

J.O. STEEL HOLDINGS PLC

**Annual Report and Financial Statements
for the year ended 31st December 2023**

Company registration number 13056973 (England and Wales)

J.O. STEEL HOLDINGS PLC

Company Information

DIRECTORS:	Mr Javed Opgenhaffen Mrs Hasna Opgenhaffen
REGISTERED NUMBER:	13056973 (England and Wales)
COMPANY SECRETARY:	Ms Marharyta Budylna
REGISTERED OFFICE:	20-22, Wenlock Road London England N1 7GU
AUDITORS:	Audithelp Ltd 86-90 Paul Street, London, England, United Kingdom, EC2A 4NE

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Strategic Report for the period ended 31st December 2023

The parent company is an investment holding company, and the principal activity of the company is holding an interest in the subsidiary. The principal activity of its subsidiary undertaking, Saleh Steel Industries Ltd., is the manufacturing and selling 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 company's results for the reporting period. The company demonstrated resilience with stable revenue growth and improved equity and leverage positions.

For the year ended 31st December 2023, the group achieved a revenue of GBP'000 26,667, up 3.1% from 2022, when it was GBP'000 25 866. The gross profit was GBP'000 4,494, down from GBP'000 4,777 due to the increased cost of sales driven by the increased cost of scrap. Operating profit before tax was GBP'000 3,844, a decrease from GBP'000 4,095 in 2022, reflecting higher finance expenses of GBP'000 993, which is driven by higher interest rates in 2023 compared to 2022, when it was GBP'000 781. The net profit was GBP'000 2,048 in 2023, compared to GBP'000 2,332 in 2022, which is a result of a combination of the above-mentioned factors.

The company's total assets were GBP'000 24,462, a decrease from GBP'000 26,068 in 2022 due to an increase in the value of GBP converting from Taka. Equity increased to GBP'000 15,100, bolstered by retained earnings of GBP'000 17,047, despite negative translation differences. Non-current liabilities fell to GBP'000 4,118 (2022: GBP'000 5,342), and current liabilities decreased to GBP'000 5,244 (2022: GBP'000 6,160).

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:

Risks	Mitigation
Economic Dependence: The steel industry is highly dependent on economic development. Economic decline or stagnation may adversely affect the subsidiary's growth prospects.	Diversification into different markets and sectors to reduce dependency on any single economic condition.
Market Dependency: The price of steel is significantly influenced by the demand in markets requiring steel products. Adverse developments in these markets could negatively impact business performance.	Establish long-term contracts with key customers to ensure consistent demand and explore new markets.
Production Costs: Steel production involves high production costs. Cost volatility can adversely affect the business and financial position.	Implementing cost-control measures and increasing operational efficiency to manage costs effectively.
Financing Risks: Risk of not securing necessary financing or facing higher-than-anticipated financing costs, potentially hindering long-term business development plans.	Maintaining strong relationships with financial institutions and exploring alternative financing options.
Cost of Scrap Fluctuations: Scrap imports are subject to price fluctuations, impacting costs and profitability.	Utilising hedging strategies and entering into forward contracts to manage the impact of price fluctuations.
Regulatory Compliance: Changes in environmental regulations and industry standards can impose additional costs and operational challenges.	Proactively monitoring regulatory changes and investing in compliance and sustainable practices.
Supply Chain Disruptions: Dependency on raw material suppliers can lead to production delays and increased costs if supply chain disruptions occur.	Building a diversified supplier base and maintaining adequate inventory levels to mitigate supply chain risks.

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Financial key performance indicators

The following are the key performance indicators focused on:

Revenue Growth: The company achieved a revenue of GBP'000 26,667, reflecting a 3.1% increase from GBP'000 25,866 in 2022. This growth is indicative of successful market strategies and customer retention efforts.

Gross Profit: The gross profit for the year decreased to GBP'000 4,494 from GBP'000 4,777 in 2022. This decline was primarily due to increased cost of sales, which rose to GBP'000 22,173 from GBP'000 21,089, driven by higher scrap costs. Consequently, the gross profit margin decreased to 17% from 18%.

Operating Profit Before Tax: Operating profit before tax was GBP'000 3,844, a decrease from GBP'000 4,095 in 2022. This decline reflects higher finance expenses, which increased to GBP'000 993 from GBP'000 781, despite an increase in finance income to GBP'000 221 from GBP'000 189. The net finance costs impacted the overall profitability.

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

Review of strategy and business model

The group's business model encompasses the entire production process from raw material import to finished goods delivery. The company imports scrap and sponge iron from around the world, processes these materials in its steel melting works to produce MS Billet, and then uses re-rolling mills to create high-grade MS bars. This vertically integrated approach ensures control over product quality and supply chain efficiency.

The group's strategy focuses on maintaining its leadership in the local market by continuously improving product quality and production efficiency. The company targets quality-conscious customers, including corporate clients, retailers, and infrastructure projects, ensuring their specific needs are met. The group prioritises operational excellence and technological advancements to sustain its competitive edge. By concentrating on speciality production, the group aims to strengthen its market presence and reputation for reliability and excellence in the steel industry.

Future developments

The group is actively reviewing activities and looking for opportunities to enhance its business by investing in new manufacturing facilities, attracting skilled labour, and 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 war in Ukraine and the Israeli-Palestinian conflict

Although the war in Ukraine and the Israeli-Palestinian conflict have had a disruptive impact on the global supply chain, demand, and economy, Directors continue do not expect any material impact on J.O. Steel Holdings Plc's business.

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

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

Introduction

The Directors of the Company must act in accordance with a set of general duties, which are detailed in Section 172(1) of the Companies Act 2006, as follows:

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"A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company."

The Directors are mindful of their duty to promote the success of the company as described above. Details of how the Directors have had regard to these matters can be found throughout this Annual Report and Financial Statements, where we provide examples of how we: take into account the likely consequences of long-term decisions; understand the importance of engaging with our employees; build relationships with stakeholders; understand the impact of our operations on the communities in our region and the environment we depend upon; attribute importance to behaving as a responsible business; and ensure that we act fairly between shareholders.

Statement

The Directors of the company consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole (having regard to the stakeholders and matters set out in Section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2023. Examples of this include:

- Long-term decision-making

We have a strategy to develop our steel manufacturing business in Bangladesh, aiming to become one of the top five players in the market. Our plan includes retaining, monitoring, and adjusting a corporate financial model for the economic life of our assets. This strategy is designed to have a long-term positive impact on the company and group, contributing to our success in safely manufacturing steel products in Bangladesh. We will continue to operate with robust and documented financial and operational controls, adhering to safety and environmental regulations and requirements.

- Employees' interests

Our employees are essential to executing our business plan. We strive to be a responsible employer by providing fair remuneration and benefits. The health, safety, and well-being of our employees are primary considerations in our business operations. We regularly inform employees about matters of concern, consult them or their representatives to consider their views in decision-making, and encourage their involvement in the company's performance through share schemes or other means. This ensures all employees are aware of the financial and economic factors affecting the company's performance. The directors have actively engaged with employees through regular communications, consultations, and involvement initiatives. The group is committed to equal opportunities for all. Applications from disabled persons are always considered, taking into account the abilities of the applicant. If a staff member becomes disabled, every effort is made to ensure their continued employment with the group and appropriate support is provided. The training, career development, and promotion opportunities for disabled persons are, as far as possible, identical to those of other employees.

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- Relationships and fair engagement with stakeholders

We aim to operate our steel manufacturing business in Bangladesh efficiently and for the benefit of all our stakeholders, including employees, the government, investors, the local community, and suppliers. The production of steel products involves risks to health, safety, and the environment. To mitigate these risks, we implement quality, health, safety, and environmental policies to protect our employees and prevent environmental pollution. We are committed to acting responsibly and fairly in our interactions with contractors, suppliers, and customers. Additionally, we cooperate with industry regulators, all of which are integral to successfully delivering our business plan and managing the resources entrusted to us.

During the year, the Directors prioritised fostering strong relationships with suppliers, customers, and other stakeholders, resulting in improved supply chain efficiency and enhanced customer satisfaction. This focus on collaboration and mutual benefit significantly influenced key decisions, such as optimising procurement processes and implementing customer feedback into product development, thereby strengthening the overall business strategy.

- Impact on community and environment

Our business plan considers the impact of the company's operations on the local community and environment, as well as our broader societal responsibilities, especially at our operational sites in Bangladesh.

SECR Streamlined Energy and Carbon Reporting ("SECR")

We remain aware of the global emphasis on monitoring, managing, and reporting energy use to enhance group performance, and we acknowledge that SECR reporting requirements apply to the group. However, due to our minimal emissions, absence of employees, and lack of operational presence in the United Kingdom, we fall below the reporting threshold and are currently exempt from such requirements. Despite this exemption, we have prepared the carbon emission and energy consumption information and presented in the Directors' report.

- Business conduct

We aim to ensure that the company acts responsibly within the broader community and operates with high standards of business conduct and good governance. We have established and monitor compliance with our Anti-Bribery and Corruption Policy and other related policies. This commitment to honesty and ethics supports the execution of our business plan, and we expect the same standards from our employees, contractors, and all associated with our business.

Strategic Report Approval

The Strategic Report was approved by the Board and signed on its behalf by:

.....
Mr Javed OPGENHAFFEN - Director

Date:

J.O. STEEL HOLDINGS PLC

Directors' report for the period ended 31st December 2023

The Directors present their report with the consolidated and company financial statements of the group for the year ended 31st December 2023. 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').

Statement under Section 172(1) of the Companies Act 2006

The Statement by the Directors in the performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 is set out in the Strategic Report.

Future Developments

The future developments relating to the group are described in the Strategic Report, and are therefore not repeated in the Directors' Report in accordance with Section 414C(11) of the Companies Act 2006 and related statutory requirements.

Dividends

No dividends will be distributed for the year ended 31st December 2023 (for the period ended 31st December 2022: nil).

Directors

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. Javed Opgenhaffen also holds ultimate beneficial ownership of the group.

Political Contributions

During the year the group did not make any political contributions (2022: nil).

Post Balance Sheet Events

Details of significant events (if any) since the Balance Sheet date are contained in Note 31.

Research and development activities

There were no research and development activities in 2023 and 2022.

Going Concern Assessment

The Directors have assessed the ability of the group and the company to continue as a going concern, including considering the impact of the recent and ongoing war in Ukraine and Israel, and the results of this assessment are set out in Note 2.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Remuneration Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance UK-adopted international accounting standards 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 adopted in the UK 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 group and company will continue in business.

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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 them 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.

Greenhouse Gas Emissions, Energy Consumption, and Energy Efficiency Actions

The Directors address greenhouse gas (GHG) emissions, energy consumption, and energy efficiency actions at a group level, and therefore, the following disclosure pertains to the entire group. The group is committed to green and sustainable operations and takes its environmental responsibilities seriously.

The group has no operational activity or employees in the UK, resulting in a minimal carbon footprint and energy consumption. However, recognising the importance of environmental initiatives, the group has chosen to report carbon emissions and energy consumption in this report.

During the year ended 31 December 2023, the group implemented several measures to enhance energy efficiency and reduce carbon footprint. These included the installation of low-carbon steel product lines and the setup of Air Pollution Control (APC) systems. By reducing carbon emissions in the production process, the group is not just producing steel but also contributing to a greener future for generations to come. Air pollution control equipment refers to systems designed to prevent various solid and gaseous pollutants from entering the atmosphere, primarily through industrial exhaust stacks.

For the year ended 31 December 2023, the group's energy usage was 67,482 MWh (2022: 68,514 MWh). Total GHG emissions were 35,632 tCO₂e (2022: 33,828 tCO₂e). This represents an intensity ratio of 1.34 tCO₂ per GBP 1,000 of sales revenue (2022: 1.31 tCO₂). Data has been collected from various sources, including utility providers, plant asset lists, fuel usage, and mileage records.

The group's CO₂ emissions increased by approximately 5% compared to the previous reporting period due to increased volumes of production.

	2023	2022
Emissions from purchased electricity, tCO ₂ e	31 576	29 123
Emissions from combusting of gas, tCO ₂ e	4 019	4 668
Emissions from combusting of fuel, tCO ₂ e	38	37
Total gross CO₂e	35 632	33 828

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 Audithelp Ltd. They will be proposed for re-appointment at the forthcoming Annual General Meeting.

Directors' Report Approval

The Directors' Report was approved by the Board and signed on its behalf by:

.....
Mr Javed OPGENHAFFEN - Director

Date:

Remuneration Report

Introduction

This Directors' Remuneration Report for the year 2023 has been prepared in accordance with the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. It is designed to provide shareholders with a clear and comprehensive view of the company's remuneration policies for Directors and senior executives, aligning with the company's strategic objectives and demonstrating our commitment to shareholder interests and corporate governance excellence.

Annual statement

For the relevant financial year, there were no major decisions regarding directors' remuneration as the Directors did not receive any remuneration, which was consistent with previous years. There were no substantial changes made to Directors' remuneration during the year. Consequently, no specific context for changes or decisions exists, and no discretion was exercised in awarding directors' remuneration.

Annual report on remuneration

No director received any compensation in monetary terms or in the form of shares during the relevant financial year.

Rationale for Non-Remuneration of Company's Directors

The company's current policy of not remunerating its directors aligns with its strategic focus on minimising overhead costs and directing resources toward the growth and development of the group. This approach ensures efficient use of capital and supports the company's main activities, aligning with corporate strategy and shareholder interests by prioritising long-term value creation over short-term expenditure.

Remuneration Policy

This policy outlines the remuneration framework for Directors and senior executives, aimed at supporting the company's strategic objectives and fostering alignment with shareholder interests. Key elements of the policy include:

- *Alignment with Strategy:* The remuneration structures are directly aligned with the company's KPIs, including revenue growth, market expansion, and sustainability achievements, to promote long-term value creation.
- *Market Competitiveness:* Regular reviews of our remuneration policy ensure it remains competitive within the industry, reflecting market conditions and standards.
- *Transparency and Fairness:* Company commits to transparent reporting in our annual reports and uphold an independent review process to ensure fairness and integrity in remuneration decisions.

Components of Remuneration

Although no remuneration is currently paid by the Company to Directors, the framework prepared will activate under the following components when applicable:

- *Base Salary:* Determined by comparative analysis of similar roles within the industry, tailored to local market conditions.
- *Annual Bonus:* Tied to the achievement of specific operational and financial targets, including annual revenue and profitability goals, and operational efficiency improvements.
- *Long-Term Incentive Plan (LTIP):* Comprising a mix of shares and options, LTIPs are designed with a vesting period that is contingent upon meeting long-term strategic KPIs, such as market share growth and sustainability targets.
- *Pension and Benefits:* Includes a benefits package that offers insurance and a pension plan, with contributions matching up to a specified percentage of the employee's salary.
- *Non-Executive Director Fees:* Reflects the time commitment and responsibilities, benchmarked against industry standards, although currently not applicable as directors are not remunerated.

Compliance and Disclosure

The remuneration policy has been disclosed in accordance with the Companies Act 2006 requirements, including Section 422. While no remuneration is paid at the company level, the company ensures disclosure of the policy in the annual report to maintain transparency.

J.O. STEEL HOLDINGS PLC

Remuneration Report Approval

The Remuneration Report was approved by the Board and signed on its behalf by:

.....
Mr Javed OPGENHAFFEN - Director

Date:

Independent Auditors' Report

Independent Auditors' Report 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 2023, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Company Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows 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 UK-adopted international accounting standards.

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 2023 and the group's profit and company's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 group's and 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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.

Independent Auditors' Report

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 Strategic Report or the Directors' Report.

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 eight, 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 and 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 and 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.

Independent Auditors' Report

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 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.

Oleksandr Vertyporokh (Senior Statutory Auditor)
for and on behalf of Audithelp Ltd
Statutory Auditors
86-90 Paul Street, London,
England, United Kingdom,
EC2A 4NE

Date:

J.O. STEEL HOLDINGS PLC

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2023

	Note	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Revenue	5	26,667	25,866
Cost of sales	6	(22,173)	(21,089)
Gross profit		4,494	4,777
Administrative expenses	7	(595)	(612)
Distribution expenses	8	(122)	(130)
Exchange differences		67	60
Operating profit before tax		3,844	4,095
Finance income	9	221	189
Finance expenses	9	(993)	(781)
Profit before WPPF and provision for income tax		3,072	3,503
Contribution to WPPF and welfare fund		(146)	(165)
Profit before income tax		2,926	3,338
Income tax expenses	10	(878)	(1,006)
Profit for the year		2,048	2,332
Other comprehensive income for the year			
<i>Items that may be reclassified to profit or loss</i>			
Translation differences		(1,514)	(1,454)
Other comprehensive income for the year, net of tax		(1,514)	(1,454)
Total comprehensive income for the year		534	878
Profit attributable to:			
Equity holders of the parent		1,915	2,181
Non-controlling interests		133	151
		2,048	2,332
Total comprehensive income attributable to:			
Equity holders of the parent		499	822
Non-controlling interests		35	56
		534	878
Earnings per share	11	0.00006	0.00007

The notes on pages 23 to 50 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 Profit or Loss and Other Comprehensive Income
for the year ended 31st December 2023**

		For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
	Note		
Administrative expenses	7	(56)	(46)
Exchange differences		67	60
Operating profit before tax		11	14
Finance income		-	-
Finance expenses	9	(12)	(2)
Profit/(loss) before income tax		(1)	12
Income tax expenses		-	-
Profit/(loss) for the year		(1)	12
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of investment in subsidiary at fair value through other comprehensive income		(2,412)	5,145
Income tax relating to these items	19	(264)	(978)
Other comprehensive income for the year, net of tax	23	(2,676)	4,167
Total comprehensive income for the year		(2,677)	4,179

The notes on pages 23 to 50 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 Financial Position
as at 31st December 2023**

		31 st December 2023	31 st December 2022
	Note	GBP'000	GBP'000
Assets			
Non-current assets			
Property, plant and equipment	12	5,411	6,059
Deferred tax assets	19	76	88
Other non-current assets	13	56	62
Long-term investments	14	2,710	2,922
Total non-current assets		8,253	9,131
Current assets			
Inventories	15	3,636	6,127
Trade and other accounts receivable	16	8,741	6,546
Short-term investments	14	3,125	3,297
Cash and cash equivalents	17	707	967
Total current assets		16,209	16,937
Total assets		24,462	26,068
Equity and liabilities			
Equity			
Share capital	22	30,930	30,930
Other reserve	22	(30,880)	(30,880)
Translation differences		(2,980)	(1,564)
Retained earnings		17,047	15,132
		14,117	13,618
Non-controlling interests		983	948
Total equity		15,100	14,566
Non-current liabilities			
Loans and borrowings	18	4,118	5,342
Total non-current liabilities		4,118	5,342
Current liabilities			
Loans and borrowings	18	4,241	4,871
Trade and other accounts payable		202	294
Current income tax liabilities		661	845
Provisions	20	140	150
Total current liabilities		5,244	6,160
Total equity and liabilities		24,462	26,068

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

.....
Mr Javed OPGENHAFFEN - Director

Date:

The notes on pages 23 to 50 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 Financial Position
as at 31st December 2023**

	Note	31 st December 2023 GBP'000	31 st December 2022 GBP'000
Assets			
Non-current assets			
Investments in subsidiaries	21	43,715	46,127
Total non-current assets		43,715	46,127
Current assets			
Cash and cash equivalents		2	2
Total current assets		2	2
Total assets		43,717	46,129
Equity and liabilities			
Equity			
Share capital	22	30,930	30,930
Fair value reserve through OCI, net of tax		9,027	11,703
Retained earnings		(140)	(139)
Total equity		39,817	42,494
Non-current liabilities			
Deferred tax liabilities	19	3,010	2,746
Loans and borrowings	18	173	-
Total non-current liabilities		3,183	2,746
Current liabilities			
Loans and borrowings	18	-	75
Trade and other accounts payable	24	717	814
Total current liabilities		717	889
Total equity and liabilities		43,717	46,129

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

.....
Mr Javed OPGENHAFFEN - Director

Date:

The notes on pages 23 to 50 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 2023**

Note	Attributable to the equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Other reserve	Translation differences	Retained earnings	Total		
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Balance at 1st January 2022	30,930	(30,880)	(205)	12,951	12,796	892	13,688
Profit for the period	-	-	-	2,181	2,181	151	2,332
Other comprehensive income	-	-	(1,359)	-	(1,359)	(95)	(1,454)
Total comprehensive income for the period	-	-	(1,359)	2,181	822	56	878
Balance at 31st December 2022	30,930	(30,880)	(1,564)	15,132	13,618	948	14,566
Balance at 1st January 2023	30,930	(30,880)	(1,564)	15,132	13,618	948	14,566
Profit for the period	-	-	-	1,915	1,915	133	2,048
Other comprehensive income	-	-	(1,416)	-	(1,416)	(98)	(1,514)
Total comprehensive income for the period	-	-	(1,416)	1,915	499	35	534
Balance at 31st December 2023	30,930	(30,880)	(2,980)	17,047	14,117	983	15,100

The notes on pages 23 to 50 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 2023**

Note	Share capital	Fair value reserve	Retained earnings	Total equity
	GBP'000	GBP'000	GBP'000	GBP'000
Balance at 1st January 2022	30,930	1,669	(151)	32,448
Profit for the period	-	-	12	12
Deferred tax liability reversal of revaluation reserve transfer	-	5,867	-	5,867
Other comprehensive income	-	4,167	-	4,167
Total comprehensive income for the period	-	10,034	12	10,046
Balance at 31st December 2022	30,930	11,703	(139)	42,494
Balance at 1st January 2023	30,930	11,703	(139)	42,494
Profit/(loss) for the period	-	-	(1)	(1)
Other comprehensive income	-	(2,676)	-	(2,676)
Total comprehensive income for the period	-	(2,676)	(1)	(2,677)
Balance at 31st December 2023	30,930	9,027	(140)	39,817

The notes on pages 23 to 50 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 Cash Flows for the year ended 31st December 2023

		For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
	Note		
Operating activities			
Profit before tax		2,926	3,338
Adjustments for:			
Depreciation of property, plant and equipment	12	231	277
Contribution to WPPF and welfare fund	20	146	165
Finance costs - net	9	772	592
Exchange difference		(67)	(60)
Total adjusted profit for the year		4,008	4,312
(Increase) in trade and other current receivables		(2,924)	(753)
(Increase) in inventory		1,997	167
Increase in trade and other payables		(131)	(328)
Cash flows from operations		2,950	3,398
Interest paid		(1,124)	(586)
Interest received		221	185
Income tax (paid)		(984)	(866)
Net cash from operating activities		1,063	2,131
Investing activities:			
Payment for purchase of property, plant and equipment	12	(145)	(229)
Increase in long-term investments		(62)	(3,045)
Increase in short-term investments		(140)	(128)
Net cash (used in) investing activities		(347)	(3,402)
Financing activities:			
Proceeds from bank loans	18	4,324	14,768
Repayment of bank loans	18	(5,221)	(16,601)
Net cash (used in) financing activities		(897)	(1,833)
Net decrease in cash and cash equivalents		(181)	(3,104)
Effect from translation into presentation currency		(79)	(70)
At beginning of the year	17	967	4,141
At end of the year	17	707	967

The notes on pages 23 to 50 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 Cash Flows
for the year ended 31st December 2023**

		For year ended 31st December 2023 GBP'000	For year ended 31st December 2022 GBP'000
	Note		
Operating activities:			
Profit/(loss) before tax		(1)	12
Adjustments for:			
Interest expense	9	12	2
Exchange difference		(67)	(60)
Changes in working capital:			
Increase in trade and other payables		56	46
Income tax (paid)		-	-
Net cash from/(used in) operating activities		-	-
Investing activities:			
Net cash from/(used in) investing activities		-	-
Financing activities:			
Net cash from/(used in) financing activities		-	-
Net changes in cash and cash equivalents		-	-
Cash and cash equivalents:			
At beginning of the year		2	2
At end of the year		2	2

The notes on pages 23 to 50 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 2023

1. CORPORATE INFORMATION

The 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 company's registered office is 20-22 Wenlock Road, London, England, N1 7GU. It is limited by shares. The company's principal activity is holding interest in its subsidiary.

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

The beneficial owner of the group is Mr Javed Oppenhaffen.

Principal activities

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

Group structure

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation

The consolidated financial statements of the parent company and its subsidiary have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006 (the Act). The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except where indicated otherwise.

Certain amounts from the prior year have been reclassified for consistency with the current year's presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements.

The principal accounting policies adopted by the group in preparing the financial statements are set below. Unless otherwise stated, the policies have been consistently applied to all the years presented.

The consolidated financial statements are presented in British pounds (GBP) rounded to the nearest thousand (GBP'000).

Adoption of new or revised standards and interpretations

New Standards adopted as at 1 January 2023

Some accounting pronouncements that became effective on 1 January 2023 and have, therefore, been adopted by FRC do not significantly impact the group's financial results or position.

Standards, amendments and Interpretations to existing Standards that are not yet effective

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At the authorisation date of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB, IFRIC and FRC. None of these standards or amendments to existing standards have been adopted early by the group, and no applicable interpretations have been issued that need to be taken into consideration by the group at either reporting date.

The group's management is convinced that all changes to the standards will be included in the group's accounting policies as soon as new changes take effect. Information on new standards and any changes or interpretations that are expected to affect the group's financial statements are as follows. Some other new standards and interpretations have also been issued, but they are not expected to have a material impact on the group's financial statements.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the group's consolidated financial statements.

Going concern

These consolidated financial statements have been prepared under the assumption the group operates on a going concern basis, which assumes the group will be able to discharge its liabilities as they fall due.

In confirming the validity of the going concern basis of preparation, the group has considered the following specific factors:

- the group reported a profit of GBP'000 2 048 for the year 2023 and had an excess of current assets over current liabilities of GBP'000 10 965;
- the group generated positive operating cash flows of GBP'000 1 063 in the current period
- as disclosed in Note 29, the liquidity needs of the group are monitored in various time bands on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities to determine headroom or shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods, which is typically 12 months from the date of authorisation of these financial statements
- management prepares an annual budget and longer-term strategic plan, including an assessment of cash flow requirements, and continues to monitor actual performance against budget and plan throughout the reporting period.

Although the war in Ukraine and the Israeli-Palestinian conflict had a disruptive impact on the global supply chain and economy, Directors continue to 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 these factors, management has a reasonable expectation that the group has and will have adequate resources to continue in operational existence for the foreseeable future.

Business 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.

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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 recognised 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 recognised 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 exceeds 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:

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- 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 a portion of the controlling entity is being moved around in the transaction. In some cases, the controlling party, 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 prospectively incorporated the acquired entity's results and balance sheets from the date 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 as company and group are reporting in the UK.

The functional currency of the Bangladeshi company is the Bangladesh Taka ("BDT"), the functional currency of the England company (the Parent) is the 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 the 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 from the translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in the 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.

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The relevant exchange rates were

Currency	Closing rate as of		Closing rate as of		Closing rate as of
	31 December 2023	Average for 2023	31 December 2022	Average for 2022	31 December 2021
GBP/BDT	139.73	134.44	126.74	115.15	115.93

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.

Investments into subsidiaries

Investments in subsidiaries in the company's stand-alone financial statements are measured at fair value through other comprehensive income (FVOCI) in accordance with IFRS 9. Investments are measured at fair value, with changes in fair value recognised in other comprehensive income rather than profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

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 with a declining (reducing) balance method, which applies a constant percentage (annual rates) to the reducing book value of the asset each year over the useful life of the assets. The annual rates are as follows:

Asset Category	Depreciation Rate %
Land	-
Building/ Factory Shed	5
Plant & Equipment	5
Furniture & Fixture	15
Vehicles & Transport	5
Computer & Computer Accessories	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.

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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 discount 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:

- 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.

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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.

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.

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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 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.

J.O. STEEL HOLDINGS PLC

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 recognised for the asset (cash-generating unit) in prior years.

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.

J.O. STEEL HOLDINGS PLC

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 is 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 the Bangladesh Labour Act 2006 (amended in 2013).

The group recognises a contribution to the WPPF and welfare fund as an expense when an employee renders services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the funds. The expected timing of resulting outflows of economic benefits regarding the utilisation of the WPPF is within 12 months from the balance sheet date.

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

Revenue arises mainly from the sales of metal steel deformed bars of various grades, metal steel billet, ingot, angles, channels, tees and metal steel structures.

To determine whether to recognise revenue, the Company 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.

The group typically enters into customer contracts to supply a single order of steel metal products. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable (very rarely if any) the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. The transaction price does not include variable consideration. The standalone selling price equals the price in invoice.

Revenue is recognised at a point in time when the group satisfies performance obligations by transferring the promised goods to its customers at the point of sale.

If any the group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. Generally, there is a short period of time between goods delivery (performance obligation satisfaction) and payment.

The group does not provide a warranty or any after-sale services for its products, although the products meet the requirements of the relevant standards and specifications and are being tested before shipping to customers. Returns and refunds are generally not accepted.

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, and it 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 25%. The applicable corporate tax rate for the subsidiary is currently 30%.

(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.

J.O. STEEL HOLDINGS PLC

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. Revisions to estimates are recognised prospectively.

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 recognised 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, see Note 12.

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 realisable value. Net realisable 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.

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices, see Note 15.

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 utilisation. 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, see Note 19.

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Investment in subsidiary

The estimates and assumptions that have a risk of causing a material adjustment for the parent company to the carrying amounts of assets within the financial year are discussed below, see Note 21.

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.

Business acquisition

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

On 2nd December 2020, J.O. Steel Holding Ltd. was incorporated as an investment holding company by Mr. Javed Opgenhaffen (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 a subsidiary recognised through other comprehensive income in the amount of £7,540,798 as of 31st December 2020.

5. REVENUE

Group

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Revenue	26,667	25,866
Total	26,667	25,866

The group generates revenue through the sales of metal steel products exclusively in the Bangladeshi market.

J.O. STEEL HOLDINGS PLC**6. COST OF SALES****Group**

	For year ended	For year ended
	31st December 2023	31st December 2022
	GBP'000	GBP'000
Raw materials	(17,747)	(16,984)
Electricity	(2,814)	(3,088)
Repair and maintenance	(695)	(36)
Labor costs	(616)	(591)
Amortisation and depreciation	(195)	(233)
Gas	(96)	(140)
Carrying inwards	(10)	(17)
	(22,173)	(21,089)

7. ADMINISTRATIVE EXPENSES**Group**

	For year ended	For year ended
	31st December 2023	31st December 2022
	GBP'000	GBP'000
Payroll and payroll-related costs	(325)	(337)
Audit, legal and other professional fees	(60)	(50)
Repair and maintenance	(46)	(50)
Business trips	(39)	(41)
Depreciation	(37)	(44)
Taxes other than income tax	(19)	(19)
Office maintenance	(17)	(17)
Materials and fuel	(15)	(16)
Other expenses	(37)	(38)
	(595)	(612)

Company

	For year ended	For year ended
	31st December 2023	31st December 2022
	GBP'000	GBP'000
Audit and accounting services	(56)	(46)
	(56)	(46)

The group incurred a statutory audit fee of GBP'000 54 (including VAT) for the 2023 financial statements audit, for the financial statement for the 2022 statutory audit fee of GBP'000 49 (including VAT).

8. DISTRIBUTION EXPENSES**Group**

	For year ended	For year ended
	31st December 2023	31st December 2022
	GBP'000	GBP'000
Marketing, advertising and business promotion expense	(54)	(58)
Payroll and payroll-related costs	(34)	(37)
Carrying outward	(19)	(20)
Commission and incentive expenses	(15)	(15)
	(122)	(130)

J.O. STEEL HOLDINGS PLC

9. FINANCE INCOME/(EXPENSES)

Group

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Interest on deposits	221	189
Total finance income	221	189
Interest on bank borrowings	(973)	(771)
Interest on loan from related parties	(12)	(2)
Bank commissions and other charges	(8)	(8)
Total finance expenses	(993)	(781)
Total finance (expenses)/income, net	(772)	(592)

Company

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Interest on loan from related parties	(12)	(2)
	(12)	(2)

10. INCOME TAX EXPENSES

Group

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Current tax expense	(874)	(992)
Deferred tax expense/(credit)	(4)	(14)
Tax expense for the period	(878)	(1,006)

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 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Profit before tax	2,926	3,338
Income tax, taxable at the rate of 30%	(878)	(998)
Income tax, taxable at the rate of 25% 19%	-	(2)
Tax effect of non-deductible expenses	-	(6)
Actual tax expense	(878)	(1,006)

J.O. STEEL HOLDINGS PLC

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 2023	For year ended 31 st December 2022
Profit attributable to ordinary equity holders, GBP'000	1,915	2,181
Weighted average number of shares outstanding	30,929,568	30,929,568
Basic and diluted earnings per share (GBP'000 per share)	0.00006	0.00007

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

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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 1st January 2022	1,458	744	5,061	928	685	614	124	64	9,678
Acquisitions	-	-	225	-	4	-	-	-	229
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	(124)	(63)	(452)	(79)	(59)	(52)	(10)	(5)	(844)
At 31st December 2022	1,334	681	4,834	849	630	562	114	59	9,063
Acquisitions	-	-	96	-	46	-	-	3	145
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	(124)	(64)	(454)	(79)	(60)	(52)	(11)	(6)	(850)
At 31st December 2023	1,210	617	4,476	770	616	510	103	56	8,358
Accumulated depreciation									
At 1st January 2022	-	394	1,988	194	172	149	70	42	3,009
Charge for the year	-	18	166	37	26	23	3	4	277
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	-	(36)	(185)	(19)	(17)	(14)	(7)	(4)	(282)
At 31st December 2022	-	376	1,969	212	181	158	66	42	3,004
Charge for the year	-	14	140	30	23	19	2	3	231
Disposals	-	-	-	-	-	-	-	-	-
Exchange differences	-	(35)	(188)	(21)	(18)	(16)	(6)	(4)	(288)
At 31st December 2023	-	355	1,921	221	186	161	62	41	2,947
Net book amount:									
At 31st December 2022	1,334	305	2,865	637	449	404	48	17	6,059
At 31st December 2023	1,210	262	2,555	549	430	349	41	15	5,411

J.O. STEEL HOLDINGS PLC**13. OTHER NON-CURRENT ASSETS****Group**

	31 st December 2023	31 st December 2022
	GBP'000	GBP'000
Security deposits	56	62
	56	62

14. INVESTMENTS

	31 st December 2023	31 st December 2022
	GBP'000	GBP'000
Long-term investments		
Fixed Deposit Receipt (FDR)	2,710	2,922
	2,710	2,922
Short-term investments		
Fixed Deposit Receipt (FDR)	3,125	3,297
	3,125	3,297

Fixed Deposit Receipt (FDR) is a deposit in banks of fixed amount for a fixed period at a fixed rate of interest. The defining criteria for a fixed deposits are that the money cannot be withdrawn before maturity, otherwise, interest has not been received, but only the original sum of money which was deposited.

The group has FDR accounts in banks with high ratings, such as AA1 in the long term and ST-1 in the short term, along with a stable outlook.

15. INVENTORIES**Group**

	31 st December 2023	31 st December 2022
	GBP'000	GBP'000
Raw materials	1,994	2,452
Finished goods	771	2,086
Others spare parts	871	1,589
Total	3,636	6,127

The amount of inventories recognised as an expense during the year ended 31 December 2023 is GBP'000 17,112 (31 December 2022: GBP'000 16,984).

16. TRADE AND OTHER ACCOUNTS RECEIVABLE**Group**

	31 st December 2023	31 st December 2022
	GBP'000	GBP'000
Trade receivables, gross	5,094	5,812
Allowance for credit losses	(19)	(20)
Trade receivables	5,075	5,792
Other accounts receivable	4	4
Financial assets	5,079	5,796
Advances to suppliers of raw materials	3,662	750
Non-financial assets	3,662	750
Total trade and other receivables	8,741	6,546

J.O. STEEL HOLDINGS PLC

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 current, except for those with established bad debt reserves. Consequently, the recoverability risk is considered low. Based on management's assessment, the impact of credit losses is deemed immaterial.

Movement of allowance for credit losses:

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
At 1 st January	20	22
Accrued	-	-
Utilised	-	-
Exchange differences	(1)	(2)
At 31 st December	19	20

17. CASH AND CASH EQUIVALENTS

Group

	31 st December 2023 GBP'000	31 st December 2022 GBP'000
Cash in hand	36	59
Cash at bank	313	513
Fixed Deposit Receipt (FDR)	358	395
Total	707	967

18. LOANS AND BORROWINGS

Group

	31 st December 2023 GBP'000	31 st December 2022 GBP'000
Non-current		
Secured bank loans	3,945	5,342
Unsecured loans from related parties	173	-
	4,118	5,342
Current		
Current portion of non-current secured bank loans	1,130	1,139
Secured bank loans	2,884	3,247
Unsecured loan from a related party	-	75
	4,014	4,461
Interest on loans and borrowings	227	410
	227	410
Total	8,359	10,213

J.O. STEEL HOLDINGS PLC

Changes in principal amount of bank loans:

	For year ended 31 st December 2023	For year ended 31 st December 2022
	GBP'000	GBP'000
At 1st January	9,728	12,454
Proceeds for the year	4,324	14,768
Repayment for the year	(5,221)	(16,601)
Exchange differences	(872)	(893)
At 31st December	7,959	9,728

Changes in interest accrued:

	For year ended 31 st December 2023	For year ended 31 st December 2022
	GBP'000	GBP'000
At 1st January	410	265
Accrued for the year	973	771
Paid for the year	(1,124)	(586)
Exchange differences	(32)	(40)
At 31st December	227	410

Maturity of non-current borrowings:

	31 st December 2023	31 st December 2022
	GBP'000	GBP'000
Between one to two years	1,236	1,465
Between two and five years	2,882	3,877
	4,118	5,342

The weighted average effective interest rate at all reporting dates for long-term loans was 9% in 2023 (2022: 9%)

Pledged assets

The bank loans as at 31 December 2023 and 31 December 2022 were secured as follows:

- All group's non-current and current assets
- Personal guarantee of the Directors of the group.

Unsecured loan from a related party

As of 31st December 2023, the group's long-term unsecured loans from related parties include a loan from the beneficial owner amounting to GBP'000 82 (2022: GBP'000 75) and a loan from another related party totalling GBP'000 91 (2022: GBP'000 nil). These long-term unsecured loans are set to mature on 31st December 2026.

J.O. STEEL HOLDINGS PLC

19. 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 25% (2022: 19%). The applicable corporate tax rate in Bangladesh is 30%.

Group

The movement on the deferred taxation account for the year ended 31st December 2023 is as follows:

	1 st January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Effect from translation into presentation currency	31 st December 2023
Deferred tax liabilities/(assets)	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Property, plant and equipment	(88)	4	-	8	(76)
Deferred tax (assets)	(88)	4	-	8	(76)
Deferred tax liabilities	-	-	-	-	-

The movement on the deferred taxation account for the period ended 31st December 2022 is as follows:

	1 st January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Effect from translation into presentation currency	31 st December 2022
Deferred tax liabilities/(assets)	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Property, plant and equipment	(110)	14	-	8	(88)
Deferred tax (assets)	(110)	14	-	8	(88)
Deferred tax liabilities	-	-	-	-	-

Company

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
At 1st January	2,746	7,635
Reversal due to reclassification from revaluation reserves to share capital	-	(5,867)
Tax on revaluation (decrease)/increase	(603)	978
Effect of change in income tax rate	867	-
	264	978
At 31st December	3,010	2,746

Deferred tax liability has been recognised in respect of temporary differences due to fair value revaluation of investment in a subsidiary recognised through other comprehensive income.

J.O. STEEL HOLDINGS PLC

20. PROVISIONS

Group

	31 st December 2023 GBP'000	31 st December 2022 GBP'000
Contribution to workers profit participation fund (WPPF)	140	150
Total	140	150

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

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
At 1st January	150	143
Arising during the year	146	165
Utilised	(142)	(144)
Exchange differences	(14)	(14)
At 31st December	140	150

21. INVESTMENT IN SUBSIDIARY

Company

	For year ended 31 st December 2023 GBP'000	For year ended 31 st December 2022 GBP'000
Balance at 1st January	46,127	40,982
Additions	-	-
Change in fair value recognised in OCI	(2,412)	5,145
Balance at 31st December	43,715	46,127

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	31 st December 2023 GBP'000	31 st December 2022 GBP'000
Saleh Steel Industries Ltd	Bangladesh	Steel production	93.5	43,715	46,127

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'000 661 as of 31st December 2023 (31st December 2022: GBP'000 728).

The net profit of Saleh Steel Industries Ltd. for 2023 was GBP'000 2,047 (2022: GBP'000 2,321), share capital as of 31st December 2023 was GBP'000 863 (31st December 2022: GBP'000 863), and Retained Earnings GBP'000 18,363 (31st December 2022: GBP'000 16,316).

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.

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The fair value estimate is based on key assumptions:

- The compound annual growth rate (CARG) for revenue between 2023 and 2027 is expected to be 13% (between 2022 and 2026 was expected to be 13%).
- An assumed discount rate of 14% is calculated based on the capital assets pricing model (2022: 13,7%).
- A terminal value, calculated based on long-term sustainable growth rates for the industry of 4%, has been used to determine income for future years (2022: 3,5%).

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 2023 and 31st December 2022, are shown below:

Sensitivity analysis and impact on profit or loss and equity for the year ended 31st December 2023:

Significant unobservable inputs		Profit or loss		Other comprehensive income (net of tax)	
		Increase	Decrease	Increase	Decrease
		GBP'000	GBP'000	GBP'000	GBP'000
Revenue annual	15%	-	-	3,556	-
growth rate*	11%	-	-	-	(3,269)
Discount rate*	15%	-	-	-	-
	13%	-	-	4,707	(3,823)
Long-term growth	5%	-	-	1,093	-
rate*	4%	-	-	-	(983)

Sensitivity analysis and impact on profit or loss and equity for the period ended 31st December 2022:

Significant unobservable inputs		Profit or loss		Other comprehensive income (net of tax)	
		Increase	Decrease	Increase	Decrease
		GBP'000	GBP'000	GBP'000	GBP'000
Revenue annual	15%	-	-	1,459	-
growth rate*	11%	-	-	-	(1,333)
Discount rate*	14.7%	-	-	-	(4,695)
	12.7%	-	-	5,782	-
Long-term growth	4%	-	-	1,499	-
rate*	3%	-	-	-	(1,359)

* Holding all other variables constant

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

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 related 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 may be fluctuations in the interest rates in Bangladesh, a country of the subsidiary's operations. However, 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.

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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. In recent years, the exchange rate of the Bangladeshi Taka against foreign currencies has shown a trend of depreciation. However, it is anticipated that this trend will stabilise in 2024.

Commodity price risk

The parent company is affected by the price volatility of certain commodities, which drives both the 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 demand for steel in the near future, then stabilise.

22. SHARE CAPITAL AND OTHER RESERVES

Group

	2023 Number of shares	2023 GBP'000	2022 Number of shares	2022 GBP'000
Authorised				
Ordinary shares of £1 each	30,929,568	30,930	30,929,568	30,930
Issued and fully paid				
Ordinary shares of £1 each	30,929,568	30,930	30,929,568	30,930
Balance at 31st December	30,929,568	30,930	30,929,568	30,930

Bonus shares issue

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 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.

Other Reserve and Translation differences

	2023 GBP'000	2022 GBP'000
Other reserve	(30,880)	(30,880)
Translation differences	(2,980)	(1,564)

Other Reserve relates to an accounting construct established following a bonus issue of shares by J.O. Steel Holdings PLC on 4th August 2021. This reserve, amounting to £30,879,568, represents a reallocation within equity created to counterbalance the bonus shares issued and maintain the overall equity structure. It involved the capitalisation of distributable reserves without any external cash inflow or alteration in total equity. The reserve is non-distributable and does not denote cash reserves.

Translation differences arise from the translation of financial statements of foreign operations into the Group's presentation currency. These differences, integral to the equity component, are a result of applying the closing rate method, where assets and liabilities of foreign operations are translated at the exchange rate on the reporting date, while income and expenses are translated at exchange rates at the approximate average rates.

23. FAIR VALUE RESERVE THROUGH OCI, NET OF TAX**Company**

	For year ended 31st December 2023 GBP'000	For year ended 31st December 2022 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	(2,412)	5,145
Tax relating items that will not be reclassified	(264)	(978)
	(2,676)	4,167

24. TRADE AND OTHER ACCOUNTS PAYABLE**Company**

	31st December 2023 GBP'000	31st December 2022 GBP'000
Other accounts payable	661	728
Accruals	56	86
	717	814

25. EMPLOYEES AND DIRECTORS

	For year ended 31st December 2023 GBP'000	For year ended 31st December 2022 GBP'000
Wages and salaries	871	862
Social security costs	104	103
	975	965

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

	For year ended 31st December 2023	For year ended 31st December 2022
Directors	5	5
Administrative and managing personnel	50	50
Workers	439	450
	494	505

All staff costs are incurred by the group component. The parent company has no employees.

	For year ended 31st December 2023 GBP'000	For year ended 31st December 2022 GBP'000
Directors' remuneration	-	-
	-	-

Directors did not receive salary or another type of compensation.

26. 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.

Group

	31st December 2023	31st December 2022
Type of operation/balance	GBP'000	GBP'000
Unsecured loans from related parties	<u>173</u>	<u>75</u>

As of 31 December 2023, long-term unsecured loans from the related party include a loan from the beneficial owner GBP'000 82 (31 December 2022: GBP'000 75) and a loan from another related party (company owned by beneficially owner) GBP'000 91 (31 December 2022: GBP'000 nil). The maturity date for the long-term unsecured loans is 31 December 2026.

27. CONTINGENT LIABILITIES

The parent company and group had no contingent liabilities as at 31st December 2023 and as at 31st December 2022.

28. COMMITMENTS

The parent company and group had no capital or other commitments as at 31st December 2023 and as at 31st December 2022.

29. 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.

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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 2023 GBP'000	31 st December 2022 GBP'000
Financial assets:		
Other non-current assets	56	62
Long-term investments	2,710	2,922
Trade and other accounts receivable	5,079	5,796
Short-term investments	3,125	3,297
Cash and cash equivalents	707	967
	11,677	13,044
Financial liabilities:		
Loans and borrowings	8,359	10,213
Trade and other accounts payable	202	294
	8,561	10,507

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 18.

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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.

Interest rate sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates as well as from loans and borrowings.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2022: +/- 1%). These changes are possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Impact on post-tax profit		Impact on other components of equity	
	+1%	-1%	+1%	-1%
	GBP'000	GBP'000	GBP'000	GBP'000
31 December 2023	(15)	15	-	-
31 December 2022	(25)	25	-	-

An increase in the interest rate by 1% would lead to a decrease in the group's profit by GBP'000 15 for the year ended 31 December 2023.

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 risk management also includes regular monitoring of the ability of counterparties to repay debt in full on time, as well as an 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 2023 and 31st December 2022, 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.

Trade receivables consist of a large number of the group's subsidiary's customers in various geographical areas of Bangladesh.

Expected credit losses

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

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The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2023 and 31 December 2022, respectively, as well as the corresponding historical credit losses during that period.

Trade receivables are written off (i.e., derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the company on alternative payment arrangements are considered indicators of no reasonable expectation of recovery.

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:

31 st December 2023	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	8,359	9,658	4,922	4,827	-
Trade and other accounts payable	202	202	202	-	-
	8,561	9,930	5,124	4,827	-

31 st December 2022	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	10,213	11,922	5,466	6,456	-
Trade and other accounts payable	294	294	294	-	-
	10,507	12,217	5,760	6,456	-

30. AUDITOR LIABILITY LIMITATION AGREEMENT

An auditors' limitation of liability agreement has been approved by the members for the financial period ended 31st December 2023.

The principal terms and conditions are as below:

- The agreement limits the amount of any liability owed to the company by the auditors in respect of any negligence default, breach of duty or breach of trust occurring in the course of the audit of the company's accounts and pursuant to this agreement, the auditor may be guilty in relation to the company.
- The agreement also stipulates the maximum aggregated amount payable in the event of any of the circumstances stated above.

31. SUBSEQUENT EVENTS

Although the war in Ukraine and the Israeli-Palestinian conflict have had a disruptive impact on the global supply chain, demand, and economy, management continue to do not expect any material impact on J.O. Steel Holdings Plc's business.

No other significant events occurred between the closing date and the date of authorisation of these consolidated financial statements for the issue.

32. ULTIMATE CONTROL PARTY

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.