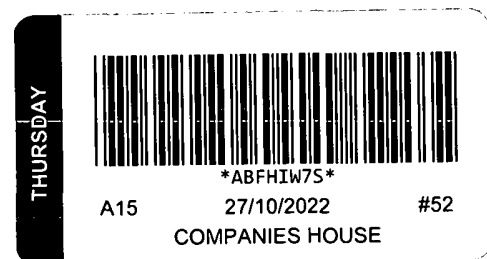


**Group Strategic Report, Report of Directors and
Consolidated Financial Statements as at
31st December 2021
for
J.O. STEEL HOLDINGS PLC**



Company registration number 13056973 (England and Wales)

J.O. STEEL HOLDINGS PLC

Contents of the Consolidated Financial Statements as at 31st December 2021

	Page
Company Information	3
Group Strategic Report	4
Report of the Directors	6
Report of the Independent Auditors	7
Consolidated Statement of Comprehensive Income	10
Company Statement of Comprehensive Income	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Change in Equity	14
Company Statement of Change in Equity	15
Consolidated Cash Flow	16
Company Cash Flow	17
Notes to the Consolidated Financial Statements	18

J.O. STEEL HOLDINGS PLC

Company Information as at 31st December 2021

DIRECTORS:

Mr Javed OPGENHAFFEN
Mrs Hasna OPGENHAFFEN

REGISTERED OFFICE:

20-22, Wenlock Road
London
England N1 7GU

REGISTERED NUMBER:

13056973 (England and Wales)

AUDITORS:

Zenith Audit Ltd
Statutory auditors
First floor, 18 Devonshire Row,
London, EC2M 4RH

J.O. STEEL HOLDINGS PLC

Group Strategic Report for the period ended 31st December 2021

The parent company was incorporated under Articles of Association dated 2nd December 2020 under the name of J.O. Steel Holdings Ltd. and was entered on the register of Companies House of the United Kingdom on 2nd December 2020, and then it was re-registered as J.O. Steel Holdings Plc on 12th July 2021.

The parent company is an investment holding company, and the principal activity of its subsidiary (Saleh Steel Industries Ltd.) undertaking is the manufacturing and selling of steel products in Bangladesh. The subsidiary operates exclusively in the Bangladeshi market, focusing specifically on the production of steel bars, steel ingots and billets in various sizes and hardness grades.

Review of business

The Directors are satisfied with the results for the Company for the reporting period.

The parent company and its subsidiary ('group') generated profit for the year ended 31 December 2021. Overall, the 2021 group's revenue was GBP'000 23 138 (2020: GBP'000 1 581), profit after-tax was GBP'000 1 487 (2020: GBP'000 1 039). The group's net assets as of 31st December 2021 were positive GBP'000 13 688 (2020: GBP'000 14 201).

Principal risks and uncertainties

The group is exposed to risks associated with the operating activities of its subsidiary associated with business operations, market conditions and finances:

1. The steel industry is dependent on the global development of the economy as a whole. The decline or stagnation of the economy may have a material adverse effect on the subsidiary's growth.
2. The price of steel is heavily dependent on the markets for the products whose manufacturers require steel. An adverse development in these markets may have a negative impact on business performance.
3. Steel production is characterised by a high proportion of fixed production costs. The volatility in costs can have a negative effect on the business as well as the financial position.
4. The impact of the further development of COVID-19 or another pandemic may have an adverse impact on local and global economic recovery, shortage in the supply of materials and labour, which may have a material adverse effect.
5. There is a risk of failing to obtain necessary financing and thus be prevented from delivering the long-term business development plans, which may slow down the group's growth.

Financial key performance indicators

The following are the key performance indicators used:

- Revenue
- Profit after tax
- Net assets

The group management regularly monitors its performance by producing periodic management accounts.

Future developments

The group is actively reviewing activities with looking for opportunities to enhance its business by investing in new manufacturing facilities and attracting skilled labour, expanding its customer base in Bangladesh. The Directors are confident that the group will continue being profitable and will distribute dividends to its shareholders in the future.

Implications on the business arising from the disruption caused by the spread of Coronavirus ('COVID-19') and war in Ukraine

On 11th March 2020, the World Health Organisation declared that Covid-19 represents an international pandemic. In view of the uncertainties arising from the pandemic, at the time that these financial statements are approved, it is not possible to determine the probable further extent of economic and social effects on international markets with any degree of certainty. The group will continue to adhere to relevant government regulations.

Although the war in Ukraine has a disruptive impact on the global supply chain, demand and economy, Directors do not expect any material impact on J.O. Steel Holdings Plc business.

In addition, the Directors have forecast that the group's business has sufficient funds available to settle its liabilities and maintain its planned capital spend over the next 12 months from the date of signing these accounts.

J.O. STEEL HOLDINGS PLC

On behalf of the Board:

DocuSigned by:


.....991DA6E24E2349A.....
Mr Javed OPGENHAFFEN - Director

21-10-2022

Date:

J.O. STEEL HOLDINGS PLC

Report of the Directors for the period ended 31st December 2021

The Directors present their report with the consolidated financial statements of the group for the year ended 31st December 2021. The consolidated financial statements comprise the financial statements of J.O. Steel Holdings Plc ('the parent company') and its subsidiary undertaking Saleh Steel Industries Limited (together - 'the group').

Dividends

No dividends will be distributed for the year ended 31st December 2021 (for the period ended 31st December 2020: nil).

Director

Javed Opgenhaffen held office from 2nd December 2020, and Hasna Opgenhaffen held office from 21st June 2021, both until the date of issue of this report.

Directors' responsibility statement

The Directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable UK Company law. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the parent company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable him to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and they have taken all the steps that they ought to have taken as a Directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The current auditors are Zenith Audit Ltd. They will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:

DocuSigned by:

091DA6E24E2349A.....

Mr Javed OPGENHAFFEN - Director

Date: 21-10-2022

J.O. STEEL HOLDINGS PLC

Report of the Independent Auditors

Report of the Independent Auditors to the Members of J.O. Steel Holdings Plc

Opinion

We have audited the financial statements of J.O. Steel Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, Company Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2021 and the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information, and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

J.O. STEEL HOLDINGS PLC

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We performed risk assessment procedures and obtained an understanding of the group, parent company and its environment, the applicable financial reporting framework, the applicable laws and regulations, the group, parent company system of internal control and the fraud risk factors relevant to the group, parent company that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the group, parent company financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

We considered compliance with UK Companies Act 2006 and the applicable tax legislation as the key laws and regulations in which non-compliance could directly lead to material misstatement due to fraud at the financial statement level.

We evaluated whether the selection and application of accounting policies by the group and parent company may be indicative of fraudulent financial reporting. Our audit procedures responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.
- Selecting and testing journal entries and other adjustments made at the end of a reporting period and throughout the period.
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly

J.O. STEEL HOLDINGS PLC

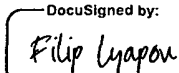
planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions, override of internal controls, or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

DocuSigned by:



507E36AF113E48D...
Filip Lyapov (Senior Statutory Auditor)
for and on behalf of Zenith Audit Ltd
Statutory Auditors
18 Devonshire Row
London, EC2M 4RH
21-10-2022

Date:

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

**Consolidated Statement of Comprehensive Income
for the year ended 31st December 2021**

	Note	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Revenue	5	23 138	1 581
Cost of sales	6	(18 287)	(346)
Gross profit		4 851	1 235
Administrative expenses	7	(698)	(29)
Distribution expenses	8	(117)	(5)
Exchange differences		2	-
Operating profit before tax		4 038	1 201
Finance income	9	170	12
Finance expenses	9	(1 707)	(116)
Profit/(loss) before WPPF and provision for income tax		2 501	1 097
Contribution to WPPF and welfare fund		(142)	(10)
Profit/(loss) before income tax		2 359	1 087
Income tax expenses	10	(872)	(48)
Profit for the year		1 487	1 039
Other comprehensive income for the year			
Translation differences		(25)	(180)
Discounting of interest free long-term loan from related party		(3 189)	-
Deferred income tax effect		1 165	-
Other comprehensive income for the year, net of tax		(2 049)	(180)
Total comprehensive income for the year		(562)	859
Profit attributable to:			
Equity holders of the parent		1 381	971
Non-controlling interests		106	68
		1 487	1 039
Total comprehensive income attributable to:			
Equity holders of the parent		(537)	791
Non-controlling interests		(25)	68
		(562)	859
Earnings per share	11	0.0014	0.0117

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

**Company Statement of Comprehensive Income
for the year ended 31st December 2021**

		For year ended 31st December 2021 GBP'000	From 2nd December to 31st December 2020 GBP'000
	Note		
Administrative expenses	7	(152)	-
Exchange differences		2	-
Operating profit before tax		(150)	-
Finance income		1	-
Finance expenses		(2)	-
Profit/(loss) before income tax		(151)	-
Income tax expenses		-	-
Profit for the year		(151)	-
<i>Items that will not be reclassified to profit or loss</i>			
Other comprehensive income for the year			
Changes in the fair value of investment in subsidiary at fair value through other comprehensive income	22	495	39 689
Income tax relating to these items	22	(94)	(7 541)
Other comprehensive income for the year, net of tax		(401)	32 148
Total comprehensive income for the year		(552)	32 148

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Consolidated Balance Sheet 31st December 2021

	Note	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Assets			
Non-current assets			
Property, plant and equipment	12	6 669	6 701
Deferred tax assets	18	110	-
Other non-current assets	13	237	236
Total non-current assets		7 016	6 937
Current assets			
Inventories	14	6 863	6 726
Trade and other accounts receivable	15	6 416	5 879
Cash and cash equivalents	16	7 618	7 188
Total current assets		20 897	19 793
Total assets		27 913	26 730
Equity and liabilities			
Equity			
Share capital	21	30 930	1
Other reserves	21	(30 880)	-
Additional reserve		-	2 262
Translation differences		(205)	(180)
Retained earnings		12 951	11 198
		12 796	13 281
Non-controlling interests		892	920
Total equity		13 688	14 201
Non-current liabilities			
Loans and borrowings	17	7 998	8 491
Deferred tax liabilities	18	-	1 033
Total non-current liabilities		7 998	9 524
Current liabilities			
Loans and borrowings	17	4 794	1 942
Trade and other accounts payable		492	213
Current income tax liabilities		798	730
Provisions	19	143	120
Total current liabilities		6 227	3 005
Total equity and liabilities		27 913	26 730

The financial statements were approved by the Director and authorised for issue and were signed by



 091DA6E24E2349A
 Mr Javed OPGENHAFFEN - Director

Date: 21-10-2022

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Company Balance Sheet 31st December 2021

	Note	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Assets			
Non-current assets			
Investments in subsidiaries	20	40 982	40 487
Total non-current assets		40 982	40 487
Current assets			
Unpaid capital	15	5	1
Cash and cash equivalents		2	-
Total current assets		7	1
Total assets		40 989	40 488
Equity and liabilities			
Equity			
Share capital	21	30 930	1
Fair value reserve through OCI, net of tax		1 669	32 148
Retained earnings		(151)	-
Total equity		32 448	32 149
Non-current liabilities			
Deferred tax liabilities	18	7 635	7 541
Total non-current liabilities		7 635	7 541
Current liabilities			
Loans and borrowings	17	73	-
Trade and other accounts payable	23	833	798
Total current liabilities		906	798
Total equity and liabilities		40 989	40 488

The financial statements were approved by the Director and authorised for issue and were signed by

DocuSigned by:



091DA6E24E2349A

Mr Javed OPGENHAFFEN - Director

21-10-2022

Date:

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Consolidated Statement of Changes in Equity for the year ended 31st December 2021

Note	Attributable to the equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Other reserves	Additional reserve	Translation differences	Retained earnings	Total		
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Balance at 2nd December 2020	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	971	971	68	1 039
Other comprehensive income	-	-	-	(180)	-	(180)	-	(180)
Total comprehensive income for the period	-	-	-	(180)	971	791	68	859
Transactions with owners:								
Issue of share capital	1	-	-	-	-	1	-	1
Acquisition of a subsidiary	-	-	2 262	-	10 227	12 489	852	13 341
Balance at 31st December 2020	1	-	2 262	(180)	11 198	13 281	920	14 201
Balance at 1st January 2021	1	-	2 262	(180)	11 198	13 281	920	14 201
Profit for the period	-	-	-	-	1 381	1 381	106	1 487
Other comprehensive income	-	-	-	(25)	-	(25)	-	(25)
Discounting of interest free long-term loan from related party	-	-	(3 189)	-	-	(3 189)	-	(3 189)
Deferred income tax effect	-	-	1 165	-	-	1 165	-	1 165
Total comprehensive income for the period	-	-	(2024)	(25)	1 381	(668)	106	(562)
Transactions with owners:								
Issue of capital	30 929	(30 880)	-	-	-	49	-	49
Transfer of unwinded discount to retained earnings	-	-	(238)	-	372	134	(134)	-
Balance at 31st December 2021	30 930	(30 880)	-	(205)	12 951	12 796	892	13 688

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Company Statement of Changes in Equity For the year ended 31st December 2021

	Note	Share capital	Other reserves	Retained earnings	Total equity
		GBP'000	GBP'000	GBP'000	GBP'000
Balance at 2nd December 2020		-	-	-	-
Profit for the period		-	-	-	-
Other comprehensive income		-	32 148	-	32 148
Total comprehensive income for the period		-	32 148	-	32 148
Transactions with owners:					
Issue of share capital		1	-	-	1
Balance at 31st December 2020		1	32 148	-	32 149
Balance at 1st January 2021		1	32 148	-	32 149
Profit for the period		-	-	(151)	(151)
Other comprehensive income		-	401	-	401
Total comprehensive income for the period		-	401	(151)	250
Transactions with owners:					
Issue of share capital		30 929	(30 880)	-	49
Balance at 31st December 2021		30 930	1 669	(151)	32 448

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Consolidated Cash Flow Statement for the year ended 31st December 2021

	Note	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Operating activities			
Profit before tax		2 359	1 087
Adjustments for:			
Depreciation of property, plant and equipment	12	273	12
Unwinding of discount	9	344	39
Contribution to WPPF and welfare fund	19	142	10
Interest expense	9	1 362	77
Exchange difference		2	-
Total adjusted profit for the year		4 482	1 225
(Increase) in trade and other current receivables		(550)	(311)
(Increase) in inventory		(157)	(549)
Increase in trade and other payables		159	57
Cash flows from operations		3 934	422
Interest paid		(3 015)	(36)
Income tax (paid)		(781)	-
Net cash from operating activities		138	386
Investing activities:			
Payment for purchase of property, plant and equipment	12	(265)	-
Loans granted to related party		(193)	-
Net cash (used in) investing activities		(458)	-
Financing activities:			
Proceeds from issue of share capital		45	-
Proceeds from bank loans	17	14 907	148
Repayment of bank loans	17	(4 335)	(112)
Proceeds from related party loans		(89)	-
Repayment of related party loans		(9 758)	-
Net cash from financing activities		770	36
Net increase in cash and cash equivalents		450	422
Effect from translation into presentation currency		(20)	(210)
At beginning of the year	16	7 188	6 976
At end of the year	16	7 618	7 188

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Company Cash Flow Statement For the year ended 31st December 2021

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Operating activities:		
Profit/(loss) before tax	(151)	-
Adjustments for:		
Interest expense	2	-
Interest income	(1)	-
Exchange difference	2	-
Changes in working capital	-	-
Increase in trade and other payables	34	-
Income tax (paid)	-	-
Net cash used in operating activities	(114)	-
Investing activities:		
Loans granted to related party	(193)	-
Net cash used in investing activities	(193)	-
Financing activities:		
Proceeds from issue of share capital	45	-
Proceeds from loans	353	-
Repayments of loans	(89)	-
Net cash from financing activities	309	-
Net increase in cash and cash equivalents	2	-
Cash and cash equivalents:		
At beginning of the year	-	-
At end of the year	2	-

The notes on pages 18 to 43 are an integral part of these financial statements.

J.O. STEEL HOLDINGS PLC

J.O. Steel Holdings Plc (Registered number: 13056973 England and Wales)

Notes to the Consolidated Financial Statements as at 31st December 2021

1. CORPORATE INFORMATION

The parent company was incorporated under Articles of Association dated 2nd December 2020 under the name of J.O. Steel Holdings Ltd. and was entered on the register of Companies House of the United Kingdom on 2nd December 2020, and then it was re-registered as J.O. Steel Holdings Plc on 12th July 2021. On 6th December 2020, the parent company subscribed 935,000 shares for a nominal amount of 100 TK each share, which equals 93.5% in shareholdings of Saleh Steel Industries Ltd, which was the day of group incorporation.

The production facilities of the group are located at 85/R & 86/R Nasirabad Industrial Area, Chittong, Bangladesh.

The beneficial owner of the group is Mr Javed Opgenhaffen.

Principal activities

The principal activities of the group are manufacturing, and sales of M.S. deformed bar of various grades (300w/40 grade, 400w/60 grade and 500w/TMT), M.S. billet, ingot, angles, channels, tees and M.S. structures under are-rolling mills.

Group structure

The group consists of the parent company and its directly owned subsidiary. Information on the group structure is provided in Note 4.

Adoption of new or revised standards and interpretations

During the current year, the group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 2nd December 2020. This adoption did not have a material effect on the accounting policies of the group.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation

The consolidated financial statements of the parent company and its subsidiary have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Except where indicated otherwise, the financial statements have been prepared under the historical cost convention.

The consolidated financial statements have been prepared on a going concern basis.

The principal accounting policies adopted by the Group in the preparation of the financial statements are set below. The policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements are presented in Britain Pounds (GBP) rounded to the nearest thousand.

Business of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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 of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognised in assets are eliminated in full.

J.O. STEEL HOLDINGS PLC

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group measures non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the previously held equity interest is measured at its acquisition date fair value, and any resulting gain or loss is recognised in profit or loss.

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized in the equity of the parent in transactions where the non-controlling interest is acquired or sold without a loss of control. The Group has elected to recognise this effect in retained earnings.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized in the non-controlling interest over the fair value of identifiable assets, liabilities, and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset, with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of the consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Business combinations under common control

IFRS provides no guidance on the accounting for common control transactions but requires that entities develop an accounting policy for them [IAS 8.10]. The two methods most commonly chosen for accounting for business combinations between entities under common control are (1) the acquisition method and (2) the predecessor values method. Once a method has been adopted it should be applied consistently as a matter of accounting policy. Neither IFRS 3 nor any other IFRS require or prohibit the application of either method to business combinations involving entities under common control.

The group elected to apply the predecessor values method for transactions under common control. The principles of predecessor accounting are:

- No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor-carrying values. These are the carrying values that are related to the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. This is because the transaction is under the control of that entity, and it is a portion of the controlling entity that is being moved around in the transaction. In some cases, the controlling party,

J.O. STEEL HOLDINGS PLC

that is, the party that controls both combining businesses, may not prepare consolidated financial statements. This can occur, for example, because it is not a parent company. In such situations, the book values used are those from the highest set of consolidated financial statements available. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity.

- No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. No goodwill beyond that recorded by the controlling party in relation to the acquiree can therefore arise. Predecessor accounting may lead to differences in consolidation. For example, there may be a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences are included in equity in retained earnings or in a separate reserve.

The group incorporated the acquired entity's results and balance sheets prospectively from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entities for the period before the transaction occurred. The corresponding amounts for the previous year are also not restated.

Foreign currencies

These consolidated financial statements are presented in GBP (£), which is the group's presentation currency.

The functional currency of Bangladeshi company is the Bangladesh Taka ("BDT"), the functional currency of the England company (the Parent) is Great Britain Pound sterling ("GBP"). Transactions in currencies other than the functional currency of the entities concerned are treated as transactions in foreign currencies.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Differences arising in settlement or translation of monetary items are recognised in profit and loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the items.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The relevant exchange rates were:

Currency	Closing rate as of 31 December 2021	Average for 2021	Closing rate as of 31 December 2020	Average for the period from 07 December 2020 to 31 December 2020	Closing rate as of 06 December 2020
GBP/BDT	115.93	117.02	115.57	114.01	113.22

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into GBP (£) at the rate of exchange prevailing at the reporting date, and their income statements are translated at average exchange rates prevailing during the period. The exchange differences arising from translation for consolidation are recognised in other comprehensive income.

J.O. STEEL HOLDINGS PLC

Investments into subsidiaries

Investments in subsidiaries in the Company's stand-alone financial statements are measured at fair value through profit or loss in accordance with IAS 39. Gains or losses arising from changes in the fair value of subsidiaries are recognised in profit and loss within "Net changes in fair value of subsidiaries at fair value through profit or loss".

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at the bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows, and those cash flows represent SPPI (solely payments of principal and interest), and (ii) they are not designated at FVTPL (fair value through profit or loss).

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost. Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

Asset Category	Depreciation Rate %
Land	-
Building/ Factory Shed	5
Plant & Equipment	5
Furniture & Fixture	15
Vehicles & Transport	5
Computer & Computer Accessorise	20
Electric Installation	5
Steel Casting Furnace	5
Overhead Crane	5
Electric Equipment	5

Leasehold improvements are amortised utilising the straight-line method over the shorter of the expected lease term or the estimated useful life of the improvements.

The useful life and depreciation method of an asset are reviewed at least each year-end, and any changes are accounted for prospectively as a change in the accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Finance costs

Interest expenses are charged to profit or loss as incurred.

Financial assets

Financial assets - Classification

The company classifies its financial assets in the following measurement categories:

J.O. STEEL HOLDINGS PLC

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depend on: (i) the company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL, except for trade and other receivables.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price, which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets - impairment - credit loss allowance for expected credit losses (ECL)

The company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

J.O. STEEL HOLDINGS PLC

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss, and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables, the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the company applies a general approach - a three-stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2, and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit-impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally, the Company has decided to use the low credit risk assessment exemption for investment-grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to

J.O. STEEL HOLDINGS PLC

assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Inventories

Inventories are measured at a lower of cost and estimated net realisable value (NRV). The cost of inventories is measured by using the weighted average cost formula and includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Inventories consist of raw materials, finished goods and other spare parts.

Impairment

The carrying amounts of the group's assets, other than inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in profit or loss.

Recoverable amount is the higher of fair value less costs to sell and value in use of the asset. 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 (or cash-generating unit).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

J.O. STEEL HOLDINGS PLC

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Share capital and share premium are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax effects.

Additional paid-in capital

Additional paid-in capital relates to an equity instrument which are any contract that provides an interest in the group's equity. Equity instruments issued by the group are recorded at the proceeds received, net of any direct issue costs.

Employee benefits

The group provides the following compensations and benefits to its employees:

- Wages, Salaries and no Social Security Contributions
- Festival Bonus - the Company gives two festival bonuses to its permanent employees in a year
- Workers' profit participation fund (WPPF) and welfare fund.

Worker's Profit Participation Fund

The group operates a fund for workers as "Workers' Profit Participation Fund", and 5% of the profit before charging such expense has been transferred to this fund as per section 234 of Bangladesh Labour Act 2006 (amended in 2013).

The group recognises a contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

Provisions

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits is required to settle the obligation, the provisions are reversed.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Foreign currency

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date.

J.O. STEEL HOLDINGS PLC

Revenue from contracts with customers

The group recognises revenue in accordance with IFRS 15 when (or to the extent that) an entity meets a contractual obligation to perform the promised good or service (i.e. asset) to the customer. An asset is transferred when (or to the extent that) a customer gains control of such an asset.

When (or as soon as) a contractual obligation is settled, the group recognizes revenue in the amount of the transaction price (which does not include an estimate of variable compensation) relating to that contractual obligation.

In order to determine the price of the transaction, the group considers the terms of the contract and its usual business practices.

To determine the transaction price, the group considers the terms of the contract and its usual business practices. The transaction price is the amount of compensation that the group expects to receive in exchange for the transfer of the promised goods or services to the customer, except for amounts received in favour of third parties. The compensation promised in the contract with the client may include fixed amounts, variable amounts or both.

To determine whether to recognise revenue, the group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when/as a performance obligation(s) is satisfied.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss.

(i) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable corporate tax rate for the parent company is currently 19%. The applicable corporate tax rate for the subsidiary is currently 32.5 %

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Finance income and expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shows an understatement of profit or loss and other comprehensive income. Finance costs comprise interest expenses on overdrafts, loans and borrowings interest.

Critical accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

J.O. STEEL HOLDINGS PLC

Critical accounting estimates and assumptions

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

The useful life of property, plant and equipment

Property, plant and equipment owned by the group are depreciated over their useful lives, calculated in accordance with the group's business plans and operating calculations for these assets.

The expected useful life of non-current assets is affected by the rate of operation of assets, changes in legislation, unforeseen operating circumstances. The group's management periodically reviews the useful life. This analysis is based on the current technical condition of the assets and the expected period in which they generate economic benefits for the group.

Any of the above factors may affect the future amount of depreciation, as well as the carrying amount and residual value of fixed assets.

Inventory

Inventories are valued at less than two values: cost and net realizable value. Net realizable value is the pre-estimated selling price in the ordinary course of business minus the pre-estimated completion costs and pre-estimated costs necessary for the sale.

Deferred tax assets

The group assesses the recoverability of deferred tax assets based on future taxable income projections, which are inherently uncertain and may be subject to changes over time.

Judgment is required to assess the impact of such changes on the measurement of these assets and the time frame for their utilization. In addition, the group applies judgment to recognise income tax liabilities when they are probable and can be reasonably estimated depending on the interpretation, which may be uncertain, of applicable tax laws and regulations. The management periodically reviews its estimates to reflect changes in facts and circumstances.

Also the estimates and assumptions that have a significant risk of causing a material adjustment for the parent company to the carrying amounts of assets and liabilities within the next financial year are discussed below, see Note 20.

3. SEGMENT INFORMATION

It is the opinion of the directors that the operations of the group represent one segment, as they are treated as such when evaluating performance.

4. GROUP INFORMATION

The consolidated financial statements of the group include

Name	Principal activities	Country of incorporation	% Equity interest
SALEH STEEL INDUSTRIES LIMITED	Steel production	Bangladesh	93.5

On 6th December 2020, the parent company subscribed 935,000 shares for a nominal amount of 100 TK each share, which equals 93.5% in shareholdings of Saleh Steel Industries Ltd.

Business combination under common control

The group

The group elected to apply the predecessor values method for transactions under common control. No assets or liabilities were restated to their fair values. Instead, the group incorporated predecessor-carrying values.

J.O. STEEL HOLDINGS PLC

Transferred net assets to the group as of 6th December 2020 were as follows:

	6th December 2020
	GBP'000
Assets	
Non-current assets	
Property, plant and equipment	6 853
Other non-current assets	241
Total non-current assets	7 094
Current assets	
Inventories	6 311
Trade and other accounts receivable	6 512
Cash and cash equivalents	6 976
Total current assets	19 799
Total assets	26 893
Equity and liabilities	
Equity	
Share capital	883
Additional reserve	2 470
Retained earnings	10 922
Total equity	14 275
Non-current liabilities	
Loans and borrowings	6 833
Deferred tax liabilities	1 073
Total non-current liabilities	7 906
Current liabilities	
Loans and borrowings	3 699
Trade and other accounts payable	223
Current income tax liabilities	678
Provisions	112
Total current liabilities	4 712
Total equity and liabilities	26 893

Business acquisition

In the middle of 2020 S. S. Steel Limited the company owned and controlled by Javed Oppenhaffen acquired 99% of Saleh Steel Industries Ltd. Another 1% was acquired by Javed Oppenhaffen (0.5%) and Hasna Oppenhaffen (0.5%), directly.

On 2nd December 2020, J.O. Steel Holding Ltd. was incorporated as an investment holding company by Mr. Javed Oppenhaffen (92% ownership and control) and Topfield Inc. Limited (8% ownership).

On 6th December 2020, J.O. Steel Holding Ltd. has subscribed 935,000 shares for a nominal amount of 100 TK (Bangladeshi taka) each share, which equals 93.5% in shareholdings of Saleh Steel Industries Ltd. for £798,490. J.O. Steel Holding Ltd has elected to measure the investment in the subsidiary at fair value through other comprehensive income (FVOCI). The fair value of the subsidiary has been estimated by applying a discounted earnings technique and equals £40,486,899 as of 31st December 2020, and the change in fair value recognised in OCI equals £39,688,409. Deferred tax liability is recognised in respect of temporary differences due to fair value revaluation of investment in subsidiary recognised through other comprehensive income in the amount of £7,540,798 as of 31st December 2020.

J.O. STEEL HOLDINGS PLC

5. REVENUE

Group	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Revenue	23 138	1 581
Total	23 138	1 581

The whole revenues was generated from selling to Bangladeshi customers.

6. COST OF SALES

Group	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Raw materials	(15 545)	(133)
Electricity	(1 839)	(180)
Labour costs	(534)	(20)
Amortization and depreciation	(229)	(8)
Gas	(94)	(5)
Repair and maintenance	(33)	-
Carrying inwards	(13)	-
	(18 287)	(346)

7. ADMINISTRATIVE EXPENSES

Group	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Payroll and payroll related costs	(329)	(18)
Audit, legal and other professional fees	(156)	-
Repair and maintenance	(46)	(2)
Depreciation	(44)	(4)
Business trips	(39)	-
Taxes other than income tax	(18)	-
Office maintenance	(16)	(2)
Materials and fuel	(15)	(2)
Other expenses	(35)	(1)
	(698)	(29)

J.O. STEEL HOLDINGS PLC

Company

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
IPO advisory	(57)	-
Audit services	(55)	-
Accounting services	(34)	-
Consulting services	(3)	-
Share registration	(3)	-
	(152)	-

The group incurred statutory audit fee of GBP'000 36 (including VAT) for the the 2021 financial statements audit, for the financial statement for the 2020 statutory audit fee of GBP'000 18 (including VAT) and Balance Sheet special purpose audit fee of GBP'000 6 (including VAT).

8. DISTRIBUTION EXPENSES

Group

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Marketing, advertising and business promotion expense	(51)	(2)
Payroll and payroll related costs	(34)	(2)
Carrying outward	(18)	-
Commission and incentive expenses	(14)	(1)
	(117)	(5)

9. FINANCE INCOME/(EXPENSES)

Group

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Interest on deposits	170	12
Total finance income	170	12
Interest on bank borrowings	(1 362)	(77)
Unwinding of discount	(344)	(39)
Bank commissions and other charges	(1)	-
Total finance expenses	(1 707)	(116)
Total finance (expenses)/income, net	(1 537)	(104)

J.O. STEEL HOLDINGS PLC

10. INCOME TAX EXPENSES

Group

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Current tax expense	(851)	(66)
Deferred tax expense/(credit)	(21)	18
Tax expense for the period	(872)	(48)

The tax on the group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Profit before tax	2 359	1 087
Income tax, taxable at the rate of 32,5%	(816)	(353)
Income tax, taxable at the rate of 19,0%	29	-
Tax effect of non-deductible expenses	(85)	305
Actual tax expense	(872)	(48)

11. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Profit attributable to ordinary equity holders, GBP'000	1 381	971
Weighted average number of shares outstanding	1 000 000	83 333
Basic and diluted earnings per share (GBP'000 per share)	0.0014	0.0117

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they were issued at the start of the year and presented as comparative figures.

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year

J.O. STEEL HOLDINGS PLC**12. PROPERTY, PLANT AND EQUIPMENT****Group**

	Land	Buildings and Constructions	Plant and equipment	Overhead Crane	Electric Installation and equipment	Steel Casting Furnace	Vehicles	Other fixed assets	Total
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Cost									
At 2nd December 2020	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	1 493	715	4 970	950	702	629	127	52	9 638
Acquisitions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	(30)	(14)	(101)	(19)	(15)	(13)	(2)	(1)	(195)
At 31st December 2020	1 463	701	4 869	931	687	616	125	51	9 443
Acquisitions	-	45	206	-	-	-	-	14	265
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	(5)	(2)	(14)	(3)	(2)	(2)	(1)	(1)	(30)
At 31st December 2021	1 458	744	5 061	928	685	614	124	64	9 678
Accumulated depreciation									
At 1st January 2020	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	382	1 861	160	147	127	68	40	2 785
Charge for the year	-	2	9	-	1	-	-	-	12
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	-	(8)	(38)	(3)	(3)	(2)	(1)	-	(55)
At 31st December 2020	-	376	1 832	157	145	125	67	40	2 742
Charge for the year	-	18	160	38	27	24	3	3	273
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	(4)	(1)	-	-	-	(1)	(6)
At 31st December 2021	-	394	1 988	194	172	149	70	42	3 009
Net book amount:									
At 31st December 2020	1 463	325	3 037	774	542	491	58	11	6 701
At 31st December 2021	1 458	350	3 073	734	513	465	54	22	6 669

J.O. STEEL HOLDINGS PLC

As at 31st December 2021, part of the property, plant and equipment in the amount of GBP 6 669 thousand (31 December 2020: GBP 6 701 thousand) have been pledged as security for borrowings (Note 17).

13. OTHER NON-CURRENT ASSETS

Group	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Security deposits	67	68
Fixed Deposit Receipt (FDR)	170	168
	237	236

14. INVENTORIES

Group	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Raw materials	2 804	2 557
Finished goods	2 303	2 334
Others spare parts	1 756	1 835
Total	6 863	6 726

15. TRADE AND OTHER ACCOUNTS RECEIVABLE

Group	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Trade accounts receivable	5 242	4 826
Trade receivables	5 242	4 826
Unpaid capital	5	1
Financial assets	5 247	4 827
Advances to suppliers of raw materials	690	699
Advances to other suppliers	451	329
Other assets	28	24
Non-financial assets	1 169	1 052
Total trade and other receivables	6 416	5 879

All balances are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The Group's trade receivables are not due and the recoverability risk is considered low.

J.O. STEEL HOLDINGS PLC

Company

Receivables are analysed as follows:

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Unpaid share capital	5	1
	<u>5</u>	<u>1</u>

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

16. CASH AND CASH EQUIVALENTS

Group

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Cash in hand	51	32
Cash at bank	3 402	2 054
Fixed Deposit Receipt (FDR)	4 165	5 102
Total	<u>7 618</u>	<u>7 188</u>

17. LOANS AND BORROWINGS

Group

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Non-current		
Secured bank loans	7 925	1 788
Unsecured loan from a related party	73	6 703
	<u>7 998</u>	<u>8 491</u>
Current		
Current portion of non-current secured bank loans	471	-
Secured bank loans	4 058	-
	<u>4 529</u>	<u>-</u>
Interest on loans and borrowings	265	1 942
	<u>265</u>	<u>1 942</u>
Total	<u>12 792</u>	<u>10 433</u>

Changes in principal amount of bank loans:

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
At 1st January/2nd December	1 788	-
Acquisition of a subsidiary	-	1 789
Proceeds for the year	14 907	148
Repayment for the year	(4 335)	(112)
Exchange differences	94	(37)
At 31st December	<u>12 454</u>	<u>1 788</u>

J.O. STEEL HOLDINGS PLC

Changes in interest accrued:

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
At 1st January/2nd December	1 942	-
Acquisition of a subsidiary	-	1 942
Accrued for the year	1 360	76
Paid for the year	(3 015)	(36)
Exchange differences	(22)	(40)
At 31st December	265	1 942

Maturity of non-current borrowings:

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Between one to two years	2 715	1 837
Between two and five years	5 283	6 654
	7 998	8 491

The weighted average effective interest rate at all reporting dates for all loans was 9%.

Pledged assets

The bank loans as at 31st December 2021 and 31st December 2020 were secured by a mortgage against immovable property and equipment of the Company for GBP'000 6 669 (2020: GBP'000 6 701).

Unsecured loan from a related party

(i) As at 31st December 2020, a long-term unsecured loan from related parties represents an interest-free loan denominated in BDT from the parent company. The loan has a nominal value of BDT 1 183 310 057 (GBP'000 10 239) and a maturity date of 30th November 2025. As a long-term loan, it was discounted as at 1st December 2020. Therefore, the income from the initial recognition of liabilities at the amortised value in the amount of BDT 414 239 711 (GBP'000 3 584) was recognised in other comprehensive income.

During the year ended 31st December 2021 unsecured loan from related parties was fully repaid. The appropriate effect on other comprehensive income was reclassified on retained earnings.

Company

Also, as at 31st December 2021, long-term unsecured loan from related party include a loan from the beneficial owner GBP'000 73.

During the year ended 31st December 2021, J.O. Steel Holdings PLC received a loan from its ultimate controlling party in the amount of GBP'000 354, part of the loan was returned in the amount of GBP'000 89, another part in the amount of GBP'000 194 was otherwise settled, interest expense was accrued in the amount GBP'000 2. As such, liability as at 31st December 2021 is GBP'000 73. The maturity date of the loan is 31st December 2022 with the interest Libor 6m+2.75%.

18. DEFERRED TAX

Deferred tax is calculated in full on all temporary differences using the applicable tax rates. The applicable corporate tax rate in the UK is 19%. The applicable corporate tax rate in Bangladesh is 32.5%.

J.O. STEEL HOLDINGS PLC

Group

The movement on the deferred taxation account for the year ended 31st December 2021 is as follows:

	1 st January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Effect from translation into presentation currency	31 st December 2021
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Deferred tax liabilities/(assets)					
Property, plant and equipment	(116)	6	-	-	(110)
Loans and borrowings	1 149	15	(1 150)	(14)	-
	1 033	21	(1 150)	(14)	(110)
Deferred tax (assets)	(116)				(110)
Deferred tax liabilities	1 149				-

The movement on the deferred taxation account for the period ended 31st December 2020 is as follows:

	2 nd December 2020	Acquisition of a subsidiary	Recognised in profit or loss	Recognised in other comprehensive income	Effect from translation into presentation currency	31 st December 2020
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Deferred tax liabilities/(assets)						
Property, plant and equipment	-	(113)	(5)	-	3	(116)
Loans and borrowings	-	1 186	(13)	-	(24)	1 149
	-	1 073	(18)	-	(21)	1 033
Deferred tax (assets)		(113)				(116)
Deferred tax liabilities		1 186				1 149

19. PROVISIONS

Group

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Contribution to workers profit participation fund (WPPF)	143	120
Total	143	120

Movements in provision for Workers Profit Participation Fund (WPPF) and Welfare Fund:

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
At 1st January/ 2nd December	120	-
Acquisition of a subsidiary	-	112
Arising during the year	142	10
Utilised	(118)	-
Exchange differences	(1)	(2)
At 31st December	143	120

J.O. STEEL HOLDINGS PLC

20. INVESTMENT IN SUBSIDIARY

Company	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Balance at 1 st January/2 nd December	40 487	-
Additions	-	798
Change in fair value recognised in OCI	495	39 689
Balance at 31 st December	40 982	40 487

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Saleh Steel Industries Ltd	Bangladesh	Steel production	93.5	40 982	40 487

On 6th December 2020, the Company subscribed 935,000 shares for a nominal amount of 100 TK each share, which equals 93.5% in shareholdings of Saleh Steel Industries Ltd and is due to pay GBP'000 794 as of 31st December 2021 (31st December 2020: GBP'000 798).

The net profit of Saleh Steel Industries Ltd. for 2021 was GBP'000 1 638 (2020: GBP'000 1 807), share capital as of 31st December 2021 was GBP'000 863 (31st December 2020: GBP'000 865), and Retained Earnings GBP'000 13 722 (31st December 2020: GBP'000 11 831).

The Company has elected to measure the investment in the subsidiary at fair value through other comprehensive income (FVOCI).

The fair value was based on an independent valuation report. The fair value of the subsidiary has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market.

The fair value estimate is based on key assumptions:

- The compound annual growth rate (CARG) for revenue between 2021 and 2026 is expected to be 11% (between 2020 and 2025 was expected to be 22%).
- An assumed discount rate of 13.2% is calculated based on the capital assets pricing model (2020: 9%).
- A terminal value, calculated based on long-term sustainable growth rates for the industry of 1%, has been used to determine income for future years (2020: 2%).

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31st December 2021 and 31st December 2020 shown below:

J.O. STEEL HOLDINGS PLC

Sensitivity analysis and impact on profit or loss and equity for the year ended 31st December 2021:

Significant unobservable inputs		Profit or loss		Other comprehensive income (net of tax)	
		Increase GBP'000	Decrease GBP'000	Increase GBP'000	Decrease GBP'000
Revenue annual growth rate*	13%	-	-	1 820	-
	9%	-	-	-	(1 693)
Discount rate*	10.5%	-	-	-	(4 931)
	8.5%	-	-	7 113	-
Long-term growth rate*	4%	-	-	1 586	-
	3%	-	-	-	(1 343)

Sensitivity analysis and impact on profit or loss and equity for the period ended 31st December 2020:

Significant unobservable inputs		Profit or loss		Other comprehensive income (net of tax)	
		Increase GBP'000	Decrease GBP'000	Increase GBP'000	Decrease GBP'000
Revenue annual growth rate*	24%	-	-	16 780	-
	20%	-	-	-	(16 600)
Discount rate*	10%	-	-	-	(12 560)
	8%	-	-	15 440	-
Long-term growth rate*	2.5%	-	-	5 750	-
	1.5%	-	-	-	(4 970)

* Holding all other variables constant

In relation to the fair valuation of the investment in the subsidiary, the parent company is exposed to market risk. The market is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and liquidity risk.

Interest risk

The parent company is exposed to the risk of changes in market interest rates relates primarily to the impact on the estimate of the discount rate used for the valuation of the investment in the subsidiary.

The parent company estimates that in current market conditions, there will be no significant fluctuation in the interest rates in Bangladesh, a country of the subsidiary's operations. The Bangladesh government is expected to maintain the base rates unchanged for the foreseeable future. If there is a base rate change due to a higher level of inflation, such changes are expected to be insignificant. This is in line with the expectations of global capital markets.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the investment in the subsidiary will fluctuate because of changes in foreign exchange rates. The parent's exposure to the risk of changes in foreign exchange rates relates primarily to the subsidiary's operating activities when revenue or expense is denominated in Bangladeshi taka. For the past five years, the Bangladeshi taka exchange rate to foreign currencies has been stable.

Commodity price risk

The parent company is affected by the price volatility of certain commodities, which drives both costs of production and the price of finished goods. Its subsidiary operating activities include the production of billet metal and mild steel rod from raw material scrap. The parent company expects that the steel products price will remain at the current level or temporarily increase due to increased local and global demand for steel in the near future, then stabilise.

J.O. STEEL HOLDINGS PLC

21. SHARE CAPITAL

Group

	2021 Number of shares	2021 GBP'000	2020 Number of shares	2020 GBP'000
Authorised				
Ordinary shares of £1 each	30 929 568	30 930	1 000	1
Issued				
Issue of shares	30 928 568	30 930	1 000	1
Balance at 31st December	30 928 568	30 930	1 000	1

Bonus shares issue

By resolution of the Annual General Meeting held on 21st June 2021, the Company was renamed J.O. Steel Holdings PLC and converted to the legal form of PLC. On the 4th of August 2021, J.O. Steel Holdings PLC performed a bonus issue of 30 879 568 ordinary shares with a nominal value of £1 and a total value of £30,879,568. This issue of new shares was to existing members (Javed Oppenhaffen and Topfield Inc. Limited) in the same proportions as their existing holdings. No payment was made by members as the bonus shares were paid up using the company's reserves.

22. FAIR VALUE RESERVE THROUGH OCI, NET OF TAX

Company

	For year ended 31 st December 2021 GBP'000	From 2 nd December to 31 st December 2020 GBP'000
Items that will not be classified to profit or loss:		
Fair value through other comprehensive income:		
Valuation (losses)/gains on fair value through other comprehensive income investment in subsidiary	495	39 689
Tax relating items that will not be reclassified	(94)	(7 541)
	(401)	32 148

23. PAYABLES

Company

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Other accounts payable	793	798
Accruals	40	-
	833	798

24. EMPLOYEES AND DIRECTORS

	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Salaries	345	19
Social security costs	18	1
	363	20

J.O. STEEL HOLDINGS PLC

The group's average number of employees during the year was as follows:

	31 st December 2021	31 st December 2020
Directors	6	6
Administrative and managing personnel	50	50
Workers	447	447
	503	503

All staff cost is incurred by the group component. Holding company has no employees, except two Directors.

	31 st December 2021	31 st December 2020
Director's remuneration	-	-
	-	-

25. RELATED PARTIES

In accordance with IAS 24 Related Party Disclosures, parties are considered parties, one of which has the ability to control or substantially affect the operational and financial decisions of the other party. When deciding whether or not parties are related, the content of the relationship between the parties is taken into account, and not only their legal form.

Related parties may enter into transactions that would not be made between unrelated parties. The prices and conditions of such transactions may differ from the prices and terms of transactions between unrelated parties.

Related party transactions were on an arm's length basis and were in the ordinary course of the business.

Categories of the Company's relationship with related parties are as follows:

- a) ultimate controlling party
- b) other related parties
- c) key management personnel

Group

Type of categories	Type of operation	31 st December 2021 GBP'000	31 st December 2020 GBP'000
a)	Unsecured loan from a related party	73	-
b)	Unsecured loan from a related party	-	6 703

As at 31st December 2020 long-term unsecured loan from related parties represents an interest-free loan denominated in BDT from other related party to Saleh Steel Industries Limited. The loan has a nominal value of BDT 1 183 310 057 (GBP'000 10 239) and a maturity date of 30th November 2025. As the long-term, it was discounted as at 31st December 2020. Therefore, income from the initial recognition of liabilities at the amortised value in the amount of BDT 414 239 711 (GBP'000 3 584) was recognised in other comprehensive income. During the year ended 31st December 2021 unsecured loan from related parties was fully repaid. The appropriate effect on other comprehensive income was reclassified to retained earnings.

During the year ended 31st December 2021, the company J.O. Steel Holdings PLC received a loan from its ultimate controlling party in the amount of GBP'000 354, part of the loan was returned in the amount of GBP'000 89, another part in the amount of GBP'000 194 was otherwise settled, interest expense was accrued in the amount GBP'000 2. As such, liability as at 31st December 2021 is GBP'000 73. The maturity date is 31st December 2022, with interest Libor 6m+2.75%.

J.O. STEEL HOLDINGS PLC

OPERATING ENVIRONMENT OF THE GROUP

On 11th March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments took stringent steps to contain and delay the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking down" cities/regions or even entire countries. These measures have slowed down the economies in the UK, Bangladesh and globally. However, after the restrictive measures were lifted, the economies demonstrated a reasonable recovery which contributed positively to the group's business activity.

Directors continue taking necessary measures to ensure the sustainability of the group's operations. The future effect of the economic situation is difficult to predict, and Directors' current expectations and estimates could differ from actual future results.

Further, although the war in Ukraine has had a disruptive impact on the global supply chain and economy, Directors do not expect any material impact on the group's business in the near future. The group's Directors have assessed the ability of the group to continue as a going concern.

Based on the evaluation performed, the group's Directors have concluded that no provisions or impairment charges are necessary. The group's Directors believe that it is taking all the necessary measures to maintain the viability of the group and the smooth conduct of its operations in the current business and economic environment.

26. CONTINGENT LIABILITIES

The parent company and group had no contingent liabilities as at 31st December 2021 and as at 31st December 2020.

27. COMMITMENTS

The parent company and group had no capital or other commitments as at 31st December 2021 and as at 31st December 2020.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The group's objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the group's growth; and
- to provide capital for the purpose of strengthening the group's risk management capability.

The group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure, taking into consideration the future capital requirements of the group and capital efficiency, prevailing and projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

J.O. STEEL HOLDINGS PLC

Financial Risk Factors

The carrying amount of each class of financial assets and liabilities included in the statement of financial position is as follows:

Group	31 st December 2021 GBP'000	31 st December 2020 GBP'000
Financial assets:		
Other non-current assets	237	236
Trade and other accounts receivable	5 247	4 827
Cash and cash equivalents	7 618	7 188
	13 102	12 251
Financial liabilities:		
Loans and borrowings	12 792	10 433
Trade and other accounts payable	491	213
	13 283	10 646

The group is exposed to market risk, credit risk and liquidity risk. When reviewing the operating activity of the subsidiary, the group Directors take into consideration the management of these risks, identify relevant metrics, measure them and manage the outcomes. These risks are summarised below.

The fair values of the group's financial assets and liabilities measured at amortised cost approximate their carrying amounts at the reporting date. The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the group for similar financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows from financial instruments will fluctuate due to changes in market parameters, such as interest rates and other price risks. Market risk includes the following types of risk: interest rate risk and foreign currency risk. Financial instruments exposed to market risk include loans and borrowings, trade and other payables, cash and cash equivalents, trade and other receivables.

Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates to the group's subsidiary company operating in Bangladeshi taka (BDT), while the group's presentation currency is the British Pound (GBP).

Interest rate risk

Interest rate risk arises from a possible change in interest rates that affects the financial statements. The group borrows on the basis of interest rates, which are set separately for each loan agreement with each of the financial institutions.

Changes in interest rates primarily affect long-term loans, changing their future cash flows. At the time of borrowing, management uses its judgment to decide whether a fixed or variable rate will be more favourable to the group over the expected maturity. Information on maturities and interest rates on loans and borrowings is provided in Note 17.

The group has no significant financial instruments with floating interest rates. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

J.O. STEEL HOLDINGS PLC

Credit risk

Credit risk is the risk of financial loss in the event of non-fulfilment by the counterparty of its contractual obligations. The group has no significant concentration of credit risk. The group has policies in place to ensure that all of its transactions giving rise to credit risk are made with parties having an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Also, the group has policies to limit the amount of credit exposure to any banking institution, considering, among other factors, the credit ratings of the banks with which deposits are held. Credit quality information in relation to those banks is provided in Note 16.

Credit risk management also includes regular monitoring of the ability of counterparties to repay debt in full on time, analysis of its financial condition and its solvency.

The maximum amount of the group's credit risk can fluctuate significantly and depends on both the individual risks inherent in specific assets and the overall market risks. As at 31st December 2021 and 31st December 2020, the maximum amount of credit risk on financial balance sheet assets is equal to the carrying amount of these assets, excluding offsetting assets and liabilities.

The absence of allowance for expected credit losses indicates the effectiveness of managing this group of risks.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet all its liabilities as they fall due. The group correlates the contractual liabilities of customers and the maturities of its liabilities, as well as plans liquidity based on the useful lives of its assets. In order to manage liquidity risk, the group monitors the expected future cash flows from customer transactions on a daily basis as part of the asset/liability management process. All liabilities of the group are secured by highly liquid assets.

The group's exposure to liquidity risk is as follows:

31st December 2021	Carrying amounts GBP'000	Contractual cash flows GBP'000	1 year or less GBP'000	1-5 years GBP'000	More than 5 years GBP'000
Loans and borrowings	12 792	13 933	5 278	8 655	-
Trade and other accounts payable	492	492	492	-	-
	13 284	14 425	5 770	8 655	-
31st December 2020	Carrying amounts GBP'000	Contractual cash flows GBP'000	1 year or less GBP'000	1-5 years GBP'000	More than 5 years GBP'000
Loans and borrowings	10 433	14 812	2 278	12 534	-
Trade and other accounts payable	213	213	213	-	-
	10 646	15 025	2 491	12 534	-

29. SUBSEQUENT EVENTS

There were no significant events that occurred between the closing date and the date of authorisation of these consolidated financial statements for the issue.

30. ULTIMATE CONTROL PARTY

The ultimate controlling party of J.O. Steel Holdings PLC is Javed Opgenhaffen.