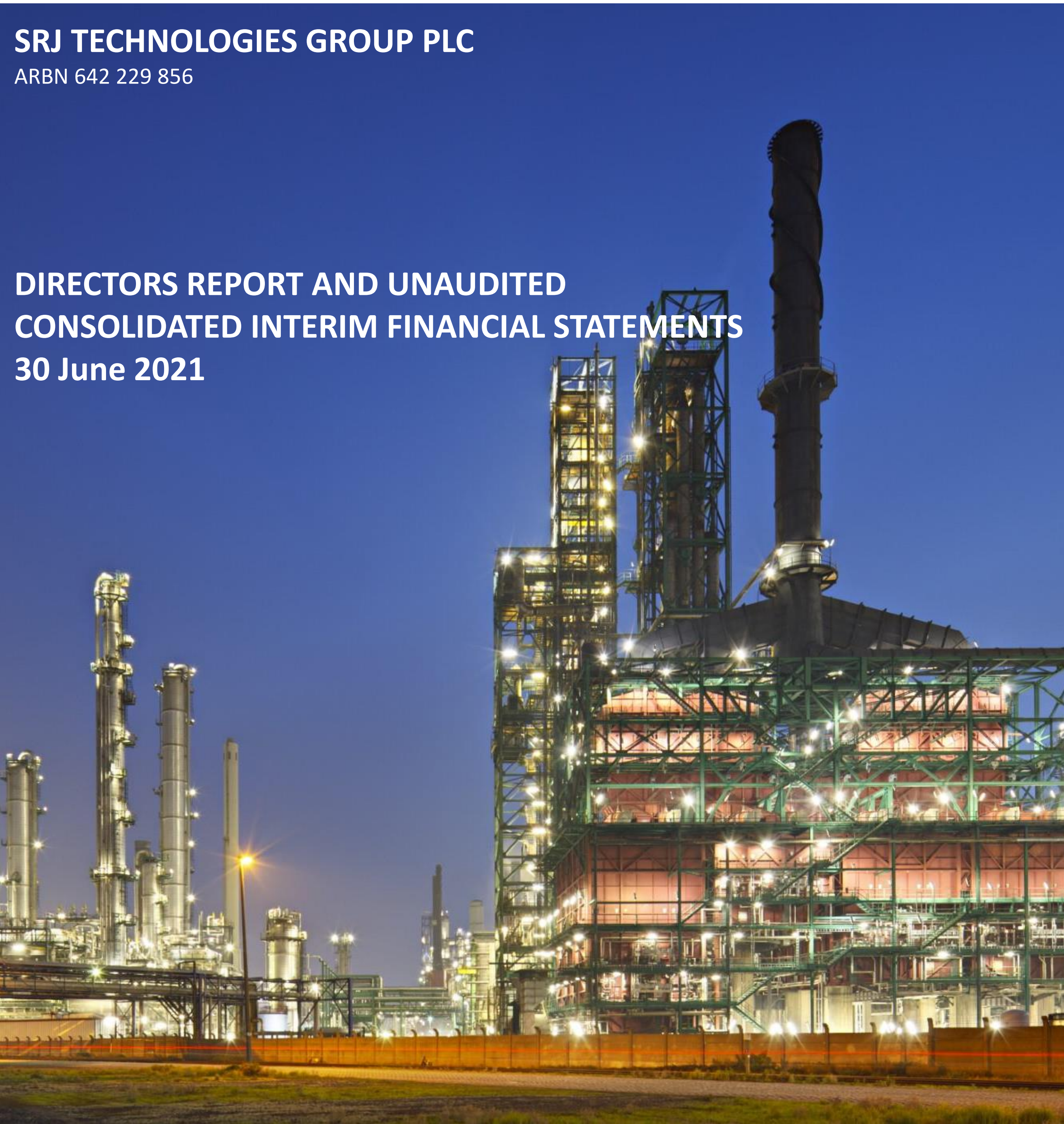
SRJ TECHNOLOGIES GROUP PLC

ARBN 642 229 856

DIRECTORS REPORT AND UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 June 2021



Company information

Directors	Alexander Wood Robin Pinchbeck Grant Mooney Andrew Mitchell
Company secretary	Benjamin Donovan
Registered number	115590
Registered office	
Jersey	Le Quai House Le Quai d'Auvergne St Helier Jersey, JE2 3TN Telephone: +(44) 01534 626818
Australia	C/- Ground Floor 16 Ord Street West Perth WA 6005 Telephone: +(61) 8 9482 0500
Independent auditor	Grant Thornton Limited Kensington Chambers 46/50 Kensington Place St Helier Jersey, JE1 1ET
Accountants	Bracken Rothwell Limited 2nd Floor, The Le Gallais Building 54 Bath Street St Helier Jersey, JE1 1FW
Bankers	Barclays Bank Plc 13 Library Place St Helier Jersey, JE4 8NE
Lawyers	Mourant 22 Grenville Street St Helier Jersey , JE4 8PX

SRJ Technologies Group Plc

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Directors' Report
For the period ended 30 June 2021

The directors present their report and the interim financial statements of SRJ Technologies Group Plc (formerly SRJ Technologies Limited) (the "Company") and its subsidiaries (together the "Group") for the period ended 30 June 2021.

Principal activity
The principal activity of the Company is the holding of investments in the subsidiaries SRJ Limited incorporated in Jersey, Channel Islands, SRJ Technology Limited incorporated in the United Kingdom and SRJ Tech Australia Pty Ltd incorporated in Australia which are all 100% owned by the Company and are primarily involved in the development and distribution of a range of weld-free coupling and leak containment solutions for pipeline and process pipework systems and leak containment solutions. The products are designed primarily for pipe repair and the emergency replacement market but can also be integrated into new pipeline builds. The Company also offers Asset Integrity Management consulting services to help asset owners to develop and implement an effective asset integrity strategy. The results of SRJ Tech Australia Pty Ltd are consolidated in the comparative period from the date of registration. The Company also owns 100% of the issued share capital of Acorn Intellectual Properties Limited, a Company incorporated in Jersey which has the primary activity of holding intellectual property.

Review of activities
A summary of key milestones achieved during the period include the following:

- March 2021 - Received first purchase orders from MODEC and Woodside Energy, introductions which were made to the Group through the strategic alliance agreement with Mitsui & Co (Australia) Ltd.
- March 2021 - Signed agency agreement with Euro Mechanical and Electrical Contracting Company LLC to participate in tenders in UAE. Several opportunities have arisen out of this agency agreement subsequent to signing.
- June 2021 - Secured an initial hot bolting campaign for a MODEC FPSO (Floating Production Storage and Offloading) offshore West Africa worth £95k (A$180k).
- June 2021 - the Company expanded its consulting offering with SBM Offshore and MODEC to provide support in the engineering design of new standardised FPSO's.
- June 2021 - Bureau Veritas, a world leader in audit and certification services, successfully completed the independent Design Verification exercise on the Boltex Product Line demonstrating the robustness of the technology.

Earnings Per Share

	Period ended 30 June 2021	*Period ended 30 June 2020*
	£	*£*
Loss for the period	**(1,780,299)**	*(1,387,574)*
Weighted average number of shares	**93,576,565**	*1,465,863*
Basic and diluted loss per share	**(0.02)**	*(0.95)*

Going Concern
The Group made a loss in the period in the amount of £1,780,299 (30 June 2020: £1,387,574) and as at 30 June 2021 had net assets of £3,693,567 (30 June 2020: net liabilities of £1,521,074).

The Group is currently exploring a number of new opportunities and pathways that could enable us to deliver future growth and has negotiated and signed agreements with various third parties during the period and subsequently. Purchase orders for CY21 that have either been fulfilled or are being processed stand at £362k (A$684k). Conversion of opportunities to receipt of funds is protracted but as the industry adapts to the COVID-19 pandemic and with increased product option we expect the impact of COVID-19 will reduce over time as the industry seeks to recommence its asset integrity operations.

As of 30 June 2021, the Group has sufficient funding in its cash reserves (primarily from the Initial Public Offering (IPO) of September 2020) to continue the current level of operations for 4 quarters (12 months) before any additional funding options would be required. Management expectation is that as purchase orders are delivered and cash collected the Group will be in a significantly stronger cash position by the end of the financial year.

As such, the Directors believe that the Group has sufficient resources to remain in operation for at least the following 12 months and therefore the financial statements are prepared on a going concern basis.

Dividends paid
There were no dividends paid in the period under review (2020 - £nil).

Results
The Consolidated Statement of Comprehensive Income for the period is set out on page 5.

Directors' Report
For the period ended 30 June 2021

Directors
The directors who served during the period and subsequently were:

Alexander Wood
Robin Pinchbeck
Grant Mooney
Andrew Mitchell

Disclosure of information to independent accountant reviewer
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:
• so far as the director is aware, there is no relevant audit information of which the Company and the Group's independent accountant reviewer is unaware, and
• the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant information and to make themselves aware and make that information available to the Group's independent accountant reviewer.

Post balance sheet events
Subsequent events have been evaluated up to the date that the financial statements were approved and authorised for issue by the Board of Directors. There have been no material events requiring adjustment or disclosure in these financial statements further to the events outlined below.

Company secretary
The Company secretary who held office throughout the period and subsequently was Benjamin Donovan.

This report was approved by the board and signed on its behalf.

Director

Date: 30 August 2021

Statement of Directors' Responsibilities
For the period ended 30 June 2021

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and generally accepted accounting practice.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors acknowledge the independent accountant reviewer's right of access at all times to the Group's records and acknowledge that it is an offence for anyone to recklessly or knowingly supply information to the independent accountants reviewer which is false or misleading and to fail to promptly provide information requested.

Report on Review of Interim Financial Information
To the members of SRJ Technologies Group Plc

We have reviewed the financial statements of SRJ Technologies Group Plc (the 'Company') and its subsidiaries (the "Group") for the period ended 30 June 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the consolidated interim financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and presentation of this interim financial information in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 104 - Interim Financial Reporting (FRS104). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the Group's affairs as at 30 June 2021, and of its comprehensive loss for the period then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies (Jersey) Law 1991.

Grant Thornton

Grant Thornton Limited
Chartered Accountants
St Helier, Jersey, Channel Islands

Date: 30 August 2021

Consolidated Statement of Comprehensive Income
For the period ended 30 June 2021

	Notes	**Period ended 30 June 2021 £**	*Period ended 30 June 2020 £*	*Year ended 31 December 2020 £*
Turnover	**4**	**110,982**	*88,764*	*196,925*
Cost of sales		**(46,719)**	*(43,549)*	*(77,892)*
Gross profit		**64,263**	*45,215*	*119,033*
Administrative expenses		**(1,843,981)**	*(1,490,795)*	*(4,333,522)*
Other operating income	**5**	**-**	*58,243*	*71,425*
Operating loss		**(1,779,718)**	*(1,387,337)*	*(4,143,064)*
Interest payable and expenses		**(581)**	*(237)*	*(375)*
Loss for the financial period/ year		**(1,780,299)**	*(1,387,574)*	*(4,143,439)*
Other comprehensive income:				
Loss on translation of foreign subsidiary		**(1,397)**	*(7,703)*	*(12,613)*
Total comprehensive loss for the period/year		**(1,781,696)**	*(1,395,277)*	*(4,156,052)*
Total comprehensive loss for the period/year attributable to:				
Ordinary equity holders of the parent		**(1,781,696)**	*(1,395,277)*	*(4,156,052)*
Earnings Per Share Basic and diluted loss per share for the period attributable to ordinary equity holders of the parent		**(0.02)**	*(0.95)*	*(0.12)*

There were no recognised gains and losses for the period ended 30 June 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 9 to 21 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	**30 June 2021 £**	*30 June 2020 £*	*31 December 2020 £*
Fixed assets				
Intangible assets	**10**	**863,145**	*917,784*	*897,779*
Tangible assets	**11**	**314,333**	*29,382*	*40,842*
		1,177,478	*947,166*	*938,621*
Current assets				
Stocks	**12**	**17,539**	-	*18,125*
Debtors: amounts falling due within one year	**13**	**191,910**	*284,046*	*145,937*
Cash at bank and in hand	**14**	**2,548,661**	*1,567,782*	*4,012,248*
		2,758,110	*1,851,828*	*4,176,310*
Current liabilities				
Creditors: amounts falling due within one year	**15**	**(191,964)**	*(4,320,068)*	*(98,079)*
Net current assets/(liabilities)		**2,566,146**	*(2,468,240)*	*4,078,231*
Total assets less current liabilities		**3,743,624**	*(1,521,074)*	*5,016,852*
Non-current liabilities				
Creditors: amounts falling due after one year	**16**	**(50,057)**	-	-
Net assets/(liabilities)		**3,693,567**	*(1,521,074)*	*5,016,852*
Capital and reserves				
Called up share capital	**17**	**21,639**	*14,680*	*21,639*
Share premium account	**17**	**13,606,004**	*4,574,028*	*13,606,004*
Share based payment reserve		**718,177**	-	*259,766*
Translation reserve		**(14,010)**	*(7,703)*	*(12,613)*
Profit and loss account		**(10,638,243)**	*(6,102,079)*	*(8,857,944)*
		3,693,567	*(1,521,074)*	*5,016,852*

The financial statements were approved and authorised for issue by the board on 30 August 2021 and were signed on its behalf by:

Name:

Director

Date: 30 August 2021

The notes on pages 9 to 21 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the period ended 30 June 2021

	Called up share capital £	Share premium £	Share based payment reserve £	Translation reserve £	Profit and loss account £	Total equity £
At 1 January 2020	14,667	4,574,028	-	-	(4,714,505)	(125,810)
Total comprehensive loss for the year	-	-	-	(7,703)	(1,387,574)	(1,395,277)
Shares issued during the year (note 17)	13	-	-	-	-	13
At 30 June 2020	**14,680**	**4,574,028**	**-**	**(7,703)**	**(6,102,079)**	**(1,521,074)**
Total comprehensive loss for the year	-	-	-	(4,910)	(2,755,865)	(2,760,775)
Shares issued during the year (note 17)	598	817,168	-	-	-	817,766
CDIs issued during the year (note 17)	6,361	8,214,808	-	-	-	8,221,169
Issue of share awards (note 7)	-	-	259,766	-	-	259,766
At 31 December 2020	**21,639**	**13,606,004**	**259,766**	**(12,613)**	**(8,857,944)**	**5,016,852**
Total comprehensive loss for the year	-	-	-	(1,397)	(1,780,299)	(1,781,696)
Issue of share awards (note 7)	-	-	458,411	-	-	458,411
At 31 June 2021	**21,639**	**13,606,004**	**718,177**	**(14,010)**	**(10,638,243)**	**3,693,567**

The notes on pages 9 to 21 form part of these financial statements.

Statement of Cash Flows
For the period ended 30 June 2021

	Period ended 30 June 2021 £	*Period ended 30 June 2020 £*	*Year ended 31 December 2020 £*
Cash flows used in operating activities			
Loss for the financial period	**(1,780,299)**	*(1,387,574)*	*(4,143,439)*
Adjustments for:			
Amortisation of intangible assets	**51,052**	*49,061*	*100,171*
Depreciation of tangible assets	**22,044**	*3,633*	*9,181*
Government grants	**-**	*(58,243)*	*(58,243)*
VAT liability written off	**-**	*-*	*(13,182)*
Interest paid	**581**	*237*	*383*
Bad debt written off	**-**	*-*	*3,270*
Share based payments for consultancy fees	**-**	*-*	*817,767*
Unvested share based payments awarded	**458,411**	*-*	*259,766*
Decrease/(increase) in stocks	**586**	*-*	*(18,125)*
(Increase)/decrease in debtors	**(45,973)**	*(73,538)*	*61,301*
Increase/(Decrease) in creditors	**143,942**	*163,103*	*(149,326)*
Net cash used in operating activities	**(1,149,656)**	*(1,303,321)*	*(3,130,476)*
Cash flows from investing activities			
Purchase of intangible fixed assets	**(16,418)**	*(16,387)*	*(47,492)*
Purchase of tangible fixed assets	**(295,535)**	*(24,471)*	*(41,479)*
Government grants received	**-**	*58,243*	*58,243*
Net cash (used in)/provided from investing activities	**(311,953)**	*17,385*	*(30,728)*
Cash flows from financing activities			
Issue of ordinary shares	**-**	*13*	*4,268,151*
Repayment of loans	**-**	*(1,725)*	*(1,725)*
Interest paid	**(581)**	*(237)*	*(383)*
Issuance of convertible loan notes	**-**	*1,671,387*	*1,728,039*
Net cash (used in)/provided from financing activities	**(581)**	*1,669,438*	*5,994,082*
Net (decrease)/increase in cash and cash equivalents	**(1,462,190)**	*383,502*	*2,832,878*
Effect of changes in foreign exchange rate			
Decrease in cash and cash equivalents due to change in interest in a subsidiary	**(1,397)**	*(7,703)*	*(12,613)*
Cash and cash equivalents at beginning of period	**4,012,248**	*1,191,983*	*1,191,983*
Cash and cash equivalents at the end of period	**2,548,661**	*1,567,782*	*4,012,248*
Cash and cash equivalents at the end of period comprise:			
Cash at bank and in hand	**2,548,661**	*1,567,782*	*4,012,248*

Notes to the consolidated interim financial statements
For the period ended 30 June 2021

1. General information

SRJ Technologies Group Plc (the "Company") is a public company incorporated in Jersey, Channel Islands on 29 April 2014 in accordance with the Companies (Jersey) Law 1991 with registration number 115590.

The registered office of the Company is Le Quai House, Le Quai d'Auvergne, St Helier, Jersey, JE2 3TN.

The principal activity of the Company is the holding of investments in the subsidiaries SRJ Limited incorporated in Jersey, Channel Islands, SRJ Technology Limited incorporated in the United Kingdom and SRJ Tech Australia Pty Ltd incorporated in Australia which are all 100% owned by the Company and are primarily involved in the development and distribution of a range of weld-free coupling and leak containment solutions for pipeline and process pipework systems and leak containment solutions. The products are designed primarily for pipe repair and the emergency replacement market but can also be integrated into new pipeline builds. The Company also offers Asset Integrity Management consulting services to help asset owners to develop and implement an effective asset integrity strategy.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 104 Interim Financial Statements (FRS 104) and the Companies (Jersey) Law 1991. They do not include all of the information required in annual financial statements in accordance with FRS 102, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see Note 3).

There have been no changes to the accounting policies or methods of computation used in preparing the interim financial statements as were used in the most recent set of annual financial statements of the Group published for the year ended 31 December 2020.

The following principal accounting policies have been applied.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and subsidiary entities controlled by the Company ("the Group") as if they form a single entity. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The results of subsidiaries acquired or disposed of during the period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate using accounting policies consistent with those of the Parent. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 Going concern

The Group made a loss in the period in the amount of £1,780,299 (30 June 2020: £1,387,574) and as at 30 June 2021 had net assets of £3,693,567 (30 June 2020: net liabilities of £1,521,074).

The Group is currently exploring a number of new opportunities and pathways that could enable us to deliver future growth and has negotiated and signed agreements with various third parties during the period and subsequently. Purchase orders for CY21 that have either been fulfilled or are being processed stand at £362k (A$684k). Conversion of opportunities to receipt of funds is protracted but as the industry adapts to the COVID-19 pandemic and with increased product option we expect the impact of COVID-19 will reduce over time as the industry seeks to recommence its asset integrity and maintenance operations.

As of 30 June 2021, the Group has sufficient funding in its cash reserves (primarily from the Initial Public Offering (IPO) of September 2020) to continue the current level of operations for 4 quarters (12 months) before any additional funding options would be required. Management expectation is that as purchase orders are delivered and cash collected the Group will be in a significantly stronger cash position by the end of the financial year.

As such, the Directors believe that the Group has sufficient resources to remain in operation for at least the following 12 months and therefore the financial statements are prepared on a going concern basis.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency

Functional and presentation currency

The Company and the Group's functional and presentational currency is Pound Sterling (£).

Foreign translation

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the £ are translated into £ upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into £ at the closing rate at the reporting date. Income and expenses have been translated into £ at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income within administration expenses.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, including discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:
- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Group is not significantly affected by seasonality or cyclicality of operations.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is estimated to be 13 years from the date in which the production and sale of the product commenced.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Summary of significant accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs such as arrangement and transaction fees are deducted against the financial liability and recognised as a part of finance costs over the term of the instrument.

2.10 Pensions

Defined contribution

The Group operates a statutory defined contribution plan for its UK employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Share based payments

The Group provides share-based payment arrangements to certain employees, directors and consultants. Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The patents and development costs first became available for use in 2017 when production and sale of the product commenced. They are being amortised annually on a straight line basis up to 20 October 2029 which is the maximum duration the main patent application can be extended to. The basis for this amortisation is 13 years.

The patents and development costs residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2. Summary of significant accounting policies (continued)

2.13 Impairment of assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. In such cases an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	20%
Computer equipment	-	33%
Plant and machinery	-	20%
Seal moulds	-	33%
Rental equipment	-	33%
Motor vehicles	-	10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.15 Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Summary of significant accounting policies (continued)

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Equity and reserves

Called up share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Directly attributable costs in respect of the raising of capital are offset against the total proceeds of the share issue in the Consolidated Statement of Financial Position by deducting this from share premium, net of any related income tax benefits.

Other components of equity include the following:

• Share based payment reserve – comprises the pro-rated expense of granted equity-settled share based payments which have met the prerequisite performance criteria. Once the vesting period has expired the value of all eligible awards which comprise the share based payment reserve will be transferred to share capital and share premium.

• Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into £.

2.21 Financial instruments

The Group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from other third parties and to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other receivables and payables, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.22 Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the Consolidated Statement of Financial Position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited directly to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements management is required to make estimates and assumptions that affect amounts presented therein. These estimates and assumptions are based on past experience or the other factors and are believed to be reasonable in the circumstances.

Impairment of intangible assets

The carrying value of intangible assets, which comprise Intellectual Property in the form of patent and development costs (IP), are dependent on the expected future revenue from product sales and services rendered in connection with the IP. Based on the Board's expectations, as outlined in the going concern assessment of the Group, the Directors are confident that the future expected return from sales and services for the Group is sufficient to assume there are no indicators of impairment in respect of the IP of the Group.

Useful life of intangible assets

The basis for estimate the useful life of intangible assets is disclosed in note 10.

Impact of COVID-19 on the going concern assessment of the Group

The going concern assessment of the Group by the Directors including the specific impact of COVID-19 is outlined in accounting policy 2.3.

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	30 June 2021		
	Product sales £	**Services rendered £**	**Total £**
United Kingdom	-	**80,261**	**80,261**
Australia	**20,093**	**10,628**	**30,721**
	20,093	**90,889**	**110,982**

	30 June 2020		
	Product sales £	*Services rendered £*	*Total £*
Jersey	*7,500*	-	*7,500*
United Kingdom	*5,120*	-	*5,120*
Australia	*76,144*	-	*76,144*
	88,764	-	*88,764*

5. Other operating income

	Period ended 30 June 2021 £	*Period ended 30 June 2020 £*	*Year ended 31 December 2020 £*
Government grants receivable	-	*58,243*	*58,243*
VAT liability written off	-	-	*13,182*
	-	*58,243*	*71,425*

6. Auditor remuneration

	Period ended 30 June 2021 £	*Period ended 30 June 2020 £*	*Year ended 31 December 2020 £*
Annual audit	**-**	-	*20,000*
Interim audit	**11,000**	*11,000*	*11,000*
Non-audit services	-	*6,500*	*64,078*
	11,000	*17,500*	*95,078*

Non-audit services are provided by both Grant Thornton Limited (Channel Islands) and Grant Thornton Australia Limited.

7. Share based payments

In the prior year the Board approved the grant of 8,014,000 Performance Rights (PR) under Equity Incentive Plans (EIPs). The award of PRs were allocated as follows;

	No of Performance Rights
Non-Executive Directors and consultants	**580,000**
Management and employees	**7,434,000**
	8,014,000

7. Share based payments (continued)

Under the EIPs, 1 PR is the equivalent of 1 Chess Depositary Interest (CDI). The award date of the PRs was 14 August 2020 and grant date was 18 September 2020 (the listing date of the Group shares). PRs issued will vest 24 months after the issue date and be subject to the following vesting conditions;

- the Company's CDIs reaching a target 15 day VWAP post Listing; and
- continuity of engagement (for consultants and Non-Executive Directors) or continuity of employment (for management and employees) for the period from Listing until the vesting date.

	Target 15-day VWAP A$	**No of Performance Rights**
Tranche 1	0.60	4,024,000
Tranche 2	0.65	2,470,000
Tranche 3	0.75	1,520,000

The 15-day VWAP target for all three tranches was met in the prior year therefore the VWAP criteria of Tranches 1 and 2 were achieved. Tranche 3 has additional performance criteria that will not become achievable until the end of 2021. On the grant date, the CDIs had fair value of A$0.50 each. The expense to the Group in 2021 based on qualifying PRs issued is analysed as follows;

	Fair value per CDI A$	**No of Performance Rights**	**Period ended 30 June 2021 £**	*Year ended 31 December 2020 £*
Directors remuneration	0.50	2,026,666	**143,062**	*81,068*
Staff remuneration	0.50	4,267,334	**300,104**	*170,059*
Consultancy fees	0.50	200,000	**15,245**	*8,639*
			458,411	*259,766*

The PRs will vest on 18 September 2022 for all parties that qualify under the vesting conditions.

8. Remuneration of directors and staff

	Period ended 30 June 2021 £	*Period ended 30 June 2020 £*	*Year ended 31 December 2020 £*
Directors			
Salaries and fees	**318,734**	*181,051*	*424,755*
Share based payment awards	**143,062**	-	*81,068*
	461,796	*181,051*	*505,823*

	Period ended 30 June 2021 £	*Period ended 30 June 2020 £*	*Year ended 31 December 2020 £*
Employees			
Wages and salaries	**450,462**	*480,308*	*954,162*
Pension and Superannuation costs	**34,526**	*20,078*	*59,575*
Health insurance	**12,560**	*10,657*	*27,443*
Share based payment awards	**300,104**	-	*170,059*
	797,652	*511,043*	*1,211,239*

The average number of employees of the Group during the period was 13 (2020: 13)

9. Fixed asset investments

	30 June 2021 £	*30 June 2020* £	*31 December 2020* £
Investment in subsidiaries, at cost	**22,783**	*22,783*	*22,783*

Subsidiary undertakings
The following were subsidiary undertakings of the Company:

Name	**Country of incorporation**	**Class of shares**	**Holding**
SRJ Limited	Jersey	Ordinary	100%
SRJ Technology Limited	United Kingdom	Ordinary	100%
SRJ Tech Australia Pty Ltd	Australia	Ordinary	100%
Acorn Intellectual Properties Limited	Jersey	Ordinary	100%

10. Intangible assets

	Patents £	**Development expenditure** £	**Total** £
Cost			
At 1 January 2020	**453,932**	**750,609**	**1,204,541**
Additions	**7,708**	**8,679**	**16,387**
At 30 June 2020	**461,640**	**759,288**	**1,220,928**
Additions	**22,248**	**8,857**	**31,105**
At 1 January 2021	**483,888**	**768,145**	**1,252,033**
Additions	**10,041**	**6,377**	**16,418**
At 30 June 2021	**493,929**	**774,522**	**1,268,451**
Amortisation			
At 1 January 2020	**97,967**	**156,116**	**254,083**
Charge for the year	**18,637**	**30,424**	**49,061**
At 30 June 2020	**116,604**	**186,540**	**303,144**
Charge for the year	**20,090**	**31,020**	**51,110**
At 1 January 2021	**136,694**	**217,560**	**354,254**
Charge for the year	**19,922**	**31,130**	**51,052**
At 30 June 2021	**156,616**	**248,690**	**405,306**
Net book value			
At 30 June 2021	**337,313**	**525,832**	**863,145**
At 30 June 2020	*345,036*	*572,748*	*917,784*
At 31 December 2020	*347,194*	*550,585*	*897,779*

The patents and development costs first became available for use in 2017 when production and sale of the product commenced. They are being amortised annually on a straight line basis up to 20 October 2029 which is the maximum duration the main patent application can be extended to.

The patents and development costs residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

11. Tangible fixed assets

	Motor vehicles £	Rental equipment £	Seal moulds £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost							
At 1 January 2020	-	-	-	-	*6,867*	*14,601*	*21,468*
Additions	-	-	-	*19,387*	*2,938*	*2,146*	*24,471*
At 30 June 2020	-	-	-	*19,387*	*9,805*	*16,747*	*45,939*
Additions	-	-	*2,221*	*5,473*	*2,047*	*7,267*	*17,008*
At 1 January 2021	**-**	**-**	**2,221**	**24,860**	**11,852**	**24,014**	**62,947**
Additions	**60,355**	**231,659**	**-**	**99**	**398**	**3,024**	**295,535**
At 30 June 2021	**60,355**	**231,659**	**2,221**	**24,959**	**12,250**	**27,038**	**358,482**
Depreciation							
At 1 January 2020	-	-	-	-	*4,503*	*8,421*	*12,924*
Charge for the period	-	-	-	*1,007*	*394*	*2,232*	*3,633*
At 30 June 2020	-	-	-	*1,007*	*4,897*	*10,653*	*16,557*
Charge for the period	-	-	*162*	*2,142*	*668*	*2,576*	*5,548*
At 1 January 2021	-	-	*162*	*3,149*	*5,565*	*13,229*	*22,105*
Charge for the period	**3,009**	**12,893**	**194**	**2,454**	**752**	**2,742**	**22,044**
At 30 June 2021	**3,009**	**12,893**	**356**	**5,603**	**6,317**	**15,971**	**44,149**
At 30 June 2021	**57,346**	**218,766**	**1,865**	**19,356**	**5,933**	**11,067**	**314,333**
At 30 June 2020	-	-	-	*18,380*	*4,908*	*6,094*	*29,382*
At 31 December 2020	-	-	*2,059*	*21,711*	*6,287*	*10,785*	*40,842*

12. Inventory

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Stock on hand	**17,539**	-	*18,125*

13. Debtors

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Trade debtors	**87,826**	*96,836*	*90,896*
Other debtors	**38,966**	*126,820*	-
Prepayments and accrued income	**65,118**	*60,390*	*55,041*
	191,910	*284,046*	*145,937*

14. Cash at bank and in hand

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Bank and cash balances	**2,548,661**	*1,567,782*	*4,012,248*

15. Creditors: Amounts falling due within one year

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Finance lease payable	**8,276**	-	-
VAT payable	**2,995**	*13,182*	-
Trade creditors	**77,194**	*225,222*	*21,767*
Convertible loan note	-	*3,896,379*	-
Accruals and other payables	**103,499**	*185,285*	*76,312*
	191,964	*4,320,068*	*98,079*

The finance lease is with Power Alliance Finance and is in respect of the acquisition of a commercial vehicle by SRJ Tech Australia Pty Ltd. The consideration paid for the vehicle was AU$111,924 (£60,355). The lease is for 60 months with interest accruing at 4.99%. During the period, £2,069 and £536 of capital and interest respectively was paid.

16. Creditors: Amounts falling due after one year

	30 June 2021	30 June 2020	31 December 2020
Finance lease payable	**50,057**	-	-

17. Issued capital

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Allotted, called up and fully paid			
119,015,369 Ordinary shares of £0.00018181819 (30 June 2020 - 1,467,985 Ordinary shares of £0.01)	**21,639**	*14,680*	*21,639*

Movements in share capital for the period are reconciled as below;

	Shares in issue	Share capital £	Share premium £
Allotted, called up and fully paid			
At 1 January 2020	*1,466,735*	*14,667*	*4,574,028*
Shares issued to investors	*1,250*	*13*	*-*
At 30 June 2020	*1,467,985*	*14,680*	*4,574,028*
Shares issued to staff and consultants	*59,822*	*598*	*817,168*
Split shares 55:1	*82,501,562*	*-*	*-*
Conversion of loan notes	*17,500,000*	*3,182*	*4,109,047*
Shares issued on IPO	*16,000,000*	*2,909*	*3,756,844*
Issued to advisers and consultants for pre-IPO services	*1,486,000*	*270*	*348,917*
At 31 December 2020	*119,015,369*	*21,639*	*13,606,004*

There were no additional share issues in the six month period ended 30 June 2021.

18. Commitments under operating leases

At 30 June 2021, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Not later than 1 year	**-**	**23,047**	*11,047*
Later than 1 year and not later than 5 years	**-**	**-**	*-*
	-	**23,047**	*11,047*

The lease with Le Quai House Holdings Limited expired during the period and as at the period end date a new lease was still being negotiated. Until such point a new lease is agreed, the Group remains on a monthly rolling lease occupancy of the premises. In line with United Kingdom Generally Accepted Accounting Practice adopted in these financial statements, assets and liabilities are not required for operating leases reflecting the principles of IFRS 16.

19. Related party transactions

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Balances due to the Company			
From SRJ Limited	**6,021,822**	*5,295,939*	*5,700,980*
From SRJ Technology Limited	**1,370,133**	*512,161*	*947,833*
From SRJ Tech Australia Pty Ltd	**966,795**	*247,198*	*505,948*
From Acorn Intellectual Properties Limited	**2,998**	*-*	*250*
	8,361,748	*6,055,298*	*7,155,011*

19. Related party transactions (continued)

	30 June 2021	*30 June 2020*	*31 December 2020*
Balances due between subsidiaries	**£**	*£*	*£*
From SRJ Limited to SRJ Technology Limited	**17,001**	*2,125*	-
From SRJ Limited to SRJ Tech Australia Pty Ltd	**5,000**	-	-
From SRJ Limited to Acorn Intellectual Properties Limited	**(4,725)**	-	*(4,735)*
	8,379,024	*2,125*	*(4,735)*

SRJ Limited is a subsidiary of the Company. During the period the Company made loans of £320,842 (30 June 2020: £395,138) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Technology Limited is a subsidiary of the Company and during the period the Company made additional loans in the total of £422,300 further to the £947,833 owed at 31 December 2020 (30 June 2020: £354,141 further to the £158,020 owed at 31 December 2019) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Tech Australia Pty Ltd is a subsidiary of the Company and during the period the Company made additional loans in the total of £460,847 further to the £505,948 owed at 31 December 2020 (30 June 2020: £183,914 further to the £63,284 owed at 31 December 2019) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

Acorn Intellectual Properties Limited (AIPL) is a subsidiary of the Company and during the year the Company made additional loans in the total of £2,748 further to the £250 owed at 31 December 2020 (30 June 2020: £nil) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months. AIPL and SRJ Limited are both subsidiaries of the Company and during the year a net intercompany balance of £4,725 (30 June 2020: £nil) was recognised in respect of license fees payable to AIPL and expenses paid on behalf of AIPL by SRJ Limited. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Limited and SRJ Technology Limited are both subsidiaries of the Company and during the year SRJ Limited received loans in the total of £17,001 (30 June 2020: repaid loans in the total of £6,081) to support SRJ Limited's ongoing operations. SRJ Technology Limited had also applied for UK Government grants in order to support the continued development of the product by the Company but during the year SRJ Technology Limited paid no grants to SRJ Limited (30 June 2020: £nil).

AVI Partners Limited (AVI) is a related party by virtue of being a significant shareholder of the Company. A wholly owned subsidiary of AVI leases office space to the Company, the charge in the period was £12,000 (30 June 2020: £12,000), equivalent to £2,000 per month.

During the period key management personnel (defined as Directors and Non-Executive Directors) of the Group received total compensation of £166,759 comprised of employment and post-employment benefits (30 June 2020: £186,941).

The Company has a Strategic Management Services consultancy agreement with Devi5e Pty, a Company owned by David Milner who is a director of SRJ Tech Australia Pty Ltd. The expense in the period was £56,000 (30 June 2020: £45,343)

The interests of the Directors in the capital of the Company at the period end date are set out in the table below:

Director	**Securities**	**% (undiluted)**	**% (fully diluted)**
Robin Pinchbeck	201,135 Ordinary shares 380,000 Performance Rights 115,799 CDIs	0.20%	0.50%
Alexander Wood	206,250 Ordinary Shares 2,470,000 Performance Rights	0.20%	2.10%
Grant Mooney	Nil	0.00%	0.00%
Andrew Mitchell	36,000 CDIs	0.03%	0.03%

Further to the Ordinary Shares held directly by Alexander Wood there are 27,584,755 Ordinary Shares held by AVI Partners Limited, a company in which Alexander Wood holds 19.0% of the issued shares. AVI Partners has a shareholding of 23.2% of the undiluted shares and 21.7% of the fully diluted shares in issue of the Group.

20. Analysis of changes in net debt

	At 1 January 2021	Cash flows	Other non-cash changes	At 30 June 2021
Cash and cash equivalents	£	£	£	£
Cash at bank and in hand	4,012,248	(1,462,190)	(1,397)	2,548,661
Borrowings				
Finance lease	-	(2,069)	60,402	58,333
	-	-	59,005	58,333
Net debt	4,012,248	(1,462,190)	(60,402)	2,490,328

	At 1 January 2020	Cash flows	Other non-cash changes	At 30 June 2020
Cash and cash equivalents	£	£	£	£
Cash at bank and in hand	1,191,983	383,502	(7,703)	1,567,782
Borrowings				
AVI Partners loan	1,725	(1,725)	-	-
Convertible loan notes	2,224,992	1,430,209	241,178	3,896,379
	2,226,717	1,428,484	241,178	3,896,379
Net debt	(1,034,734)	(1,428,484)	(248,881)	(2,328,597)

Non-cash changes relate to:
Finance lease - during the period SRJ Tech Australia Pty Ltd acquired a motor vehicle on a finance lease. Cash flows relate to capital repayments made by the Company against the finance lease.

There are no restrictions over the use of the cash and cash equivalents balances which comprises of cash at bank and in hand.

21. Post balance sheet events

Subsequent events have been evaluated up to the date that the financial statements were approved and authorised for issue by the Board of Directors. There have been no material events requiring adjustment or disclosure in these financial statements further to the events outlined below.

22. Ultimate controlling party

In the opinion of the Directors there is no one ultimate controlling party of the Company.

SRJ Technologies Group plc
Le Quai House I Le Quai d'Auvergne I St Helier I Jersey I JE2 3TN

info@srj-technologies.com I +44 1534 626818
www.srj-technologies.com