paid by the Company during the 6 months ended 30 June 2017 (2016: nil).

7. Approval of the interim financial information

The condensed Financial Information were approved by the Board of Directors on 11 September 2017.