Directors Report &
Unaudited Interim Consolidated Financial Statements

SRJ Technologies Group Plc
ARBN 642 229 856

30 June 2024

SRJ Technologies Group Plc

Company information

Directors	Alexander Wood Robin Pinchbeck Roger Smith Giles Bourne Stefan McGreevy	
Company secretary	Benjamin Donovan	
Registered number	115590	
Registered office		
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SRJ Technologies Group Plc

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Directors' Report
For the period ended 30 June 2024

The directors present their report and the interim financial statements of SRJ Technologies Group Plc (the "Company") and its subsidiaries (together the "Group") for the period ended 30 June 2024.

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

Review of activities
A summary of activities during the period and up to signing of financial statements include the following:

- Undertook an equity fund raise in for A$601,250 (£311,528)
- Secured additional order with EFTECH in Malaysia following Petronas approval for A$249k (US$163.5k) (£130k), with the revenue expected to be recognised and generated over the remainder of 2024.
- Secured £642k (A$1.3m) order in Malaysia as expansion into Indonesia commences, with the revenue expected to be recognised and generated over the remainder of 2024 (an initial 10% deposit received in the period has been deferred)
- Secured order for Asset Integrity Consulting services with global FPSO operator valued at £211k, with the revenue expected to be recognised over the remainder of 2024
- Commencement of Capital raise of £421k (A$800k) in the form of Convertible Notes to support growth
- Execution of a Share Purchase Agreement to acquire 100% of the issued capital of Air Control Entech Limited ("ACE").
- Undertook a capital raising via an offer of CDIs and raised A$13,868,900 (£7,148,917), with A$13,500,000 from the conditional placement and A$368,900 from the share purchase plan, to fund the cash component of the purchase price for ACE and provide working capital for the Combined Group post-completion

Earnings Per Share

	Period ended 30 June 2024	*Period ended 30 June 2023*
	£	*£*
Loss for the period	**(949,945)**	*(650,706)*
Weighted average number of shares	**173,805,406**	*137,418,791*
Basic and diluted loss per share	**(0.005)**	*(0.005)*

Financial position
The Group’s cash position as at 30 June 2024 was £195,432 (June 2023: £407,321). To ensure there are sufficient financial resources to fund the acquisition of ACE and support the combined operational activities and revenue growth, the Company undertook a capital raise for A$13,868,900 (£7,148,917) which completed on 20th August 2024 and a convertible note raise of A$800k (£421k), with A$621,250 notes issued on 22 July 2024 and A$41,250 notes issued on 16 August 2024, with the remainder of the A$800,000 (A$137,500/£72,000) committed and being finalised. Of the total amount raised, £4,399,939 was paid across to sellers of ACE, £100,000 of the total cash consideration of £4,499,939 has been retained for 12 months to be used to satisfy certain claims that may arise for the Company under the Share purchase agreement. The remaining balance will be used as working capital in the Company and its subsidiaries after settling offer and acquisition costs.

Going Concern
The Group made a loss in the period in the amount of £949,945 (30 June 2023: £650,706) and as at 30 June 2024 had net liabilities of £220,536 (30 June 2023: net assets of £403,909). In assessing the going concern of the Group, management have prepared cash flow forecasting and performed sensitivity analysis as to whether the Group has adequate funding to meet its short-term liabilities in the 12 months following approval of the financial statements. Key considerations are outlined below.

The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2024 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, SRJ undertook a capital raise of A$13,868,900 (£7,148,917) and a convertible note raise of A$800,000 (£421,371). Of the total amount raised, £1.9m is available for working capital.

Going Concern (continued)
The financial resources provided by the capital raises are sufficient for the Directors to conclude that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern and prepare the financial statements on a going concern basis.

Dividends paid
There were no dividends paid in the period under review (2023 - £nil).

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

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

Alexander Wood	
Robin Pinchbeck	
Roger Smith	
Giles Bourne	Appointed 20 August 2024
Stefan McGreevy	Appointed 20 August 2024

Disclosure of information to independent accountant reviewer
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's independent accountant reviewer is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant information and to make themselves aware and make that information available to the Group's independent accountant reviewer.

Post balance sheet events
Subsequent events have been evaluated up to the date that the financial statements were approved and authorised for issue by the Board of Directors. There have been no material events requiring adjustment or disclosure in these financial statements other than the disclosures made in note 23, which includes the following:

The Company executed a Share Purchase Agreement to acquire 100% of the issued capital of Air Control Entech Limited ("ACE") on 23 July 2024. ACE is a private company limited by shares incorporated in Scotland. The registered office is Units 12-13, Murcar Commercial Park, Denmore Road, Bridge of Don, Aberdeen, AB23 8JW, United Kingdom. Its principal activity is that of operation, design, manufacture and implementation of advanced robotics and drone technology for inspection solutions. The completion of the acquisition occurred on 20th August 2024.

A capital raise resulted in the issue of 252,161,804 ordinary shares raising a total of A$13,868,899 (£7,148,917). Part of this raise was used to settle the cash element of the ACE transaction (£4,499,939) with the balance by the issue of 175,249,279 of CDIs (the traded security of the ordinary shares) at a deemed issue price of A$0.115 per CDI/Ordinary share which equates to a £15m purchase price. Given the related capital raise was at a CDI/share price of A$0.055 the implied fair value of the CDI's issued to the sellers of ACE was A$9,638,710 (£4,968,407) bringing the total value of the acquisition to £9,468,346. The remaining cash received from the capital raise is to be used for operational activities to drive growth in the combined businesses.

Further detail is set out in note 23.

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

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

Director: Alexander Wood
Date: 27 August 2024

Statement of Directors' Responsibilities
For the period ended 30 June 2024

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

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

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

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

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

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

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

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

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

Independent auditor's review report
To the members of SRJ Technologies Group Plc

We have reviewed the financial statements of SRJ Technologies Group Plc (the 'Company') and its subsidiaries (the "Group") for the period ended 30 June 2024, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the consolidated interim financial statements, including a summary of significant accounting policies.

Directors' responsibilities
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the half-yearly financial report is the responsibility of, and has been approved by, the Directors. The directors are responsible for preparing the half-yearly financial report in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 104 - Interim Financial Reporting (FRS104). As disclosed in note 1 the annual financial statements of the company are prepared in accordance with United Kingdom Financial Reporting Standards in conformity with the requirements of the Companies (Jersey) Law 1991.

Our responsibility
Our responsibility is to express a conclusion to the company on the interim set of financial statements based on our review.

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

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

- so as to give a true and fair view of the state of the Group's affairs as at 30 June 2024, and of its comprehensive loss for the period then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies (Jersey) Law 1991.

Use of our report
This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report 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 as a body, for our review work, for this report, or for the conclusion we have formed.

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

27 August 2024

Consolidated Statement of Comprehensive Income
For the period ended 30 June 2024

	Notes	Period ended 30 June 2024 £	Period ended 30 June 2023 £	Year ended 31 December 2023 £
Turnover	4	**557,249**	*724,116*	*1,561,020*
Cost of sales		**(96,682)**	*(123,066)*	*(251,986)*
Gross profit		**460,567**	*601,050*	*1,309,034*
Administrative expenses		**(1,208,018)**	*(1,214,083)*	*(2,539,029)*
Other operating income (R&D tax credits)		**-**	*-*	*84,326*
Interest received		**56**	*-*	*-*
Operating loss		**(747,395)**	*(613,033)*	*(1,145,669)*
Acquisition costs	5	**(199,815)**	*-*	*-*
Interest expense	6	**(2,735)**	*(37,673)*	*(142,006)*
Loss for the financial period/year		**(949,945)**	*(650,706)*	*(1,287,675)*
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)				
Gain on translation of foreign subsidiary		**841**	*2,509*	*2,058*
Total comprehensive loss for the period/year		**(949,104)**	*(648,197)*	*(1,285,617)*
Total comprehensive loss for the period/year attributable to:				
Ordinary equity holders of the parent		**(949,104)**	*(648,197)*	*(1,285,617)*
Earnings Per Share				
Basic and diluted loss per share for the period attributable to ordinary equity holders of the parent		**(0.005)**	*(0.005)*	*(0.009)*

There were no recognised gains and losses for the period ended 30 June 2024, period ended 30 June 2023 or year ended 31 December 2023 other than those included in the consolidated statement of comprehensive income.

The notes on pages 9 to 25 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2024

	Notes	**30 June 2024 £**	*30 June 2023 £*	*31 December 2023 £*
Fixed assets				
Intangible assets	**10**	**619,654**	*713,524*	*669,601*
Tangible assets	**11**	**30,930**	*50,144*	*38,082*
		650,584	*763,668*	*707,683*
Current assets				
Inventory	**12**	**85,509**	*75,278*	*84,470*
Debtors: amounts falling due within one year	**13**	**93,331**	*246,712*	*369,473*
Cash at bank and in hand		**195,432**	*407,321*	*128,456*
		374,272	*729,311*	*582,399*
Current liabilities				
Creditors: amounts falling due within one year	**14**	**(1,220,837)**	*(605,431)*	*(793,130)*
Loans payable	**15**	**-**	*(451,201)*	*(50,000)*
		(1,220,837)	*(1,056,632)*	*(843,130)*
Net current liabilities		**(846,565)**	*(327,321)*	*(260,731)*
Total assets less current liabilities		**(195,981)**	*436,347*	*446,952*
Non-current liabilities				
Creditors: amounts falling due after one year	**16**	**(24,555)**	*(32,438)*	*(28,678)*
Net (liabilities)/assets		**(220,536)**	*403,909*	*418,274*
Capital and reserves				
Issued share capital	**18**	**32,306**	*27,131*	*30,848*
Share premium account	**18**	**18,450,743**	*16,706,998*	*18,141,907*
Share based payment reserve		**-**	*786,841*	*-*
Translation reserve		**9,311**	*8,921*	*8,470*
Retained losses		**(18,712,896)**	*(17,125,982)*	*(17,762,951)*
		(220,536)	*403,909*	*418,274*

The financial statements were approved and authorised for issue by the board on 27 August 2024 and were signed on its behalf by:

Name: Alexander Wood
Director

Date: 27 August 2024

The notes on pages 9 to 25 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the period ended 30 June 2024

	Issued share capital £	Share premium £	Share based payment reserve £	Translation reserve £	Retained losses £	Total equity £
At 1 January 2023	24,197	15,216,406	1,905,814	6,412	(16,475,276)	677,553
Total comprehensive loss for the period	-	-	-	2,509	(650,706)	(648,197)
CDIs issued during the period	2,180	397,026	-	-	-	399,206
Issue of share capital on exercise of employee and NED rights (note 8)	754	1,093,566	(1,094,320)	-	-	-
Adjustment to SBPR re previous year (note 8)	-	-	(24,653)	-	-	(24,653)
At 30 June 2023	**27,131**	**16,706,998**	**786,841**	**8,921**	**(17,125,982)**	**403,909**
Total comprehensive loss for the period	-	-	-	(451)	(636,969)	(637,420)
CDIs issued during the period	937	232,725	-	-	-	233,662
Issue of share capital in lieu of fees and repayment of convertible loan notes (note 18)	2,273	415,850	-	-	-	418,123
Issue of share capital on exercise of employee and NED rights	507	786,334	(786,841)	-	-	-
At 31 December 2023	**30,848**	**18,141,907**	**-**	**8,470**	**(17,762,951)**	**418,274**
Total comprehensive loss for the period	-	-	-	841	(949,945)	(949,104)
CDIs issued during the period (note 18)	1,458	308,836	-	-	-	310,294
At 30 June 2024	**32,306**	**18,450,743**	**-**	**9,311**	**(18,712,896)**	**(220,536)**

The notes on pages 9 to 25 form part of these financial statements.

Consolidated Statement of Cash Flows
For the period ended 30 June 2024

	Period ended 30 June 2024 £	*Period ended 30 June 2023 £*	*Year ended 31 December 2023 £*
Cash flows used in operating activities			
Loss for the financial period	**(949,945)**	*(650,706)*	*(1,287,675)*
Adjustments for:			
Amortisation of intangible assets	**56,678**	*54,762*	*112,237*
Depreciation of tangible assets	**7,152**	*10,384*	*23,417*
Loss on disposal of fixed assets	**-**	*-*	*2,178*
Interest paid	**2,735**	*37,673*	*142,006*
Share based payments for directors' fees	**-**	*(24,653)*	*(24,653)*
Fees settled by issue of CDIs	**-**	*112,167*	*175,899*
Unrealised loss/(gain) on foreign exchange	**1,446**	*(13,665)*	*(9,094)*
Unrealised gain on foreign exchange on convertible loan notes	**-**	(37,362)	*-*
Decrease in inventory	**17,397**	*1,615*	*1,194*
(Increase)/decrease in BoltEx® stock inventory	**(18,436)**	*49,667*	*37,747*
Decrease/(increase) in debtors	**276,142**	*119,898*	*(2,863)*
Increase/(decrease) in creditors	**260,087**	*(132,178)*	*55,374*
Net cash used in operating activities	**(346,744)**	*(472,398)*	*(774,232)*
Cash flows from investing activities			
Purchase of intangible fixed assets	**(6,731)**	*(5,433)*	*(18,985)*
Net cash used in investing activities	**(6,731)**	*(5,433)*	*(18,985)*
Cash flows from financing activities			
Issue of ordinary shares/CDIs	**310,294**	*-*	*632,868*
Repayments towards finance lease	**(4,227)**	*(7,140)*	*(10,754)*
Interest paid	**(2,735)**	*(37,673)*	*(142,006)*
Directors' loans	**-**	*-*	*50,000*
Repayment of directors' loans	**(50,000)**	*(421,350)*	*(421,350)*
Drawdown of convertible loan notes	**-**	*775,602*	*775,602*
Monies received on account for issue of convertible loans	**167,724**	*-*	*-*
Repayment of convertible loan notes	**-**	*-*	*(497,845)*
Net cash provided from financing activities	**421,056**	*309,439*	*386,515*
Net increase/(decrease) in cash and cash equivalents	**67,581**	*(168,392)*	*(406,702)*
Effect of changes in foreign exchange rate			
Effect of translating results of an overseas subsidiary	**841**	*2,509*	*2,058*
Effect of changes in foreign exchange rates on cash and cash equivalents	**(1,446)**	*13,665*	*9,094*
Realised foreign exchange gain on repayment of convertible loan notes	**-**	*-*	*(35,533)*
	(605)	*16,174*	*(24,381)*
Cash and cash equivalents at beginning of period/year	**128,456**	*559,539*	*559,539*
Cash and cash equivalents at the end of period/year	**195,432**	*407,321*	*128,456*
Cash and cash equivalents at the end of period/year comprise:			
Cash at bank and in hand	**195,432**	*407,321*	*128,456*

1. General information

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

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 104 Interim Financial Statements (FRS 104) and the Companies (Jersey) Law 1991. They do not include all of the information required in annual financial statements in accordance with FRS 102, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

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

There have been no changes to the accounting policies or methods of computation used in preparing the interim financial statements as were used in the most recent set of annual financial statements of the Group published for the year ended 31 December 2023.

The following principal accounting policies have been applied.

2.2 Basis of consolidation

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

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

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

2.3 Going concern

The Group made a loss in the period in the amount of £949,945 (30 June 2023: £650,706) and as at 30 June 2024 had net liabilities of £220,536 (30 June 2023: net assets of £403,909 and 31 December 2023: net assets of £418,274). In assessing the going concern of the Group, management have prepared cash flow forecasting and performed sensitivity analysis as to whether the Group has adequate funding to meet its short-term liabilities in the 12 months following approval of the financial statements. Key considerations are outlined below.

The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2024 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, SRJ undertook a capital raise of A$13,868,900 (£7,148,917) and a convertible note raise of A$800,000 (£421,371). Of the total amount raised, £1.9m is available for working capital.

2. Summary of significant accounting policies (continued)

2.3 Going concern (continued)

The financial resources provided by the capital raises are sufficient for the Directors to conclude that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern and prepare the financial statements on a going concern basis.

2.4 Foreign currency

Functional and presentation currency

The Company's functional currency is Pound Sterling (£) which is the presentation currency of the group consolidated financial statements.

Foreign translation

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

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

Transactions and balances

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

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

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

2.5 Revenue

Turnover

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

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

The Group received revenue from operating leases in relation to rental equipment. The revenue was accounted for on a straight line basis over the term of the lease. The risks and rewards incidental to ownership remained with the Group.

2. Summary of significant accounting policies (continued)

2.5 Revenue (continued)

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

The Group participates in a revenue sharing agreement, whereby the Group earns 10% of revenues generated by the customer from the rental by the customer of SRJ BoltEx® products. The Group recognises revenue monthly when the customer declares the rental revenues. The revenue recognised represents the net amount of revenue earned, which is 10% of the total revenue generated by the customer.

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

Other operating income

Other revenue comprises research and development tax credits granted by the UK and Australian tax authorities for qualifying research and development expenditure alongside other sundry income sources which do not fall under supply of goods or services to the Group's customers. Tax credits are recognised in the period to which the expenditure relates once agreed between the Group and the relevant tax authority. All other revenue items are recognised on an accruals basis.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria set out in FRS102 relating to such costs are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is estimated to be 13 years from the date in which the production and sale of the product commenced.

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

2.7 Interest income

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

2.8 Finance costs

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

2.9 Pensions

Defined contribution

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

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

2.10 Share based payments

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

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

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method, with the exception of motor vehicles, which is on a reducing balance method.

Depreciation is provided on the following basis:

Office equipment	-	20%	Straight line basis
Computer equipment	-	33%	Straight line basis
Plant and machinery	-	20%	Straight line basis
Rental equipment *	-	33%	Straight line basis
Motor vehicles	-	25%	Reducing balance basis

** Reclassified as inventory during 2023 (see note 11).*

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

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

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

2. Summary of significant accounting policies (continued)

2.14 Inventories (continued)
The rental equipment initially used by the Group for leasing to third parties and therefore classified as fixed assets changed to primarily being a selling model from the start of 2023. As such, the fixed assets were reclassified to inventory at a value equivalent to the net book value brought forward, and subsequently adjusted for stock movements. The net realisable value of such assets on reclassification is considered to be in excess of the existing net book value of the fixed assets reclassified based on selling price achieved.

2.15 Debtors
Debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

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

2.17 Creditors
Financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

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

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

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

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

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

2.20 Convertible debt
A convertible loan note whereby the issuer is obligated to pay principal and interest, but the holder has an option to convert their holding into a fixed number of equity shares of the issuer is classified as a compound financial instrument. From the issuer's perspective such notes contains two elements, a financial liability represented by the obligation to deliver cash payments and an equity element, represented by the obligation to deliver a fixed number of equity shares. For the conversion right to be classified as an equity instrument, it must meet the 'fixed for fixed' criterion. This requires that a fixed amount of cash or other financial asset be exchanged for a fixed number of equity instruments. A convertible loan note that allows for conversion into a variable number of shares has no equity element.

The proceeds received on issue of the Group's convertible debt are allocated between a liability component and an equity component in accordance with the substance of the agreement and FRS 102.

The amount initially attributed to the debt component (other than those with a maturity within one year) equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument without the option to convert. On conversion, the debt element is credited to share capital and share premium as appropriate.

2.20 Convertible debt (continued)

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

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

After initial recognition the equity component is not remeasured, and the liability is measured at amortised cost where it meets the criteria to be accounted for as a basic financial instrument.

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

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

Impairment of intangible assets
The carrying value of intangible assets, which comprise Intellectual Property in the form of patent and development costs (IP), are dependent on the expected future revenue from product sales and services rendered in connection with the IP. The patents and development costs, residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. In assessing if there has been an indication of impairment the Directors considered both external and internal factors dictated by FRS 102 alongside other considerations as to the current position of the Company. An impairment assessment was performed and it was concluded that there was no impairment.

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

Impairment of debtors
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, the directors consider factors including current credit rating of the debtor, ageing profile of debtors and historical experience.

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	Period ended 30 June 2024				
	Revenue sharing income	**Rental income £**	**Product sales £**	**Services rendered £**	**Total £**
Jersey	**-**	**-**	**223,599**	**-**	**223,599**
United Kingdom	**-**	**-**	**-**	**6,650**	**6,650**
Australia	**14,584**	**-**	**308,822**	**3,594**	**327,000**
	14,584	**-**	**532,421**	**10,244**	**557,249**

	Period ended 30 June 2023				
	Revenue sharing income	*Rental income £*	*Product sales £*	*Services rendered £*	*Total £*
Jersey	-	-	*318,769*	*26,302*	*345,071*
United Kingdom	-	-	*4,325*	*19,082*	*23,407*
Australia	-	*1,696*	*348,663*	*5,279*	*355,638*
	-	*1,696*	*671,757*	*50,663*	*724,116*

	Year ended 31 December 2023				
	Revenue sharing income	*Rental income £*	*Product sales £*	*Services rendered £*	*Total £*
Jersey	-	-	*747,297*	*26,301*	*773,598*
United Kingdom	-	-	*9,640*	*55,112*	*64,752*
Australia	-	*20,509*	*697,015*	*5,146*	*722,670*
	-	*20,509*	*1,453,952*	*86,559*	*1,561,020*

5. Acquisition costs

	Period ended 30 June 2024	*Period ended 30 June 2023*	*Year ended 31 December 2023*
	£	*£*	*£*
Legal and professional fees re acquisition of Air Control Entech Limited	**199,815**	-	-

On 24 July 2024 it was announced that the Company had executed a share purchase agreement to acquire 100% of the issued share capital of UK based Company Air Control Entech Limited ("ACE") subject to customary conditions, with the Company having obtained the required shareholder approvals. To fund the acquisition and additional working capital requirements the Company undertook a capital raise for A$13,868,900 (£7,148,917) from investors.

The above costs comprise legal and professional fees incurred to date in respect of the acquisition of Air Control Entech Limited.

6. Interest payable

	Period ended 30 June 2024	*Period ended 30 June 2023*	*Year ended 31 December 2023*
	£	*£*	*£*
Finance lease interest	**1,004**	*1,058*	*2,063*
Interest on drawdown of convertible loan notes ("OID")	**-**	*36,639*	*111,012*
Interest on early repayment of convertible loan notes	**-**	-	*28,611*
General interest expense	**1,731**	*(24)*	*320*
	2,735	*37,673*	*142,006*

7. Auditor remuneration

	Period ended 30 June 2024	*Period ended 30 June 2023*	*Year ended 31 December 2023*
	£	*£*	*£*
Annual audit	**-**	-	*44,000*
Annual audit - under accrued previous year	**91**	-	-
Interim review	**17,950**	*15,000*	*15,000*
Non-audit services	**-**	-	*1,620*
	18,041	*15,000*	*60,620*

Non-audit services are provided by both Grant Thornton Limited (Channel Islands) and Grant Thornton Audit Pty Ltd. The non-audit services in 2023 relate to the work performed by Grant Thornton Audit Pty Ltd for the review of the half yearly financial statements.

8. Share based payments

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

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

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

8. Share based payments (continued)

	Target 15-day VWAP A$	No of Performance Rights
Tranche 1	0.60	4,024,000
Tranche 2	0.65	2,470,000
Tranche 3 - forfeited as performance criteria not met	0.75	1,520,000

The 15-day VWAP target for all three tranches was met at IPO therefore the performance criteria of Tranches 1 and 2 were achieved on IPO. Tranche 3 had additional performance criteria relating to revenue targets that were not achieved and as such this tranche of performance rights was forfeited and advised to the respective parties on 5 August 2022. The forfeiture had no profit or loss impact due to the fact that management did not expect those revenue targets to be met and therefore no amounts were recognised in relation to those awards.

On the grant date, the CDIs had fair value of A$0.50 each which represents the price at listing of the CDI's on the same date.

Performance Rights of 3,707,333 amounting to £1,046,799 were issued in March 2023 as CDIs.

Vested Performance Rights of 2,786,667 (including 1,646,667 to Alexander Wood) amounting to £786,841 were issued as CDI's in September 2023.

As set out in note 23, after the period end, further share options have been approved for issue.

NED Rights	**No of Performance Rights**
Non-Executive Directors	**438,724**

A NED Right is an entitlement to one fully paid ordinary share in the Company, issued under the SRJ Equity Incentive Plan. NED Rights were granted to the Company’s non-executive Directors, being Mr Robin Pinchbeck, Mr Grant Mooney and Mr Andrew Mitchell on 16 December 2022 for nil consideration and with a nil exercise price. These non-executive Directors agreed to forgo their entitlement to be paid director fees in cash for the following amounts in 2022:

a) Mr Robin Pinchbeck - A$45,250;
b) Mr Grant Mooney - A$21,247; and
c) Mr Andrew Mitchell A$21,427.

These Directors instead received such number of NED Rights equal in value to these cash fees. NED Rights will lapse if it is not exercised within 15 years of the grant date. The NED Rights may not be exercised within 90 days of the grant date. The NED Rights are ‘restricted rights’ in that the NED Rights, and any Shares/CDIs issued upon exercise of a NED Right, may not be disposed of prior to the date that the non-executive director ceases to hold office or employment with the Company, or prior to 15 years from the grant date (if earlier) (Disposal Restriction).

The NED rights shares of 438,724 amounting to £47,521 were issued as CDIs in March 2023.

In the December 2022 financial statements, it was believed fees for October-December 2022 amounting to £24,653 would be settled in CDIs. However, it subsequently transpired only fees owing as of September 2022 (£47,521) were to be settled in CDIs, with the fees for October-December 22 remaining as a payable to the directors. An adjustment from the equity reserve was made to payables, reducing the amount from the £72,174 initially provided to £47,521, as set out above.

9. Remuneration of key management personnel and employees

	Period ended 30 June 2024 £	*Period ended 30 June 2023 £*	*Year ended 31 December 2023 £*
Directors			
Salaries and fees	**317,194**	*317,099*	*635,349*
Pension and Superannuation costs	**8,300**	*7,745*	*16,066*
Health insurance	**3,875**	*4,880*	*8,923*
Share based payment awards	**-**	*-*	*-*
	329,369	*329,724*	*660,338*

	Period ended 30 June 2024 £	*Period ended 30 June 2023 £*	*Year ended 31 December 2023 £*
Employees			
Wages and salaries	**229,150**	*255,586*	*587,315*
Pension and Superannuation costs	**22,614**	*31,064*	*52,277*
Health insurance	**7,890**	*6,946*	*15,169*
Share based payment awards	**-**	*-*	*-*
	259,654	*293,596*	*654,761*

Key management personnel are considered to be all directors of the Company, the Chief Financial Officer and Technical Director.

The cost of employees delivering consultancy services and engineering/operational support in delivering products is charged to cost of sales in accordance with their hourly rate and time spent in delivering the service contract. In the period, wages and salaries of £6,988 (Year Ended 31 December 2023: £48,868) was charged to cost of sales.

The average number of employees of the Group during the period was 11 (June 2023: 13, December 2023: 11)

10. Intangible assets

	Patents £	Development expenditure £	Total £
Cost			
At 1 January 2023	*545,116*	*786,016*	*1,331,132*
Additions	*5,433*	*-*	*5,433*
At 30 June 2023	*550,549*	*786,016*	*1,336,565*
Additions	13,552	-	*13,552*
At 31 December 2023	**564,101**	**786,016**	**1,350,117**
Additions	**6,731**	**-**	**6,731**
At 30 June 2024	**570,832**	**786,016**	**1,356,848**
Amortisation			
At 1 January 2023	*223,847*	*344,432*	*568,279*
Charge for the period	*23,044*	*31,718*	*54,762*
At 30 June 2023	*246,891*	*376,150*	*623,041*
Charge for the period	*25,757*	*31,718*	*57,475*
At 31 December 2023	**272,648**	**407,868**	**680,516**
Charge for the period	**24,961**	**31,717**	**56,678**
At 30 June 2024	**297,609**	**439,585**	**737,194**
Net book value			
At 30 June 2024	**273,223**	**346,431**	**619,654**
At 30 June 2023	*303,658*	*409,866*	*713,524*
At 31 December 2023	*291,453*	*378,148*	*669,601*

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

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

It should be noted that amortisation costs are included within administrative expenses within the Consolidated Statement of Comprehensive Income.

The patents and product development costs, residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. In assessing if there was an indication of impairment, the Directors considered both external and internal factors dictated by FRS 102 alongside other considerations as to the current position of the Company. It was concluded that no impairment was identified.

11. Tangible fixed assets

Cost	Motor vehicles £	Rental equipment £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
At 1 January 2023	*56,399*	*233,880*	*32,680*	*12,250*	*30,521*	*365,730*
Reclassification	*-*	*(233,880)*	*-*	*-*	*-*	*(233,880)*
At 30 June 2023	*56,399*	*-*	*32,680*	*12,250*	*30,521*	*131,850*
Disposals	*-*	*-*	*(9,354)*	*-*	*-*	*(9,354)*
At 31 December 2023 and 30 June 2024	**56,399**	**-**	**23,326**	**12,250**	**30,521**	**122,496**
Depreciation						
At 1 January 2023	*21,778*	*133,300*	*15,341*	*8,651*	*25,553*	*204,622*
Charge for the period	*4,246*	*-*	*3,173*	*757*	*2,208*	*10,384*
Reclassification	*-*	*(133,300)*	*-*	*-*	*-*	*(133,300)*
At 30 June 2023	*26,024*	*-*	*18,514*	*9,408*	*27,761*	*81,706*
Charge for the period	*4,338*	*3,149*	*3,244*	*772*	*1,530*	*13,033*
Written back on disposals	*-*	*-*	*(7,176)*	*-*	*-*	*(7,176)*
Reclassification	*-*	*(3,149)*	*-*	*-*	*-*	*(3,149)*
At 31 December 2023	*30,362*	*-*	*14,582*	*10,180*	*29,291*	*84,414*
Charge for the period	**3,201**	**-**	**2,320**	**761**	**870**	**7,152**
At 30 June 2024	**33,563**	-	**16,902**	**10,941**	**30,161**	**91,566**
At 30 June 2024	**22,836**	**-**	**6,424**	**1,309**	**360**	**30,930**
At 30 June 2023	*30,375*	*-*	*14,166*	*2,842*	*2,760*	*50,144*
At 31 December 2023	*26,037*	*-*	*8,744*	*2,070*	*1,230*	*38,082*

11. Tangible fixed assets (continued)

Rental equipment was previously used by the Group for leasing to third parties and was subject to operating lease agreements. During 2023, the use of the rental equipment (BoltEx® stock) changed primarily to being a selling model. As such, the fixed assets were reclassified as inventory at a value equivalent to the net book value (£97,431) at the time they were transferred to stock. It should be noted that any equipment rented out under an operating lease continued to be classified as a fixed asset until such agreement ended, at which point it was transferred to stock.

It should be noted that the motor vehicle is under a finance lease.

No indicators of impairment were noted during the period hence no impairment expense was recognised (2023: £nil).

12. Inventory

	30 June 2024 £	*30 June 2023 £*	*31 December 2023 £*
BoltEx® stock	**78,120**	*50,913*	*59,684*
Inventory of parts - at cost	**7,389**	*24,365*	*24,786*
	85,509	*75,278*	*84,470*

Management undertook an assessment of the value of parts alongside a Senior Engineer from SRJ. Obsolete stock of £17,071 ($32,316) has been written off to administration expenses in the period. For remaining stock, such is the mark up achievable on the finished products, the conclusion was made that the NRV was not lower than the cost.

The rental equipment fixed assets (BoltEx® stock) initially used by the Group for leasing to third parties changed to primarily being a selling model during 2023. As such, the fixed assets were reclassified to inventory in 2023 at a value equivalent to the net book value at the time of reclassification (£97,431), and subsequently adjusted for stock movements. The net realisable value of such assets on reclassification is considered to be in excess of the existing net book value of the fixed assets reclassified based on selling price achieved.

13. Debtors

	30 June 2024 £	*30 June 2023 £*	*31 December 2023 £*
Trade debtors	**52,177**	*154,582*	*261,554*
Other debtors	**10,606**	*16,409*	*50,465*
Prepayments and accrued income	**30,548**	*44,194*	*57,454*
Called up share capital not paid	-	*31,527*	-
	93,331	*246,712*	*369,473*

14. Creditors: Amounts falling due within one year

	30 June 2024 £	*30 June 2023 £*	*31 December 2023 £*
Finance lease payable	**8,056**	*8,013*	*8,160*
VAT payable	**7,606**	*13,659*	*11,255*
Trade creditors	**712,673**	*400,162*	*474,109*
Deferred income	**118,615**	*46,619*	*101,101*
Funds held on account for convertible loan notes (see note 17)	**167,724**	-	-
Accruals and other payables	**206,163**	*136,978*	*198,505*
	1,220,837	*605,431*	*793,130*

The finance lease is with Power Alliance Finance and is in respect of the acquisition of a commercial vehicle by SRJ Tech Australia Pty Ltd. The consideration paid for the vehicle was AU$111,924 (£60,355). The lease is for 60 months with interest accruing at 4.99%. During the period, £4,227 and £1,004 of capital and interest respectively was paid.

15. Loans payable

	30 June 2024 £	30 June 2023 £	31 December 2023 £
Convertible loan notes (see note 17)	-	451,201	-
Directors' loans	-	-	50,000
	-	451,201	50,000

In December 2023, £50,000 was loaned to the Group by one of the directors. The loan was unsecured, interest free and repayable by 15 January 2024. This was subsequently repaid on 4 January 2024.

16. Creditors: Amounts falling due after one year

	30 June 2024 £	30 June 2023 £	31 December 2023 £
Finance lease payable (see note 14)	24,555	32,438	28,678

17. Convertible debt

Beginning June 2024, the Group commenced a fund raise to issue $800,000 of convertible loan notes to investors. Funds of $317,500 (£165,675) towards the issue of convertible loan notes were received in the period ended 30 June 2024. The funds received on account, ahead of the notes being issued, have been included within creditors at 30 June 2024. Note 23 sets out the issue dates and provides further detail.

On issuing convertible debt, the Company allocates the proceeds between a liability component and an equity component in accordance with the substance of the agreement and FRS 102. The conversion feature for this convertible loan facility is set out in note 23, with the notes automatically converting into equity when a predetermined trigger event occurs (being the Alternative Capital Raising). For the convertible loan facility, the Company has no unconditional ability to avoid settling at the maturity date. Investors retain control and can either convert or request repayment at the maturity date. As such, the amount drawn down is considered to be wholly debt in nature until any conversion occurs. For the conversion right to be classified as an equity instrument, it must meet the “fixed-for-fixed” criterion. This criterion requires that a fixed amount of cash or other financial asset be exchanged for a fixed number of equity instruments. The 'fixed-for-fixed' criterion is not met here because the holders have the option to convert their notes into a variable number of shares based on the lower of two amounts (a fixed price of A$0.075 or the price at which CDIs are issued under the Alternative Capital Raising). This variability in the number of shares to be issued means that the conversion feature does not satisfy the fixed-for-fixed criterion under FRS 102. As a result, the convertible debt does not contain an equity component and is wholly classified as a financial liability. The liability has been treated as a basic financial instrument measured at amortised cost, as FRS 102 does not use the term 'embedded derivative' and does not require companies applying Sections 11 and 12 of FRS 102 to separate the host contract from any embedded derivative. Since the notes have automatically converted by the date of signing these financial statements, they will be classified as equity at the next reporting date.

On 15 February 2023, the Company signed an agreement for a convertible loan facility with Mercer Street Global Opportunity Fund LLC ("Mercer"). In September 2023, the Company settled all remaining convertible loan notes issued. As part of the convertible loan note facility, the Company issued 10,400,238 Options to Mercer. The exercise price of each Option is A$0.168 and will equate to one Ordinary share/CDI in the Company. The expiry date is March 2026. Management considered the fair value of the Options with reference to the current Company share price and concluded it would not be appropriate to allocate any expense in relation to the Options in this periods Statement of Comprehensive Income. Management will undertake a similar assessment at the end of each reporting period.

The Company also previously issued 9,270,949 options to other parties as approved in the Company AGM in December 2022. The exercise price of each Option is A$0.25 and will equate to one Ordinary share/CDI in the Company. The expiry date is October 2025. Management also considered the fair value of these options with reference to the current Company share price and concluded it would not be appropriate to allocate any expense in relation to the options in this periods Statement of Comprehensive Income. Management will undertake a similar assessment at the end of each reporting period.

18. Issued capital

	30 June 2024 £	*30 June 2023 £*	*31 December 2023 £*
Allotted, called up and fully paid			
177,681,596 Ordinary shares of £0.00018181819 (31 December 2023 - 169,664,930 Ordinary shares of £0.00018181819 and 30 June 2023 - 149,222,978 Ordinary shares of £0.00018181819)	**32,306**	*27,131*	*30,848*

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

	Shares in issue	*Share capital £*	*Share premium £*
Allotted, called up and fully paid			
At 1 January 2024	*169,664,930*	*30,848*	*18,141,907*
Shares issued to investors	*8,016,666*	*1,458*	*308,836*
At 30 June 2024	*177,681,596*	*32,306*	*18,450,743*

During the period an additional 8,016,666 shares were issued for total consideration of £310,294 (A$601,250).

The ASX uses an electronic system called CHESS for the clearance and settlement of trades. The Company is a Jersey Company incorporated under the Companies (Jersey) Law 1991, which does not recognise the CHESS system of holding securities. Accordingly, to enable the securities to be cleared and settled electronically through CHESS, depositary instruments called CDIs are issued. CDIs represent the beneficial interest in the underlying shares in a foreign company listed on the ASX and are traded in a manner similar to shares of listed Australian companies. Each CDI represents an interest in one share of SRJ.

19. Related party transactions

AVI Partners Limited (AVI) is a related party by virtue of having a common shareholder with a significant shareholding in the Company. A wholly owned subsidiary of AVI leases office space to the Company, the charge in the period was £7,500, equivalent to £1,250 per month (30 June 2023: £12,000 (£2,000 per month) and 31 December 2023: £23,250 (equivalent to £2,000 per month to November 2023 and £1,250 per month from December 2023)).

The Company has a Strategic Management Services consultancy agreement with Devi5e Pty, a Company owned by David Milner who is a director of SRJ Tech Australia Pty Ltd. The expense in the period was £31,230 (Year Ended 31 December 2023: £66,082).

Jindabyne Capital Pty Ltd, a related party by virtue of having a significant shareholding in the Company, charged consultancy fees of £nil (31 December 2023: £32,107/$60,000) to the Company during the period.

During the period key management personnel (defined as all directors of the Company, the Chief Financial Officer and Technical Director) of the Group received total compensation of £329,369 comprised of employment and post-employment benefits (30 June 2023: £329,724) and £Nil of share based payments (30 June 2023: £Nil). See note 9 for further analysis of directors' remuneration.

19. Related party transactions (continued)

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

Director	Securities
Robin Pinchbeck	861,934 Ordinary shares/CDIs 226,250 NED Rights issued as CDIs
Alexander Wood	1,852,917 Ordinary shares/CDIs
Roger Smith	2,530,000 Ordinary shares/CDIs

Further to the Ordinary Shares held directly by Alexander Wood there are 26,541,164 Ordinary Shares held by AVI Partners Limited, a company in which Alexander Wood holds 18.0% of the issued shares. AVI Partners has a shareholding of 14.94% of the undiluted shares in issue of the Group.

20. Leases for premises

The lease between SRJ Limited and AVI Partners Limited for the premises "Le Quai House" expired on 18 June 2021. Whilst a new lease has not been signed, monthly rentals of £2,000 continued to be paid until November 2023. Following an internal office move this monthly amount reduced to £1,250 from December 2023.

SRJ Technology Limited, rents offices for £15,500 per annum under a lease that expired on 6 January 2024. New lease terms are currently being renegotiated.

SRJ Tech Australia Pty Ltd rents offices for A$1,700 per month on a rolling three-month lease.

21. Analysis of changes in net (debt)/funds

	At 1 January 2024	**Cash flows**	**Other non-cash changes**	**At 30 June 2024**
Cash and cash equivalents	**£**	**£**	**£**	**£**
Cash at bank and in hand	**559,539**	**(363,502)**	**(605)**	**195,432**
Borrowings				
Finance lease	**(47,591)**	**4,226**	**-**	**(43,365)**
Borrowings total	**(47,591)**	**4,226**	**-**	**(43,365)**
Net debt	**511,948**	**(359,276)**	**(605)**	**152,067**

	At 1 January 2023	*Cash flows*	*Other non-cash changes*	*At 30 June 2023*
Cash and cash equivalents	*£*	*£*	*£*	*£*
Cash at bank and in hand	*559,539*	*(168,392)*	*16,174*	*407,321*
Borrowings				
Finance lease	*(47,591)*	*7,139*	*-*	*(40,452)*
Convertible loan notes	*-*	*(775,602)*	*279,586*	*(496,016)*
Borrowings total	*(47,591)*	*(768,463)*	*279,586*	*(536,468)*
Net debt	*511,948*	*(936,855)*	*295,760*	*(129,147)*

21. Analysis of changes in net (debt)/funds (continued)

Non-cash changes relate to:
Cash at bank and in hand - relates to the gain on translation of the foreign subsidiary.

Convertible loan notes - 30 June 2023: relates to the issue of 525,000 notes (10,500,000 shares) valued at £242,225 and an unrealised foreign exchange gain of £37,361 on revaluation of the remaining convertible loan notes at the period end.

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

22. Ultimate controlling party

In the opinion of the Directors there is no one ultimate controlling party of the Company due to no one investor having sufficient voting rights to direct the operations of the company.

23. Post balance sheet events

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

The Company executed a Share Purchase Agreement to acquire 100% of the issued capital of Air Control Entech Limited ("ACE") on 23 July 2024. ACE is a private company limited by shares incorporated in Scotland. The registered office is Units 12-13, Murcar Commercial Park, Denmore Road, Bridge of Don, Aberdeen, AB23 8JW, United Kingdom. Its principal activity is that of operation, design, manufacture and implementation of advanced robotics and drone technology for inspection solutions. The completion of the acquisition occurred on 20th August 2024. This transaction forms part of the strategy disclosed by the Company to the market of 'adopting digital technologies via organic growth and partnering or potentially acquiring niche players in the market that are driving digital transformation.' With the Energy industry now aggressively pursuing digital transformation, the provision of enabling technologies through the acquisition of ACE, will help drive the digitisation of a clients' asset integrity management and drive growth opportunities for the Company. The combination will generate significant cross-selling opportunities for both entities whilst creating a structure in which ACE can expand globally with its current solutions which management believe will drive revenue growth.

A capital raise resulted in the issue of 252,161,804 ordinary shares raising a total of A$13,868,899 (£7,148,917). Part of this raise was used to settle the cash element of the ACE transaction (£4,499,939) with the balance by the issue of 175,249,279 of CDIs (the traded security of the ordinary shares) at a deemed issue price of A$0.115 per CDI/Ordinary share which equates to £15m purchase price. Given the related capital raise was at a CDI/share price of A$0.055 the implied fair value of the CDI's issued to the sellers of ACE was A$9,638,710 (£4,968,407) bringing the total value of the acquisition to £9,468,346. The remaining cash received from the capital raise is to be used for operational activities to drive growth in the combined businesses.

In June 2024 the Company secured A$800k (~£421k) in binding commitments for a convertible note to fund Company growth. Funds to the value of A$662,500 (£346k) have been received. Of the total amount of A$800k, A$317,500 (£166k) was received prior to period end, A$345,000 (£180k) received post period end, with A$137,500 (£72k) outstanding. Convertible notes for A$621,250 (£323k) were issued in July 2024 and convertible loan notes for A$41,250 (£21k) were issued in August 2024, with the remainder of the A$800k (A$137,500/£72,000) committed and being finalised.

The terms of the loan notes state that the notes are issued for consideration of their face value, being A$1 per note and they have a maturity date of 12 months after the issue date. Interest is charged at 12% and is charged to the Consolidated Statement of Comprehensive Income for the period. The notes were converted into equity shares on the conversion date, being the date that the Company completed the Alternative Capital Raising, based on the lower of:

a) the price at which the CDIs are issued under the Alternative Capital Raising; and
b) A$0.075.

The following resolutions were passed at the Company's AGM on 13 August 2024:

- Approval to increase to the authorised share capital from £100,000 divided into 550,000,000 shares of £0.00018181818 each to £100,000 divided into 800,000,000 shares of £0.000125 each.

23. Post balance sheet events (continued)

- In connection with the ACE acquisition, approval to issue share options to certain directors pursuant to the SRJ Employee Equity Incentive Plan, with 3,000,000 share options issued to Alexander Wood, 2,500,000 share options to Roger Smith and 3,000,000 share options to Stefan McGreevy. The Company attributes a value of A$0.027 to each share option based on the Black–Scholes valuation method. The Company will issue the share options following completion of the capital raising and ACE acquisition, and in any event no later than 3 months from the date of the Company's AGM on 13 August 2024. The options vest immediately.

- Approval of the issue of A$10,625 (~£5,600) worth of convertible notes to both Alexander Wood and Roger Smith, and a further A$20,000 (~£10,500) being issued to Giles Bourne, all of whom subscribed under the June 2024 capital raise set out above. The convertible notes will automatically convert to CDIs / shares on completion of the capital raising. Based on the conversion formula, these convertible notes are expected to automatically convert to an aggregate of approximately 761,677 CDIs on completion of the capital raising.

- Approval of the issue of 1,818,182 CDIs (at A$0.055 per CDI) under the Placement to Robin Pinchbeck in lieu of payment of outstanding director's fees of A$100,000 (~£53,000). The CDIs will be issued on the same terms and conditions as all other fully paid CDIs/shares in the Company's capital. The CDIs will be issued to Robin Pinchbeck on settlement of the Placement and on a date no later than one month following the Company's AGM on 13 August 2024.

- Approval of the issue of 181,818 CDIs (at A$0.0555 per CDI) under the Placement to Roger Smith. The Company will receive A$10,000 (~£5,300) for the issue of the CDIs to Roger Smith under the Placement. The CDI's will be issued on the same terms noted above.