Sigma Roc

INVEST
IMPROVE
INTEGRATE

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Registered number: 05204176
Registered address: 7-9 Swallow Street, London, W1B 4DE

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FINANCIAL HIGHLIGHTS

Revenue

£27.1m

+11.0%[1]

Underlying[2] EBITDA

£5.5m

+36.6%[1]

Underlying[2] EBITDA margin

+20.3%

+23.1%[1]

Underlying[2] profit before tax

£2.6m

+33.6%[1]

Underlying[2] basic EPS

2.02p

Net debt

£11.8m

OPERATIONAL HIGHLIGHTS

INVEST

- Strategy successfully executed with four acquisitions
- Solid asset backing confirmed by £41m Ronez asset valuation
- Acquisition pipeline under active development

IMPROVE

- Targeted operational improvements exceeded
- Ongoing projects of improvement in all businesses
- Confirmed 40 years reserves in Channel Islands at predicted demand

INTEGRATE

- New clusters to contribute to growth in 2018
- Expanding Group is a platform for growth in targeted markets
- Proactive employee engagement delivered incident free year

[1] Year on year operational improvements when comparing Ronez unlevered operational results for 31/12/2016 with unlevered operational results (operational results exclude parent Company) of the Group for 31/12/2017

[2] Underlying results are stated before acquisition related expenses, certain finance costs, share option expense and warranty & indemnity insurance

SIGMAROC PLC

COMPANY INFORMATION

Directors	David Barrett (Executive Chairman) Max Vermorken (Chief Executive Officer) Garth Palmer (Finance Director) Dominic Traynor (Non-Executive Director) Patrick Dolberg (Non-Executive Director) Gary Drinkwater (Non-Executive Director)
Company Secretary	Heytesbury Corporate LLP
Registered Office	7-9 Swallow Street London W1B 4DE
Company Number	05204176
Bankers	Arbuthnot Latham 7 Wilson Street London EC2M 2SN
Nominated & Financial Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	Joh. Berenberg, Gossler & Co. KG 60 Threadneedle Street London EC2R 8HP
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

Textured concrete block sea defences supplied by Poundfield Products

CHAIRMAN'S STATEMENT

Having completed a first full financial year as SigmaRoc plc (the 'Company') and its subsidiary undertakings (which together comprise the 'Group' or 'SigmaRoc'), I am proud to present the results achieved for the year ended 31 December 2017, the culmination of significant work by all in the Group. I would like to thank all SigmaRoc shareholders for their valuable support.

During the year, we successfully integrated our first cluster in the Channel Islands and proceeded to exceed the financial targets we had set. SigmaRoc acquired two further businesses, creating a new cluster of activity in the UK and providing a solid base from which to grow further. We are only at the start of this journey and see significant further opportunities to capture and create value for our employees, customers, shareholders and local communities. Health and safety is a priority for the Group and we are pleased to have completed the full year with both an excellent track record in this regard and a culture which we expect to continue.

The highlight of the year was the development of the Channel Islands cluster, integrating Ronez Limited ('Ronez') with the newly established shipping division, involving the incorporation of SigmaGsy Limited ('SigmaGsy'), which acquired highly specific equipment including a dedicated bulk cement carrier ('MV Ronez'). This was a complex operation, requiring the creation of the full back office infrastructure necessary to manage an integrated materials business.

We have also made significant progress to strengthen the Ronez business for the future. A drill campaign in Guernsey proved the viability of the planned new quarry at Chouet, while the planned quarry extension at Jersey is ongoing. Both schemes ensure that SigmaRoc's reserves in the Channel Islands are sufficient to last approximately another 40 years at the current levels of demand. We are also in the process of replacing and relocating the Jersey ready mix plant to ensure we can meet an expected increase in demand generated by a series of projects, including the proposed new hospital in Jersey.

Despite positive results for the Channel Islands cluster as a whole, with an 11% year-on-year sales increase, trading conditions across the Channel Islands remained only slightly above historical averages. Yet we are very pleased to report a solid underlying EBITDA performance of £5.5 million on £27.1 million revenue. This marked improvement year-on-year was primarily driven by our practice of operating local businesses as clusters, structured to best serve their local markets, provide a differentiated customer proposition and delivering cost efficiencies and profitability improvements. Furthermore, as management assessed during the purchase process, marking to market of Ronez's fixed assets resulted in a substantial increase in book valuation and minimal goodwill. This is testament to the good purchase price the Group was able to achieve for its first investment.

I would also like to highlight the solid health and safety performance achieved throughout 2017. We recorded a full year without recording a single Lost Time Injury. This a real testament to the workforce and management across the Group, who have resolutely focused on, and implemented, group safety initiatives. This remains a priority at every level of the Group as we continue to target Zero Harm and ongoing safety improvements.

While delivering improvements in our Channel Islands cluster, we did not forget that significant value creation at SigmaRoc lies with further consolidation of the fundamentally fragmented market of construction materials. We made an opening move in the UK in the second half of 2017 with the acquisition of Allen Concrete in October 2017 and subsequently, Poundfield Products (Group) Limited ('PPGL'), in December 2017. Both businesses are active in the precast and prestressed concrete sector, which we have identified as a value-added defensible product sector. They complement each other in terms of production location, product portfolio and skillset. Additionally, their combination and possible future expansion presents further opportunities for the Group.

The Group's overall net debt position only increased to £11.8 million following strong cash generation, allowing us to grow the business significantly and leaving the Group in a good leverage position. We expect the Group as it is today to be nearer its long term targeted net debt to EBITDA ratio of 1x by the end of this year.

CHAIRMAN'S STATEMENT

The Board therefore believes that the outlook for the Group is very good. The markets in the Channel Islands are performing as expected. Jersey remains on trend with an increase in public expenditure on road networks, sea defences and other infrastructure. In Guernsey, after a number of subdued years, we are seeing volumes slightly up in 2018. The trend remains below some of its historically stronger years and we see potential for continued recovery over time. The shipping division launched last year remains a strong performer and continues to contribute strategically and to the overall performance of the Channel Island cluster.

In mainland UK, work to integrate the precast cluster is ongoing, following a similar path to the Channel Islands business in H1 2017. Strengthening operational and commercial efforts where our Group's expertise can bring benefits is key, with our industry leading health and safety standards being a priority. Our efforts have already generated tangible improvement, with the cluster delivering a solid revenue performance in the first quarter of 2018.

Looking further ahead it is evident that the value we create for shareholders lies in the identification, acquisition and integration of local businesses into local clusters which run at a high operational standard. The resources and management capacity required to pursue this process and deliver acquisitive growth is in place within the Group and we are pleased with the progress made towards delivering on our acquisition pipeline this year. The number of opportunities both in the UK and in selected European countries is encouraging and we remain disciplined in our selection and appraisal of target companies in line with our strategy.

We have every expectation of making further progress this year.

David Barrett
Executive Chairman
18 May 2018

Ronez mixer truck operator delivering fresh concrete to a development in Jersey

CEO'S STRATEGIC REPORT

Some seventeen months ago we launched SigmaRoc plc as a buy-and-build construction materials company, to drive shareholder value by creating clusters of connected and compatible quality businesses focused on their local and regional markets. Our 2017 results show we are delivering on our strategy having met our targets and I see plenty of opportunity ahead to build SigmaRoc into a significant operator in the construction materials sector. The review of 2017 below provides some colour to the achievements in our first full year and to what may lie ahead.

Review of business

On 5 January 2017 SigmaRoc completed its first acquisition, taking ownership of Ronez for approximately £45 million, in conjunction with raising approximately £50 million via the placing of 100 million new ordinary shares of one penny each in the capital of the Company ('Ordinary Shares') at a price of 40 pence per share and 10 million convertible loan notes at a price of £1 per note.

Ronez is a fully integrated producer of construction materials and operates two hard rock quarries and multiple associated business lines with production units across Jersey and Guernsey (the 'Islands'). Ronez provided the Group with a profitable and cash-generative base for the first cluster in the Channel Islands, from which to further execute upon its business plan.

The first half of 2017 was primarily focussed on successfully transitioning ownership, management and administration of Ronez into SigmaRoc and ensuring its continued operational and financial performance. This was a complex process requiring a calve-out from the seller and creation of new back office infrastructure for a fully integrated business, all the while continuing to service our customers and markets seamlessly. SigmaRoc and Ronez worked closely together to implement the change-over as expeditiously as the Board could have hoped and without disruption to the business. The strong financial results we publish today are a testimony to the success of this project.

Locking in synergies was a priority, which was aided by the launch of the SigmaGsy shipping division and acquisition of MV Ronez. The combination of these businesses under one management structure allowed us to deliver on the targeted financial improvement, at the same time as offering new services to the local market and local customers.

A further focus was the ongoing work to secure the long-term future of the Channel Islands business by developing new mineral resources which are of strategic importance to the Channel Islands and investing in capacity of required products. We committed to replace the Ready Mix concrete plant in Jersey and invested in our road contracting divisions.

A drilling programme has been undertaken on the historical quarry located in the Chouet Headland in Guernsey, to confirm the quality of this strategic mineral resource. The exploration involved five cored holes to prove the quality of the deposit, and 10 open holes that have been used to determine the depth of overburden across the proposed development. This assessment of the reserves has confirmed that the quantity of overburden is consistent with previous estimates and that, subject to satisfactory geotechnical conditions during extraction, up to 4.5 million tonnes of diorite and granodiorite aggregate is confirmed for potential extraction during the lifetime of the quarry. The draft development framework document for the future Chouet Quarry is being prepared for consideration by the Development and Planning Authority of the States of Guernsey and, subject to their approval, could be adopted during 2018.

The second half of 2017 was focused on the creation of a second, precast and prestressed concrete product cluster, which currently has operations in East Anglia and South East England. It became evident to us that an opportunity existed in the creation of a cluster focused on precast and prestressed concrete products, targeting the higher margin subset of that market. A first step in that direction was made through the acquisition of Topcrete Limited ('Topcrete') on 18 October 2017 for £12.5 million (net of cash acquired and repatriated to the vendors of Topcrete), comprising £9.0 million initial cash consideration and £3.5 million deferred cash consideration. Topcrete, via its wholly owned subsidiary Allen (Concrete) Limited ('Allen Concrete'), provides specialist wetcast concrete products in London and the Midlands.

CEO'S STRATEGIC REPORT

In December 2017, the Group acquired PPGL for £10.25 million, comprising £9.5 million initial cash consideration and £0.75 million deferred consideration, payable by the issue of new Ordinary Shares to the vendor of PPGL. The initial cash consideration was funded by was of a placing of 34 million new Ordinary Shares at a price of 41 pence per share, raising in aggregate £13.94 million. PPGL, via its wholly owned subsidiary Poundfield Products Limited ('Poundfield'), provides specialised patented concrete products and systems within the United Kingdom specialising in complex infrastructure projects and retaining wall systems.

With the acquisition of these two businesses, SigmaRoc is now well positioned in the UK market for precast and prestressed products, targeting the industrial and agricultural sectors, as well as housing and specialist infrastructure projects. Both companies are heavily asset backed with significant land holdings and intellectual property in the form of patents and trademarks, making these businesses an ideal fit within the SigmaRoc business model. This cluster has the potential to be extended further to ensure better regional and/or product coverage, while the SigmaRoc team is focused on the integration of both businesses to drive synergies.

The results and progress delivered to date would not have been possible without the help and dedication of the circa 225 employees in the Group today. Some have been with their respective businesses for nearly 50 years, others joined recently, yet all have shown dedication and commitment to making their business a better place to work. Our safety record to date and the improvements achieved on that front are clear evidence of this.

Trading summary

Last year started positively with renewed confidence in the local markets of Jersey and Guernsey. Several housing and commercial projects commenced and volumes picked up in both Islands. In particular, the contracting division in Jersey was able to put in a stronger performance on the back of various road schemes. Several operational and procurement initiatives also started to take effect leading to a stronger first half in terms of profitability and operational EBITDA.

The second half of the year remained on trend, delivering a performance in line with the Board's expectations, yet Guernsey continued to perform below long term trends. A major waste management project in Guernsey was started in the year however delays mean a shift into 2018 of key volumes. Overall, the Channel Islands cluster performed well, delivering £26 million in revenue, representing an increase of 11% compared to 2016.

The timing of the Allen Concrete and Poundfield acquisitions in 2017 means their full impact will become apparent in 2018. In 2017, they contributed £1.1 million to revenues.

Group underlying EBITDA performance was strong, delivering £5.5 million, well ahead of Ronez's performance of 2016, yet incurring for the first time the full overheads attributable to standalone back office functions, as well as the full overhead of a quoted company. Our commitment to ensure shareholder value driven by structural changes to the Channel Islands cluster would at least equate to the overheads required to run a publicly quoted company was achieved.

As a Group we generated a full year underlying net profit after tax of nearly £2.1 million equating to an earnings per share of 2.02p. Total capital expenditure ('Capex') was £1.7 million, relatively limited when compared to total depreciation charge. This figure includes the investment in MV Ronez, as well as the mandatory drydock and special survey, which declared the ship to be in good condition with another decade of operating life. Group working capital increased £3.3m mainly as a result of consolidating the full balance sheet value of our UK acquisitions late in the year. Despite these, underlying Group cash flow from operations of £1.4m highlights the cash generating ability of the group.

We were very pleased with the result of the post-acquisition Purchase Price Allocation ('PPA') to assess the fair value of the Ronez assets. When acquired, the book value of Ronez's net assets was approximately £22 million. As management evaluated, the PPA process revalued the Ronez assets upward by £19 million to £41 million, leaving a residual goodwill of only £4 million. This is a real testimony to the quality of the business purchased. When combined with the fact that the freehold land assets in our UK precast cluster were valued at over £6.5 million, we are confident in the solid asset backing of the businesses purchased.

Strategic approach and outlook
We follow a strategy of building clusters of local and complementary businesses to deliver shareholder value from synergies, operational improvement and competitive advantage. We target assets which deliver a value proposition to customers and have local market presence resulting in improved margins which also have hard asset backing. The income stream is diversified and supported by quality assets that produce aggregates, concrete, precast and prestressed concrete and related products and services.

To date, our strategy is performing well, having completed the first four months of 2018 with Group sales on target, we look forward to further expansion across the year. Poor weather in February and March 2018 affected our product mix, however the diversified portfolio and asset base allowed us to maintain sales in both clusters.

Looking further ahead we, were pleased to announce that we closed a partnership with Tarmac Limited ('Tarmac'), the leading construction materials supplier in the UK for the production of one of our major retaining wall products, the Shuttabloc™ system. This partnership will give us exposure to larger scale contracts while freeing us to focus on the core products manufactured at Poundfield.

We are also very pleased with the progress made in delivering on our acquisition pipeline. We continue to see opportunity to expand our operations and footprint through the acquisition, integration and development of high quality local businesses. We see a continued flow of opportunities at attractive prices, which allows us to be selective in determining our next move. We maintain our philosophy that local businesses in our sector are fundamentally better, with strong local branding, that can be built upon as part of a group with management, sales, operational and commercial expertise offering a superior customer proposition.

Overall, we remain optimistic about the future and of achieving further progress in 2018.

Events after the reporting period
A partnership agreement was signed with Tarmac, the UK's leading construction materials group, for the production and commercialisation of Poundfield's Shuttabloc retaining wall system. We believe Tarmac has the required installation capacity and resources to ensure the success of the product nationwide.

This report was approved by the Board on 18 May 2018.

Max Vermorken
CEO


St John's hardstone
quarry on Jersey's
north coast

FINANCE DIRECTOR'S REPORT

I am pleased to report a strong year financially for the Group during which we exceeded our ambitious financial targets, which assisted us in making several key steps toward expanding our business. The year included the acquisitions of Ronez in January 2017, Topcrete in October 2017 and PPGL in December 2017, which are consolidated into our full year results from their respective dates of acquisition.

Our full year therefore generated revenue of £27.1 million (2016: £24.4 million for Ronez) of which £26 million was generated from our Channel Islands operations. The underlying earnings before our share of associated undertakings, depreciation, amortisation and tax ('EBITDA') was £5.5 million (2016: £4.8 million for Ronez). The profit before taxation for the Group for the year ended 31 December 2017 was £0.8 million.

The loss for the Company for the year ended 31 December 2017 before taxation amounts to £3.3 million (2016: loss £2.4 million). This included approximately £1.6 million of exceptional expenditure which is set out in further detail later in this report.

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2018.

	2017	2016
Cash and cash equivalents	**7,001,058**	181,434
Revenue	**27,073,686**	36,000
Underlying EBITDA	**5,504,375**	(2,409,900)
Capital expenditure	**1,793,164**	4,590

Cash has increased due to a combination of profitable operations for the year and the December 2017 placing of new ordinary shares net of the acquisition costs for PPGL.

Revenue and underlying EBITDA is in line with expectations and management forecasts. Both were primarily generated by Ronez which was acquired in January 2017, with minor contributions from Topcrete and PPGL which were acquired late in the year.

Capital expenditure includes £500,000 for the acquisition of MV Ronez and the balance primarily relates to Ronez, consisting of new plant & machinery and improvements to existing infrastructure.

PPA

BDO UK undertook the Purchase Price Allocation ('PPA') exercise required under IFRS 3 to allocate a fair value to the acquired assets of Ronez.

The PPA process resulted in a reduction of goodwill recorded on the Statement of Financial Position of the Group for Ronez from £23 million to £4 million. As a consequence of the higher fixed asset value, the depreciation charge for 2017 for Ronez increased compared to earlier estimates.

The Group will undertake a similar exercise for the acquisitions of Topcrete and Poundfield, which will be reported in the financial results for the year ended 31 December 2018.

Non-underlying items

The Company's loss after taxation for 2017 amounts to £3.3 million, of which £1.6 million relates to non-underlying items, while the Group's non-underlying items totalled £1.7 million for the year due to a further £0.1 million of restructuring costs incurred in Ronez. These items relate to three categories. First, the Group incurred £0.62 million in acquisition related expenses relating to the purchase of Ronez, SigmaGsy, Topcrete and Poundfield. These also include transitional services agreement related costs in relation to Ronez and the required back office infrastructure.

FINANCE DIRECTOR'S REPORT

Second, the Group incurred £0.3 million in legal and restructuring expenses relating to the bank debt facility and the required group restructuring in the context of the listing of the convertible loan notes on The International Stock Exchange.

Finally, two specific non-underlying expenses were recorded in relation to the reverse takeover of Ronez and re-admission to AIM, comprising a £0.44 million cost pertaining to warranty & indemnity insurance taken out by the Company to cover any potential exposure in the share purchase agreement for Ronez and a £0.37 million charge relating to the management option incentive scheme, which is a non-cash expense.

Interest and Tax
Net finance costs in the year totalled £0.76 million and included interest on the Group's convertible loan notes, bank finance facilities, as well as interest on finance leases and hire purchase agreements.

A tax charge of £0.49 million was recognised in the year, resulting in a tax charge on profitability generated from mineral extraction in the Channel Islands and profits generated through the Group's UK based operations.

Earnings per share
Basic earnings per share ('EPS') for the year was 0.34 pence (2016: loss 1.4 pence), struck after the non-underlying items mentioned above. Underlying basic EPS for the year totalled 2.02 pence (2016: loss 1.4 pence).

Statement of financial position
Net assets at 31 December 2017 were £50.5 million (2016: net liabilities of £1.4 million). During the year the Company issued 100 million new Ordinary Shares at a price of 40 pence per share for the acquisition of Ronez and a further 34 million new Ordinary Shares at a price of 41 pence per share for the acquisition of Poundfield. Net assets are underpinned by mineral, land & buildings and plant & machinery assets of the Group.

Cash flow
Cash consumed by operations was £0.36 million. The Group spent £60.8 million on acquisitions and £1.8 million on capital projects. £51.2 million (net of fees) was raised through the issue & allotment of shares in the Company, which was utilised to acquire three companies. The net result was a cash inflow for the year of £6.8 million. Net debt at 31 December 2017 was £11.8 million (2016: £nil).

Bank facilities
The Group secured debt facilities with Santander consisting of a £2 million revolving credit facility and an £18 million term facility (the 'Santander Term Facility') and a further "accordion" facility of £10 million. The Group's bank loans have a maturity date of 29 August 2020 and are subject to a variable interest rate based on LIBOR plus a margin depending on EBITDA. As at 31 December 2017, total undrawn facilities available to the Group amounted to £11 million plus the £10 million accordion.

The Group's bank facility is subject to covenants which are tested monthly and certified quarterly. These covenants are: Group interest cover ratio set at a minimum of 3.5 times EBITDA; a maximum adjusted leverage ratio, which is the ratio of total net debt including further borrowings such as the convertible loan notes to adjusted EBITDA, of 3.25 in 2018. At 31 December 2017 the Group comfortably complied with its bank facility covenants.

Dividends
Subject to availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so. The focus of the Group at this stage of its development will be on delivering capital growth for shareholders. The Directors therefore do not recommend the payment of a dividend for the year (31 December 2016: nil).

Principal risks and uncertainties
The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Reserve and resource estimates
The Group's reporting reserves and resources are estimates, and so there is potential uncertainty over the amount of reserves held at the year-end. These may require revision based on future actual production. In addition, there is risk of new leases (in particular Chouet phase 2 and West extension at St John's) not being approved and, as such, leading to revised valuation and future income streams for the operations at Ronez.

Dependence on key personnel
The Group is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Uninsured risk
The Group may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Funding risk
The only sources of funding currently available to the Group are through the issue of additional equity capital in the Company or through debt financing. The Company's ability to raise further funds will depend on the success of the Group's activities and its investment strategy. The Group may not be successful in procuring funds on terms which are attractive and, if such funding is unavailable, the Group may be required to reduce the scope of its investment activities.

Financial Risks
The Group's operations expose it to a variety of financial risks that can include market risk (including foreign currency, price and interest rate risk), credit risk, and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Principal Activity
The principal activity of the Company is to make investments and/or acquire businesses and assets in the construction materials sector. The principal activity of the Group is production of high quality aggregates and supply of value-added construction materials.

Board composition and head office
The Board comprises three Executive Directors and three Non-Executive Directors. The Corporate Head Office of the Company is located in London, UK.

FINANCE DIRECTOR'S REPORT

Directors & Directors' Interests
The Directors who served during the year ended 31 December 2017 are shown below and had, at that time the following beneficial interests in the shares of the Company:

	31 December 2017		1 January 2017	
	Ordinary Shares	Options	Ordinary Shares	Options
Max Vermorken	183,032	4,368,188	20,032	-
David Barrett	760,032	1,879,513	20,032	-
Dominic Traynor	-	26,014	-	-
Garth Palmer (1)	10,000	26,014	-	-
Patrick Dolberg (1)	75,000	304,580	-	-
Gary Drinkwater (1)	-	-	-	-

(1) Appointed on 5 January 2017.

Further details on options can be found in Note 26 to the Financial Statements.

Corporate Responsibility

Environmental
SigmaRoc undertakes its activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature.

Health and safety
SigmaRoc operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is regarded as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Internal Controls
The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Further details of corporate governance can be found in the Corporate Governance Report on page 18.

Going Concern
The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in Note 2.3 to the Financial Statements.

Directors' and Officers' Indemnity Insurance
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the year and remain in force at the date of this report.

FINANCE DIRECTOR'S REPORT

Events after the reporting period
Events after the reporting period are set out in Note 36 to the Financial Statements.

Policy and Practice on Payment of Creditors
The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. As at 31 December 2017, the Company had an average of 31 days (2016: 237 days) purchases outstanding in trade payables and the Group had an average of 39.

Future Developments
Details of future developments for the Group are disclosed in the Chairman's Statement on page 5 and the CEO's Strategic Report on page 8.

Provision of Information to Auditor
So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 18 May 2018 and signed on its behalf.

Garth Palmer
CFO

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations, including the AIM Rules for Companies.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company, 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 judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

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 Company, 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 Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.sigmaroc.com. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

CORPORATE GOVERNANCE REPORT

The Board of Directors currently comprises three Executive Directors, one of whom is the Chairman and three Non-Executive Directors. As an AIM quoted company, the Group is not required to comply with the UK Code of Corporate Governance (the 'Code'). However, the Directors recognise the importance of sound corporate governance and the Board has implemented, to the extent it considers appropriate in light of the Group's size, stage of development and resources, to implement certain corporate governance recommendations of the Code and QCA Code.

The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Board has a wide range of experience directly related to the Group and its activities and its structure ensures that no one individual or group dominates the decision-making process.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Board Committees

The Group has established an Audit Committee, Remuneration Committee and AIM Rules and MAR Compliance Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under regular review.

Audit Committee

The Audit Committee, comprising Gary Drinkwater, Patrick Dolberg and Dominic Traynor, reviews the Group's annual and interim financial statements before submission to the Board for approval. The committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the committee monitors the progress of action taken in relation to such matters. The committee also recommends the appointment, and reviews the fees, of the external auditor. The committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee

The Remuneration Committee, comprising Dominic Traynor and David Barrett, is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

AIM Rules and MAR Compliance Committee

The AIM Rules and MAR Compliance Committee, comprising Dominic Traynor and Patrick Dolberg, is responsible for monitoring the Group's compliance with the AIM Rules and MAR and to ensure that the Group's Nominated Adviser maintains contact with the Group on a regular basis and vice versa. The committee will ensure that procedures, resources and controls are in place with a view to ensuring the Group's compliance with the AIM Rules and MAR. The committee will also ensure that each meeting of the Board includes a discussion of AIM matters and assesses whether the Directors are aware of their AIM responsibilities from time to time and, if not, to ensure they are appropriately updated on their AIM responsibilities and obligations.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

CORPORATE GOVERNANCE REPORT

Risk Management
The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Securities Trading
The Group has adopted a share dealing code for dealings in shares by Directors and senior employees which is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

Bribery and Anti-Corruption
The Group has adopted an anti-corruption and bribery policy which applies to the Board and employees of the Group. It generally sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption in all the jurisdictions in which the Group operates as well as providing guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Group expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities and to conduct business on the Group's behalf in compliance with it. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

Relations with Shareholders
The Board is committed to providing effective communication with the Shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company's website. The Board views the Annual General Meeting as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGMAROC PLC

Opinion

We have audited the financial statements of SigmaRoc plc and its subsidiaries for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Parent Statements 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company'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 Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's and Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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 as applied to listed entities, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGMAROC PLC

Our application of materiality

Materiality applied to the Group financial statements was £500,000. This amount represents 0.6% of Gross Assets within the Group and 9% of Group Underlying EBITDA. Our application was considered appropriate based upon where the areas of significant audit risk arose. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit.

We agreed with the audit committee that we would report all individual audit differences identified during the course of our audit in excess of £25,000.

The increase in materiality from the prior year is primarily due to the acquisitions made by the Group during the financial year.

An overview of the scope of our audit

As part of designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The accounting records of all subsidiary undertakings are centrally located and audited by us based upon Group materiality or risk to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
The Group carries a material amount of goodwill and separately identifiable intangible assets following the acquisitions of Ronez Limited, Topcrete Limited and Poundfield Products (Group) Limited. These fall under IFRS 3 "Business Combinations" and as a result the following risks may arise: • **Intangible assets including goodwill arising on acquisition may not have been identified or disclosed correctly.** • **Recognising and measuring the identifiable assets acquired and liabilities**	The work undertaken to mitigate this risk was as follows: ▪ We reviewed the share purchase agreements ("SPAs") to ensure the total fair values of consideration and ownership percentages applied in the Financial Statements agreed to the signed documents. ▪ We reviewed the completion statements relating to each acquisition and agreed to the accounting entities within the consolidated financial statements. Major balances within the completion statements were verified to supporting evidence. ▪ We corroborated accounting entries in respect of acquired and revalued assets and liabilities to Purchase Price Allocation ("PPA") work performed by independent and competent experts. We also assessed the independence and competence of these experts. ▪ We reviewed the key PPA assumptions and estimates applied.

assumed at their acquisition date fair values. • **Inappropriate useful economic lives may have been attributed to assets recognised upon acquisition of the subsidiaries.**	▪ We analysed accounting policies in place within each acquisition to ensure that they were materially consistent with the Group accounting policies. ▪ See note 16 'Intangible assets' for valuation and disclosure of Goodwill and other identifiable assets.
The carrying value of investments in the Company Statement of Financial Position and of Intangible and Tangible assets in the Group's Consolidated Statement of Financial Position represent material amounts within the Financial Statements.	The work to be undertaken to mitigate this risk was as follows: *Impairment* ▪ We reviewed the Group's forecast cash flows for each acquisition. We assessed the appropriateness of the forecasts having regard to post year end management information and our understanding of each business. ▪ We considered management's impairment assessment of the Group's new investments and associated assets as at the year-end. We carried out sensitised discounted cash flow analysis on cash flow forecasts for each acquisition as prepared by management. Sensitivities were performed on the headroom to changes in key assumptions. *Depreciation* ▪ Depreciation calculation base costs were compared to those arising in the PPA exercise and completion statements to ensure that there was not a material error in carrying values or depreciation charges.

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. Our opinion on the Group and Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGMAROC PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the CEO's strategic report or the finance director's report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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, the directors are responsible for the preparation of the Group and Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the Group's and 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 intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for. This description forms part of our auditor's report.

Alistair Roberts (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

18 May 2018

SIGMAROC PLC

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017			Year ended 31 December 2016		
		Underlying	Non-underlying* (Note 11)	Total	Underlying	Non-underlying* (Note 11)	Total
Continued operations	Note	£	£	£	£	£	£
Revenue	7	**27,073,686**	**-**	**27,073,686**	**36,000**	**-**	**36,000**
Cost of sales	8	(21,120,246)	-	(21,120,246)	-	-	-
Profit from operations		**5,953,440**	**-**	**5,953,440**	**36,000**	**-**	**36,000**
Administrative expenses	8	(2,593,628)	(1,676,126)	(4,269,754)	(1,975,869)	-	(1,975,869)
Net finance (expense)/income	12	(704,816)	(56,564)	(761,380)	6,473	-	6,473
Other net (losses)/gains	13	(70,088)	-	(70,088)	(469,673)	-	(469,673)
Foreign Exchange		(2,724)	-	(2,724)	(548)		(548)
Profit before tax		**2,582,184**	**(1,732,690)**	**849,494**	**(2,403,617)**	**-**	**(2,403,617)**
Tax expense	14	(494,036)	-	(494,036)	(115)	-	(115)
Profit/(Loss)		**2,088,148**	**(1,732,690)**	**355,458**	**(2,403,732)**	**-**	**(2,403,732)**
Profit/(Loss) attributable to:							
Owners of the parent		**2,088,148**	**(1,732,690)**	**355,458**	**(2,403,732)**	**-**	**(2,403,732)**
		2,088,148	**(1,732,690)**	**355,458**	**(2,403,732)**	**-**	**(2,403,732)**
Basic earnings per share attributable to owners of the parent (expressed in pence per share)	28	**2.02**	**(1.68)**	**0.34**	**(1.40)**	**-**	**(1.40)**
Diluted earnings per share attributable to owners of the parent (expressed in pence per share)	28	**1.79**	**(1.48)**	**0.30**	**(1.40)**	**-**	**(1.40)**

* Non-underlying items represent acquisition related expenses, certain finance costs, share option expense and warranty & indemnity insurance. See Note 11 for more information.

SIGMAROC PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Profit/(Loss) for the year		**355,458**	**(2,403,732)**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		-	-
		-	**-**
Total comprehensive income		**355,458**	**(2,403,732)**
Total comprehensive income attributable to:			
Owners of the parent		**355,458**	**(2,403,732)**
Total comprehensive income for the period		**355,458**	**(2,403,732)**

SIGMAROC PLC

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Company number: 05204176

		Consolidated		Company	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Note	£	£	£	£
Non-current assets					
Property, plant and equipment	15	46,556,298	4,515	3,855	4,515
Intangible assets	16	18,955,402	-	-	-
Investments in subsidiary undertakings	17	-	-	57,267,057	-
		65,511,700	**4,515**	**57,270,912**	**4,515**
Current assets					
Trade and other receivables	18	4,667,803	154,384	74,211	154,384
Inventories	19	4,441,663	-	-	-
Cash and cash equivalents	20	7,001,058	181,434	211,823	181,434
		16,110,524	**335,818**	**286,034**	**335,818**
Total assets		**81,622,224**	**340,333**	**57,556,946**	**340,333**
Current liabilities					
Trade and other payables	21	10,045,397	1,770,357	684,167	1,770,357
Current tax payable		621,714	-	-	-
Borrowings	22	92,411	-	-	-
		10,759,522	**1,770,357**	**684,167**	**1,770,357**
Non-current liabilities					
Borrowings	22	18,679,901	-	10,000,000	-
Deferred tax liabilities		1,015,823	-	-	-
Provisions	23	632,011	-	-	-
		20,327,735	**-**	**10,000,000**	**-**
Total Liabilities		**31,087,257**	**1,770,357**	**10,684,167**	**1,770,357**
Net assets		**50,534,967**	**(1,430,024)**	**46,872,779**	**(1,430,024)**
Equity attributable to owners of the parent					
Share capital	25	1,367,056	270,555	1,367,056	270,555
Share premium	25	50,161,904	266,667	50,161,904	266,667
Share option reserve	26	352,877	-	352,877	-
Other reserves	27	1,361,718	1,117,178	1,361,718	1,117,178
Retained earnings		(2,708,588)	(3,084,424)	(6,370,776)	(3,084,424)
Total equity		**50,534,967**	**(1,430,024)**	**46,872,779**	**(1,430,024)**

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Company's Income Statement and Statement of Comprehensive Income.

The loss for the Company for the year ended 31 December 2017 was £3,306,730 (year ended 31 December 2016: £2,403,732).

The Financial Statements were approved and authorised for issue by the Board of Directors on 18 May 2018 and were signed on its behalf by:

Garth Palmer
Director

SIGMAROC PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £	Share premium £	Share option reserve £	Other reserves £	Retained earnings £	Total £
Balance as at 1 January 2016		**579,361**	**-**	**-**	**600,039**	**(680,692)**	**498,708**
Loss for the year		-	-	-	-	(2,403,732)	(2,403,732)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(2,403,732)**	**(2,403,732)**
Proceeds from share issues	25	208,333	291,667	-	-	-	500,000
Issue costs		-	(25,000)	-	-	-	(25,000)
TeleMessage disposal		(169,522)	-	-	169,522	-	-
Capital re-organisation		(347,617)	-	-	347,617	-	-
Transactions with owners, recognised directly in equity		**(308,806)**	**266,667**	**-**	**517,139**	**-**	**475,000**
Balance as at 31 December 2016		**270,555**	**266,667**	**-**	**1,117,178**	**(3,084,424)**	**(1,430,024)**
Balance as at 1 January 2017		**270,555**	**266,667**	**-**	**1,117,178**	**(3,084,424)**	**(1,430,024)**
Profit for the year		-	-	-	-	355,458	355,458
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**355,458**	**355,458**
Contributions by and distributions to owners							
Issue of ordinary shares	25	1,341,041	52,624,974	-	-	-	53,966,015
Issue costs	25	-	(2,729,737)	-	-	-	(2,729,737)
Share option charge		-	-	352,877	-	20,378	373,255
Share consolidation	25	(244,540)	-	-	244,540	-	-
Total contributions by and distributions to owners		**1,096,501**	**49,895,237**	**352,877**	**244,540**	**20,378**	**51,609,533**
Balance as at 31 December 2017		**1,367,056**	**50,161,904**	**352,877**	**1,361,718**	**(2,708,588)**	**50,534,967**

SIGMAROC PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £	Share premium £	Share option reserve £	Other reserves £	Retained earnings £	Total £
Balance as at 1 January 2016		**579,361**	**-**	**-**	**600,039**	**(680,692)**	**498,708**
Loss for the year		-	-	-	-	(2,403,732)	(2,403,732)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**
Proceeds from share issues		208,333	291,667	-	-	-	500,000
Issue costs		-	(25,000)	-	-	-	(25,000)
TeleMessage disposal		(169,522)	-	-	169,522	-	-
Capital re-organisation		(347,617)	-	-	347,617	-	-
Transactions with owners, recognised directly in equity		**(308,806)**	**266,667**	**-**	**517,139**	**(2,403,732)**	**(1,928,732)**
Balance as at 31 December 2016		**270,555**	**266,667**	**-**	**1,117,178**	**(3,084,424)**	**(1,430,024)**
Balance as at 1 January 2017		**270,555**	**266,667**	**-**	**1,117,178**	**(3,084,424)**	**(1,430,024)**
Profit/(Loss)		-	-	-	-	(3,306,730)	(3,306,730)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(3,306,730)**	**(3,306,730)**
Contributions by and distributions to owners							
Issue of ordinary shares	25	1,341,041	52,624,974	-	-	-	53,966,015
Issue costs	25	-	(2,729,737)	-	-	-	(2,729,737)
Share option charge		-	-	352,877	-	20,378	373,255
Share consolidation	25	(244,540)	-	-	244,540	-	-
Total contributions by and distributions to owners		**1,096,501**	**49,895,237**	**352,877**	**244,540**	**20,378**	**51,609,533**
Balance as at 31 December 2017		**1,367,056**	**50,161,904**	**352,877**	**1,361,718**	**(6,370,776)**	**46,872,779**

SIGMAROC PLC

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated		Company	
		Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
		£	£	£	£
Cash flows from operating activities					
Profit/(Loss)		355,458	(2,403,732)	(3,306,730)	(2,403,732)
Adjustments for:					
Depreciation and amortisation	15 16	2,217,375	75	2,433	75
Impairment of Investment		-	500,000	-	500,000
Share option expense		352,877	-	352,877	-
Share based payments		5,979	-	5,979	-
(Increase)/decrease in trade and other receivables		325,535	(101,384)	80,173	(101,384)
Increase in inventories		(290,440)	-	-	-
(Decrease)/increase in trade and other payables		(3,328,733)	1,708,749	(1,071,791)	1,708,749
Net cash flows from operating activities		**(361,949)**	**(296,292)**	**(3,937,059)**	**(296,292)**
Investing activities					
Purchase of property, plant and equipment	15	(1,793,164)	(4,590)	(1,773)	(4,590)
Cash paid for acquisition of subsidiaries (net of cash acquired)		(60,821,496)	-	(1)	-
Net loans with subsidiaries		-	-	(57,267,056)	-
Net cash used in investing activities		**(62,614,660)**	**(4,590)**	**(57,268,830)**	**(4,590)**
Financing activities					
Proceeds from share issue		53,966,015	500,000	53,966,015	500,000
Cost of share issue		(2,729,737)	(25,000)	(2,729,737)	(25,000)
Proceeds from debt issue		10,000,000	-	10,000,000	-
Proceeds from borrowings		9,000,000	-	-	-
Cost of borrowings		(427,640)	-	-	-
Repayment of finance lease obligations		(12,405)	-	-	-
Net cash used in financing activities		**69,796,233**	**475,000**	**61,236,278**	**475,000**
Net increase in cash and cash equivalents		**6,819,624**	**174,118**	**30,389**	**174,118**
Cash and cash equivalents at beginning of period		181,434	7,316	181,434	7,316
Cash and cash equivalents and end of period	20	**7,001,058**	**181,434**	**211,823**	**181,434**

Major non-cash transactions

During the year ended 31 December 2017 £1.5 million of the acquisition cost for Topcrete was settled via off set against sums due form the vendors.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The principal activity of SigmaRoc plc (the 'Company') is to make investments and/or acquire projects in the construction materials sector and through its subsidiaries (together the 'Group') is the production of high quality aggregates and supply of value-added construction materials. The Company's shares are admitted to trading on the AIM Market of the London Stock Exchange ('AIM'). The Company is incorporated and domiciled in the United Kingdom.

The address of its registered office is 7-9 Swallow Street, London, W1B 4DE.

2. Accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below ('Accounting Policies' or 'Policies'). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of preparing the financial statements

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC Interpretations Committee ('IFRS IC') as adopted by the European Union. The Financial Statements have also been prepared under the historical cost convention.

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest pound.

The preparation of Financial Statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

a) Changes in accounting policy

i) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2017 that had a material impact on the Group or Company.

ii) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 2 (Amendments)	Share-based payments – classification and measurement	1 January 2018
Annual Improvements	2014-2016 Cycle	1 January 2018
IFRIC Interpretation 22	Foreign currency transactions and advanced consideration	1 January 2018
IFRIC 23	Uncertainty over Income tax treatments	*1 January 2018
IFRS 9 (Amendments)	Prepayment features with negative compensation	*1 January 2019
IAS 28 (Amendments)	Long term interests in associates and joint ventures	*1 January 2019

* *Subject to EU endorsement*

The Group is evaluating the impact of the new and amended standards above.

The operating leases currently held will be subject to IFRS 16 changes as all lease (subject to certain criteria) will be deemed finance leases. The impact of this will be monitored by management. All other standards are not expected to have a material impact on the Group's results or shareholders' funds.

2.2. Basis of consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the accounts of all of its subsidiary undertakings for all periods presented.

Subsidiaries are 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 on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries are accounted for at cost less impairment.

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2.3. Going concern

The Financial Statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

2.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.5. Foreign currencies

a) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Group's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other net gains/(losses)'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.6. Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

As reported within the CEO's strategic report, a PPA was carried out to assess the fair value of the assets acquired in Ronez Limited as at the completion date. As a result of this exercise, goodwill decreased from £23m to £4m with the corresponding movement being with land and minerals, and fixed assets. The current accounting policies regarding the subsequent treatment of land and minerals, and fixed assets will apply to fair value uplift attributable to the PPA.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangibles consist of capitalised development costs for assets produced that assist in the operations of the Group and incur revenue. These are amortised at 10% reducing balance. Impairment reviews are performed annually. Where the benefit of the intangible ceases or has been superseded, these are written off the income statement.

2.7. Property, plant and equipment

Property, plant and equipment is stated at cost, plus any purchase price allocation uplift, less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis (except the Poundfield group which uses the declining balance method) at the following annual rates:

Office equipment	12.5% – 50%
Buildings	0 – 2%
Plant and machinery	5% – 20%
Furniture and vehicles	7.5% – 33.3%
Construction in progress	0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains/(losses)' in the Income Statement.

2.8. Land, mineral rights and restoration costs

Land, quarry development costs, which include directly attributable construction overheads and mineral rights are recorded at cost plus any purchase price allocation uplift. Land and quarry development are depreciated and amortised, respectively, using the units of production method, based on estimated recoverable tonnage.

The depletion of mineral rights and depreciation of restoration costs are expensed by reference to the quarry activity during the period and remaining estimated amounts of mineral to be recovered over the expected life of the operation.

2.9. Financial assets

Classification

The Group's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents at the year-end.

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Income Statement within "Other (Losses)/Gains" in the period in which they arise.

Impairment of Financial Assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

2.10. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

2.11. Trade receivables

Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

2.12. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

2.13. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14. Reserves

Share premium – the reserve for shares issued above the nominal value. This also includes the cost of share issues that occurred during the year.

Retained earnings – the retained earnings reserve includes all current and prior periods retained profit and losses.

Share option reserve – represents share options awarded by the Company.

Other reserves comprise the following:

Capital redemption reserve – the capital redemption reserve is the amount equivalent to the nominal value of shares redeemed by the Group.

Deferred shares – are shares that effectively do not have any rights or entitlements.

2.15. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.16. Provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The increase in provisions due to the passage of time is included in the consolidated statement of profit or loss and comprehensive loss.

2.17. Borrowings

Bank and other borrowings

Interest-bearing bank loans and overdrafts and other loans are recognised initially at fair value less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the period to redemption on an effective interest basis.

Compound financial instruments

Compound financial instruments issued by the Group for cash comprise convertible notes that can be converted to share capital at the option of the holder and include a host liability together with a derivative.

The derivative portion is initially recorded at fair value and the liability component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the derivative component.

Subsequent to their initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The derivative component of a compound financial instrument is held at fair value where material, determined using a Black Scholes model.

2.18. Taxation

Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.19. Non-underlying items

Non-underlying items are disclosed separately in the financial statements, where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items that are material, not expected to be recurring and do not relate to the ongoing operations of the Group’s business.

2.20. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied in course of ordinary business, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Group’s activities described below.

Revenue from the sale of goods is recognised when delivery has taken place and the transfer of risks and rewards of ownership has been completed. The significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed as evidence that they have accepted the product delivered to them.

Revenue from the provision of services is recognised as the services are rendered, in accordance with customer contractual terms.

2.21. Finance income

Interest income is recognised using the effective interest method.

2.22. Employee benefits - defined contribution plans

The Group maintains defined contribution plans for which the Group pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis and will have no legal or constructive obligation to pay further amounts. The Group's contributions to defined contribution plans are charged to the Income Statement in the period to which the contributions relate.

2.23. Share based payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.24. Leases

The Group leases certain plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised on the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives.

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the UK based management team under policies approved by the Board of Directors.

a) Market risk

The Group is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Group does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in interest rates, foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

b) Credit risk

Credit risk arises from cash and cash equivalents as well as exposure to customers including outstanding receivables. To manage this risk, the Group periodically assesses the financial reliability of customers and counterparties.

No credit limits were exceeded during the period, and management does not expect any losses from non-performance by these counterparties.

c) Liquidity risk

The Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

	31 December 2017			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£	£	£	£
Borrowings	92,411	107,541	18,572,360	-
Trade and other payables	10,563,045	-	-	-
	10,655,456	**107,541**	**18,572,360**	**-**

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its construction material investment activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

The Group defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned operational activities and the Company may issue new shares in order to raise further funds from time to time.

The gearing ratio at 31 December 2017 is as follows:

	Consolidated	
	31 December 2017	**31 December 2016**
	£	**£**
Total borrowings (Note 22)	18,772,312	-
Less: Cash and cash equivalents (Note 20)	(7,001,058)	-
Net debt	11,771,254	-
Total equity	50,534,697	-
Total capital	**62,305,951**	**-**
Gearing ratio	**0.19**	

4. Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

a) Land and mineral reserves

The determination of fair values of land and mineral reserves are carried out by appropriately qualified persons in accordance with the Appraisal and Valuation standards published by the Royal Institution of Chartered Surveyors. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements and production costs along with geological assumptions and judgements.

The PPA included the revaluation of land and minerals based on the estimated remaining reserves within St John's and Les Vardes quarries. These are then valued based on the estimated remaining life of the mines and the net present value for the price per tonnage.

b) Estimated impairment of goodwill

The determination of fair values of assets acquired and liabilities assumed in a business combination involves the use of estimates and assumptions such as discount rates used and valuation models applied as well as goodwill allocation.

Goodwill has a carrying value of £17,827,833 as at 31 December 2017 (31 December 2016: £nil). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6 to the Financial Statements.

Management has concluded that an impairment charge was not necessary to the carrying value of goodwill for the period ended 31 December 2017 (31 December 2016: £nil). See Note 2.6 to the Financial Statements.

c) Restoration provision

The Group's provision for restoration costs has a carrying value at 31 December 2017 of £632,011 and relate to the removal of the plant and equipment held at St John's and Les Vardes quarry. The cost of removal was determined by management for the removal and disposal of the machinery at the point of which the reserves are no longer available for business use.

The restoration provision is firstly inflated using the current rate of inflation as per the Bank of England. The future restoration provision is discounted to its present value based on the Group's incremental cost of borrowing.

d) Fair value of share options

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration packages. Certain warrants have also been issued to suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 26 to the Financial Statements.

5. Dividends

No dividend has been declared or paid by the Group during the year ended 31 December 2017 (2016: nil).

6. Segment information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the periods presented the Group had interests in three key geographical segments, being the United Kingdom, Guernsey and Jersey. Activities in the United Kingdom, Guernsey and Jersey relate to the production and sale of construction material products and services.

	31 December 2017			
	United Kingdom	**Jersey**	**Guernsey**	**Total**
	£	**£**	**£**	**£**
Revenue	1,074,378	15,707,082	10,292,226	**27,073,686**
Profit/(loss) from operations per reportable segment	167,344	3,172,563	2,613,533	**5,953,440**
Additions to non-current assets	21,424,128	16,516,826	27,566,231	**65,507,185**
Reportable segment assets	31,193,850	24,354,752	26,073,622	**81,622,224**
Reportable segment liabilities	27,671,645	2,004,249	1,411,363	**31,087,257**

	31 December 2016			
	United Kingdom	**Jersey**	**Guernsey**	**Total**
	£	**£**	**£**	**£**
Revenue	36,000	-	-	**36,000**
Profit from operations per reportable segment	**36,000**	-	-	**36,000**
Additions to non-current assets	4,590	-	-	**4,590**
Reportable segment assets	340,333	-	-	**340,333**
Reportable segment liabilities	1,770,357	-	-	**1,770,357**

The only segment in 2016 was the United Kingdom as the Ronez acquisition was completed on 5 January 2017.

7. Revenue

	Consolidated	
	31 December 2017	**31 December 2016**
	£	**£**
Upstream products	5,223,228	-
Value added products	14,524,305	-
Value added services	7,219,518	36,000
Other	106,635	-
	27,073,686	**36,000**

Upstream products revenue relates to the sale of aggregates and cement. Value added products is the sale of finished goods that have undertaken a manufacturing process within each of the subsidiaries. Value added services consists of the transportation, installation and contracting services provided.

8. Expenses by nature

	Consolidated	
	31 December 2017	**31 December 2016**
	£	**£**
Cost of sales		
Changes in inventories of finished goods and work in progress	(96,628)	-
Production cost of goods sold	8,493,169	-
Distribution and selling expenses	1,426,286	-
Raw materials and consumables used	759,492	-
Employee benefit expenses	8,136,776	-
Depreciation and amortisation expense	2,217,375	-
Other costs of sale	183,776	-
Total cost of sales	**21,120,246**	**-**
Administrative expenses		
Operational admin expenses	1,426,500	-
Corporate admin expenses	2,843,254	1,975,869
Total administrative expenses	**4,269,754**	**1,975,869**

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company and Consolidated Financial Statements	55,000	20,000
Fees payable to the Company's auditor and its associates for tax services	26,570	1,000
Fees paid or payable to the Company's auditor and its associates for due diligence and transactional services	108,077	-
Fees paid to the Company's auditor for other services	9,470	-
	190,247	**21,000**

9. Employee benefits expense

	Consolidated		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Staff costs (excluding directors)	£	£	£	£
Salaries and wages	7,587,057	-	106,250	-
Post-employment benefits	-	-	-	-
Social security contributions and similar taxes	515,595	-	13,444	-
Other employment costs	366,704	-	10,000	-
	8,469,356	**-**	**129,694**	**-**

	Consolidated		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Average number of FTE employees by function	#	#	#	#
Management	14	-	1	-
Operations	130	-	-	-
Administration	18	-	-	-
	162	**-**	**1**	**-**

10. Directors' remuneration

	31 December 2017			
	Directors' fees	Pension benefits	Options issued	Total
	£	£	£	£
Executive Directors				
David Barrett (1)	120,000	-	45,417	165,417
Garth Palmer (4)	40,000	4,000	5,094	49,094
Max Vermorken (1)	150,000	15,429	102,577	268,006
Non-executive Directors				
Dominic Traynor (1)	25,000	2,929	5,094	33,023
Gary Drinkwater (4)	25,000	-	-	25,000
Patrick Dolberg (4)	24,723	-	5,871	30,594
	384,723	**22,358**	**164,053**	**571,134**

	31 December 2016			
	Directors' fees	Pension benefits	Options issued	Total
	£	£	£	£
Executive Directors				
David Barrett [(1)]	4,290	-	-	4,290
Guy Levit [(3)]	2,500	-	-	2,500
Garth Palmer [(4)]	-	-	-	-
Max Vermorken [(1)]	4,290	-	-	4,290
Non-executive Directors				
Dominic Traynor [(1)]	4,290	-	-	4,290
David Rubner [(2)]	2,500	-	-	2,500
Gary Drinkwater [(4)]	-	-	-	-
Irvin Fishman [(2)]	-	-	-	-
Patrick Dolberg [(4)]	-	-	-	-
	17,870	**-**	**-**	**17,870**

(1) Appointed on 22 August 2016.
(2) Resigned on 22 August 2016.
(3) Resigned on 1 October 2016.
(4) Appointed on 5 January 2017.

Details of fees paid to companies and partnerships of which the Directors are related have been disclosed in Note 34.

11. Non-underlying items

As required by IFRS 3 – Business Combinations, acquisition costs have been expensed as incurred. Additionally, the Group incurred costs associated with obtaining debt financing, including advisory fees to restructure the Group to satisfy lender requirements.

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Acquisition related expenses	615,852	-
Restructuring expenses	303,629	-
Share option expense	373,255	-
Warranty & indemnity insurance for Ronez acquisition	439,954	-
	1,732,690	**-**

Acquisition related expenses include costs relating to the acquisition and integration of Ronez Limited, Topcrete Limited and Poundfield Products (Group) Limited. Share option expenses relate to options awarded to the Directors and senior management in connection with the Group's first acquisition, Ronez. Share options relating to the Group's general long term incentive plans will be treated as underlying expenditure.

NOTES TO THE FINANCIAL STATEMENTS

12. Net finance (expense)/income

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Convertible loan note interest expense	(596,645)	-
Other interest (expense)/income	(48,855)	6,473
Other finance (expense)/income	(115,880)	-
	(761,380)	**6,473**

13. Other net gains/(losses)

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Gain/(losses) on disposal of property, plant and equipment	17,000	(469,673)
Other gain/(loss)	(87,088)	-
	(70,088)	**(469,673)**

14. Taxation

	Consolidated	
	31 December 2017	31 December 2016
Tax recognised in profit or loss	£	£
Current tax	(531,992)	(115)
Deferred tax	37,956	-
Total tax charge in the Income Statement	(494,036)	(115)

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits/(losses) of the consolidated entities as follows:

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Profit/(loss) before tax subject to charge	1,818,736	(2,403,619)
Non-taxable profit/(loss)	(969,242)	-
Net profit/(loss) before taxation	849,494	(2,403,619)
Tax at the applicable rate of 19.9%	**361,928**	**480,724**
Effects of:		
Expenditure not deductible for tax purposes	-	28
Timing differences	(4,684)	-
Differences on tax rates attributable to other jurisdictions	2,494	-
Depreciation in excess of/(less than) capital allowances	134,298	(903)
Net tax effect of losses carried forward	-	(479,964)
Tax charge	**(494,036)**	**(115)**

The weighted average applicable tax rate of 19.9% (2016: 20%) used is a combination of the standard rate of corporation tax rate for entities in the United Kingdom of 19% (2016: 20%*)*, and 20% (2016: 20%) in Jersey and Guernsey.

15. Property, plant and equipment

	Consolidated						
	Office Equipment	**Land and minerals**	**Buildings**	**Plant and machinery**	**Furniture and vehicles**	**Construction in progress**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Cost							
As at 1 January 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions	4,590	-	-	-	-	-	4,590
As at 31 December 2016	**4,590**	**-**	**-**	**-**	**-**	**-**	**4,590**
As at 1 January 2017	**4,590**	**-**	**-**	**-**	**-**	**-**	**4,590**
Acquired through acquisition of subsidiaries	350,382	23,833,225	17,212,767	13,431,383	6,975,803	500,447	62,304,007
Fair value adjustment	-	11,931,469	2,946,977	3,626,764	-	-	18,505,210
Additions	1,773	95,875	161,780	604,919	928,817	-	1,793,164
Disposals	-	-	(10,681)	(83,308)	-	(61,812)	(155,801)
As at 31 December 2017	**356,745**	**35,860,569**	**20,310,843**	**17,579,758**	**7,904,620**	**438,635**	**82,451,170**
Depreciation							
As at 1 January 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	75	-	-	-	-	-	75
As at 31 December 2016	**75**	**-**	**-**	**-**	**-**	**-**	**75**
As at 1 January 2017	**75**	**-**	**-**	**-**	**-**	**-**	**75**
Acquired through acquisition of subsidiaries	299,793	5,638,767	11,744,578	9,525,977	6,547,490	-	33,756,605
Charge for the year	3,057	458,605	802,534	720,924	229,595	-	2,214,715
Disposals	-	-	(10,681)	(65,842)	-	-	(76,523)
As at 31 December 2017	**302,925**	**6,097,372**	**12,536,431**	**10,181,059**	**6,777,085**	**-**	**35,894,872**
Net book value							
As at 31 December 2016	**4,515**	**-**	**-**	**-**	**-**	**-**	**4,515**
As at 31 December 2017	**53,820**	**29,763,197**	**7,774,412**	**7,398,699**	**1,127,535**	**438,635**	**46,556,298**

Included within additions to furniture and vehicles is £500,000 relating to the acquisition of the MV Ronez.

	Company	
	Office Equipment	**Total**
	£	**£**
Cost		
As at 1 January 2016	**-**	**-**
Additions	4,590	4,590
As at 31 December 2016	**4,590**	**4,590**
As at 1 January 2017	**4,590**	**4,590**
Additions	1,773	1,773
Disposals	-	-
As at 31 December 2017	**6,363**	**6,363**
Depreciation		
As at 1 January 2016	**-**	**-**
Charge for the year	75	75
As at 31 December 2016	**75**	**75**
As at 1 January 2017	**75**	**75**
Charge for the year	2,433	2,433
Disposals	-	-
As at 31 December 2017	**2,508**	**2,508**
Net book value		
As at 31 December 2016	**4,515**	**4,515**
As at 31 December 2017	**3,855**	**3,855**

16. Intangible assets

	Consolidated			
	Goodwill	**Intellectual property**	**Branding**	**Total**
	£	**£**	**£**	**£**
Cost & net book value				
As at 1 January 2016	**-**	**-**	**-**	**-**
As at 31 December 2016	**-**	**-**	**-**	**-**
As at 1 January 2017	**-**	**-**	**-**	**-**
Arising on acquisition of Ronez (refer to Note 31)	3,875,516	-	486,000	4,361,516
Arising on acquisition of Topcrete (refer to Note 31)	7,062,625	-	-	7,062,625
Arising on acquisition of Poundfield (refer to Note 31)	6,889,692	644,229	-	7,533,921
Amortisation	-	(2,660)	-	(2,660)
As at 31 December 2017	**17,827,833**	**641,569**	**486,000**	**18,955,402**

An adjustment has been made to reflect the initial accounting for the acquisitions of Topcrete Limited (‘Topcrete’) and Poundfield Products (Group) Limited (‘Poundfield’) by the Company, being the elimination of the investment in Topcrete and Poundfield against the non-monetary assets acquired and recognition of goodwill. The Company needs to determine the fair value of the net assets acquired pursuant to the acquisition of Topcrete and Poundfield within 12 months of their respective acquisition dates in accordance with IFRS 3. This process, known as a Purchase Price Allocation (‘PPA’) exercise may result in a reduction of goodwill, which may be material. The PPA process will require a valuation of identifiable intangible assets acquired

NOTES TO THE FINANCIAL STATEMENTS

17. Investment in subsidiary undertakings

	Company	
	31 December 2017	31 December 2016
	£	£
Shares in subsidiary undertakings		
At beginning of the year	**-**	**-**
Additions	1	-
Disposals	-	-
At period end	**1**	**-**
Loan to Group undertakings	57,267,056	-
Total	**57,267,057**	**-**

Investments in Group undertakings are stated at cost less impairment.

Details of subsidiaries at 31 December 2017 are as follows:

Name of subsidiary	Country of incorporation	Share capital held by Company	Share capital held by Group	Principal activities
SigmaFin Limited	England	£1		Holding company
SigmaRoc Trading Limited	England		£1	Dormant
SigmaGsy Limited	Guernsey		£1	Shipping logistics
Ronez Limited	Jersey		£2,500,000	Construction materials
Pallot Tarmac (2002) Limited	Jersey		£2	Road contracting services
Island Aggregates Limited	Guernsey		£6,500	Waste recycling
Topcrete Limited	England		£926,828	Pre-cast concrete producer
A. Larkin (Concrete) Limited	England		£37,660	Dormant
Allen (Concrete) Limited	England		£100	Holding company
Poundfield Products (Group) Limited	England		£22,167	Holding company
Poundfield Products (Holdings) Limited	England		£651	Holding company
Poundfield Innovations Limited	England		£6,357	Patents & licencing
Poundfield Products Limited	England		£63,568	Pre-cast concrete producer
Alfabloc Limited	England		£1	Dormant

Name of subsidiary	Registered office address
SigmaFin Limited	7-9 Swallow Street, London, W1B 4DE
SigmaRoc Trading Limited	7-9 Swallow Street, London, W1B 4DE
SigmaGsy Limited	Les Vardes Quarry, Route de Port Grat, St Sampson, Guernsey, GY2 4TF
Ronez Limited	Ronez Quarry, La Route Du Nord, St John, Jersey, JE3 4AR
Pallot Tarmac (2002) Limited	Ronez Quarry, La Route Du Nord, St John, Jersey, JE3 4AR
Island Aggregates Limited	Les Vardes Quarry, Route de Port Grat, St Sampson, Guernsey, GY2 4TF
Topcrete Limited	38 Willow Lane, Mitcham, Surrey, CR4 4NA
A. Larkin (Concrete) Limited	38 Willow Lane, Mitcham, Surrey, CR4 4NA
Allen (Concrete) Limited	38 Willow Lane, Mitcham, Surrey, CR4 4NA
Poundfield Products (Group) Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Poundfield Products (Holdings) Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Poundfield Innovations Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Poundfield Products Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG
Alfabloc Limited	The Grove, Creeting St. Peter, Ipswich, England, IP6 8QG

For the year ended 31 December 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 related to the following subsidiary companies:

- SigmaFin Limited
- SigmaRoc Trading Limited
- Topcrete Limited
- A. Larkin (Concrete) Limited
- Allen (Concrete) Limited
- Poundfield Products (Group) Limited
- Poundfield Products (Holdings) Limited
- Poundfield Innovations Limited
- Poundfield Products Limited
- Alfabloc Limited

Impairment review

The performance of the acquired companies for the year to 31 December 2017 are in line with expectations as at the respective dates of acquisition. Performance against forecast since the year end is in line with expectations. As such there have been no indications of impairment.

18. Trade and other receivables

	Consolidated		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Trade receivables	3,934,952	-	35,416	-
Prepayments	438,981	13,113	38,795	13,113
VAT receivable	-	141,271	-	141,271
Other receivables	293,870	-	-	-
	4,667,803	**154,384**	**74,211**	**154,384**

The carrying value of trade and other receivables classified as loans and receivables approximates fair value. All trade and other receivables and denominated in British Pounds (£).

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

19. Inventories

	Consolidated	
	31 December 2017	31 December 2016
Cost and net book value	£	£
Raw materials and consumables	1,255,641	-
Finished and semi-finished goods	2,320,870	-
Parts and supplies	656,342	-
Work in progress	208,810	-
	4,441,663	**-**

The value of inventories recognised as a debit and included in cost of sales was £381,349 (31 December 2016: £nil).

20. Cash and cash equivalents

	Consolidated		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Cash at bank and on hand	7,001,058	181,434	211,823	181,434
	7,001,058	**181,434**	**211,823**	**181,434**

All of the Group's cash at bank is held with institutions with an AA credit rating.

21. Trade and other payables

	Consolidated		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Trade payables	2,847,984	998,487	345,095	998,487
Wages payable	696,447	-	-	-
Accruals	1,117,360	771,870	404,186	771,870
VAT payable	484,046	-	(102,653)	-
Deferred consideration payable for acquisitions	4,250,000	-	-	-
Other payables	649,560	-	37,539	-
	10,045,397	**1,770,357**	**684,167**	**1,770,357**

All trade and other payables are denominated in UK Pounds.

22. Borrowings

	Consolidated		Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Non-current liabilities				
Santander term facility	8,572,360	-	-	-
Convertible loan notes	10,000,000	-	10,000,000	-
Finance lease liabilities	107,541	-	-	-
	18,679,901	**-**	**10,000,000**	**-**
Current liabilities				
Finance lease liabilities	92,411	-	-	-
	92,411	**-**	**-**	**-**

On 5 January 2017 the Company issued 10,000,000 unsecured convertible loan notes at a par value of £1 per loan note accruing interest daily at a rate of 6% per annum and repayable on 5 January 2022 (the 'Loan Notes'). The Loan Notes are convertible into Ordinary Shares by the holders issuing a conversion notice any time prior to the repayment due date at a fixed price of £0.52 per Ordinary Share.

In April 2017 the Company entered into an £18 million term facility with Santander (the 'Facility') and on 18 October 2017 drew down £9 million to satisfy the initial cash consideration for Topcrete Limited.

NOTES TO THE FINANCIAL STATEMENTS

The Facility is secured by a floating charge over the assets of SigmaFin Limited and its subsidiary undertakings. Interest is charged at a rate between 1.5% and 2.75% above LIBOR ('Interest Margin'), based on the calculation of the adjusted leverage ratio for the relevant period. For the period ending 31 December 2017 the Interest Margin was 2%.

The carrying amounts and fair value of the non-current borrowings are:

	Carrying amount		Fair value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	£	£	£	£
Santander term facility	8,572,360	-	-	-
Convertible loan notes	10,000,000	-	10,000,000	-
Finance lease liabilities	107,541	-	-	-
	18,679,901	**-**	**10,000,000**	**-**

The fair values are based on cash flows discounted using the borrowing rate of 6% (2016: nil), which represents the cost of capital of the Group.

Finance Lease Liabilities

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

	Consolidated	
	31 December 2017	31 December 2016
Finance lease liabilities – minimum lease payments	£	£
Not later than one year	92,411	-
Later than one year and no later than five years	107,541	-
Later than five years	-	-
	199,952	**-**
Future finance charges on finance lease liabilities	25,236	-
Present value of finance lease liabilities	**225,188**	**-**

The present value of finance lease liabilities is as follows:

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Not later than one year	98,150	-
Later than one year and no later than five years	103,494	-
Later than five years	-	-
Present value of finance lease liabilities	**201,644**	**-**

Reconciliation of liabilities arising from financing activities is as follows:

	Consolidated			
	Long-term borrowings	**Short-term borrowings**	**Lease liabilities**	**Liabilities arising from financing activities**
	£	**£**	**£**	**£**
As at 1 January 2017	-	-	-	-
Increase/(decrease) through financing cash flows	18,572,360	-	(12,405)	18,559,955
Increase through obtaining control of subsidiaries	-	-	212,357	212,357
As at 31 December 2017	**18,572,360**	**-**	**199,952**	**18,772,312**

23. Provisions

	Consolidated	
	31 December 2017	**31 December 2016**
	£	**£**
As at 1 January	-	-
Accretion	632,011	-
Decrease in estimated liability	-	-
	632,011	**-**

The restoration provision for the St John's and Les Vardes sites is based on the removal costs of the plant and machinery at both sites. cost estimates are increased at 4.1% (2016: nil%) for both sites annually to the anticipated future mine closure date. St John's quarry has an estimated expiry of 7 years, whereas Les Vardes is 5 years. The rate used is from the Retail Price Index as at December 2017 published by the Bank of England which is derived from the Office for National Statistics.

The future reclamation cost value is discounted by 4.58%% (2016: nil%) which is the weighted average cost of finance for the Santander debt facility and the convertible loan notes within the Group.

24. Financial Instruments by Category

Consolidated	31 December 2016	
	Loans & receivables	**Total**
Assets per Statement of Financial Performance	**£**	**£**
Trade and other receivables (excluding prepayments)	141,271	141,271
Cash and cash equivalents	181,434	181,434
	322,705	**322,705**

	At amortised cost	**Total**
Liabilities per Statement of Financial Performance	**£**	**£**
Borrowings (excluding finance leases)	-	-
Finance lease liabilities	-	-
Trade and other payables (excluding non-financial liabilities)	1,770,357	1,770,357
	1,770,357	**1,770,357**

Consolidated

Assets per Statement of Financial Performance	31 December 2017 Loans & receivables £	Total £
Trade and other receivables (excluding prepayments)	4,228,822	4,228,822
Cash and cash equivalents	7,001,058	7,001,058
	11,229,880	**11,229,880**

Liabilities per Statement of Financial Performance	At amortised cost £	Total £
Borrowings (excluding finance leases)	18,572,360	18,572,360
Finance lease liabilities	199,952	199,952
Trade and other payables (excluding non-financial liabilities)	10,667,111	10,667,111
	29,439,423	**29,439,423**

Company

Assets per Statement of Financial Performance	31 December 2016 Loans & receivables £	Total £
Trade and other receivables (excluding prepayments)	141,271	141,271
Cash and cash equivalents	181,434	181,434
	322,705	**322,705**

Liabilities per Statement of Financial Performance	At amortised cost £	Total £
Borrowings (excluding finance leases)	-	-
Finance lease liabilities	-	-
Trade and other payables (excluding non-financial liabilities)	1,770,357	1,770,357
	1,770,357	**1,770,357**

Company

Assets per Statement of Financial Performance	31 December 2017 Loans & receivables £	Total £
Trade and other receivables (excluding prepayments)	35,416	35,416
Cash and cash equivalents	211,823	211,823
	247,239	**247,239**

Liabilities per Statement of Financial Performance	At amortised cost £	Total £
Borrowings (excluding finance leases)	10,000,000	10,000,000
Finance lease liabilities	-	-
Trade and other payables (excluding non-financial liabilities)	684,167	684,167
	10,684,167	**10,684,167**

25. Share capital and share premium

	Number of shares	Ordinary shares	Share premium	Total
		£	£	£
Issued and fully paid				
As at 1 January 2016	**115,872,148**	**579,361**	**-**	**579,361**
Capital re-organisation – 22 August 2016	115,872,148	(347,617)	-	(347,617)
TeleMessage disposal – 22 August 2016	(169,521,886)	(169,522)	-	(169,522)
Issue of new shares – 22 August 2016 (1)	208,333,333	208,333	266,667	475,000
As at 31 December 2016	**270,555,743**	**270,555**	**266,667**	**537,222**
As at 1 January 2017	**270,555,743**	**270,555**	**266,667**	**537,222**
Consolidation – 3 January 2017	(267,954,245)	(244,540)	-	(244,540)
Issue of new shares – 5 January 2017 (2)	100,000,000	1,000,000	36,862,713	37,862,713
Options Exercised – 3 May 2017	104,059	1,041	24,974	26,015
Issue of new shares - 14 December 2017 (3)	34,000,000	340,000	13,007,550	13,347,550
As at 31 December 2017	**136,705,557**	**1,367,056**	**50,161,904**	**51,528,960**

(1) Includes issue costs of £25,000
(2) Includes issue costs of £2,137,287
(3) Includes issue costs of £592,450

On 3 January 2017 the Company undertook a 1 for 104 share ordinary share consolidation.

On 5 January 2017 the Company raised £40 million via the issue and allotment of 100,000,000 new ordinary shares of 1 pence each fully paid (‘Ordinary Share’) at a price of 40 pence per Ordinary Share.

On 3 May 2017 the Company issued 104,059 new Ordinary Shares as a result of an exercise of 104,059 options exercisable at 25 pence each.

On 14 December 2017 the Company raised £13.94 million via the issue and allotment of 34,000,000 new Ordinary Shares at a price of 41 pence per Ordinary Share.

26. Share options

Share options and warrants outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

			Options & Warrants	
			31 December 2017	31 December 2016
Grant date	**Expiry date**	**Exercise price in £ per share**	£	£
5 January 2017	4 January 2022	0.44	46,900	-
5 January 2017	22 August 2021	0.25	15,083	-
5 January 2017	5 January 2022	0.25	56,039	-
5 January 2017	5 January 2022	0.40	234,854	-
			352,876	**-**

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2017 Options A	2017 Options B	2017 Options C	2017 Options D
Granted on	5/1/2017	5/1/2017	5/1/2017	5/1/2017
Life (years)	5	4	5	5
Share price	0.4250	0.425	0.425	0.425
Risk free rate	0.52%	0.52%	0.52%	0.52%
Expected volatility	24.81%	24.81%	24.81%	4.03%
Expected dividend yield	-	-	-	-
Marketability discount	50%	-	-	50%
Total fair value	£46,900	£15,083	£76,418	£234,854

The risk-free rate of return is based on zero yield government bonds for a term consistent with the option life.

A 50% discount was applied to Options A & D due to the uncertainty surrounding the future performance of the Group. This is the first year of which acquisitions have been made and these have not had a significant impact on the Company's share price. Therefore a 50% discount was applied to reflect the Company is still in an early stage with regards to acquiring niche company's and building value for the shareholders.

A reconciliation of options and warrants granted over the year to 31 December 2017 is shown below:

	31 December 2017		31 December 2016	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the year	**-**	**-**	**-**	**-**
Granted	13,677,502	0.40	-	-
Exercised	(104,059)	0.25	-	-
Outstanding as at year end	**13,573,443**	**0.40**	**-**	**-**
Exercisable at year end	**13,573,443**	**0.40**	**-**	**-**

27. Other reserves

	Consolidated				
	Deferred shares £	Revaluation reserve £	Capital redemption reserve £	Foreign currency translation reserve £	Total £
As at 1 January 2016	**-**	**-**	**-**	**-**	**-**
Disposal of TeleMessage	169,522	-	-	(185,935)	(16,413)
Capital re-organisation	347,617	-	-	-	347,617
As at 31 December 2016	**517,139**	**-**	**600,039**	**-**	**1,117,178**
As at 1 January 2017	**-**	**-**	**-**		**-**
Capital re-organisation	244,540	-	-		244,540
As at 31 December 2017	**761,679**	**-**	**600,039**		**1,361,718**

	Company				
	Deferred shares	Revaluation reserve	Capital redemption reserve	Foreign currency translation reserve	Total
	£	£	£	£	£
As at 1 January 2016	**-**	**-**	**600,039**	**185,935**	**785,974**
Disposal of TeleMessage	169,522	-	-	(185,935)	(16,413)
Capital re-organisation	347,617	-	-	-	347,617
As at 31 December 2016	**517,139**	**-**	**600,039**	**-**	**1,117,178**
As at 1 January 2017	**-**	**-**	**-**		**-**
Capital re-organisation	244,540	-	-		244,540
As at 31 December 2017	**761,679**	**-**	**600,039**		**1,361,718**

28. Earnings per share

The calculation of the total basic earnings per share of 0.34 pence (2016: loss of 1.4 pence) is calculated by dividing the profit attributable to shareholders of £355,458 (2016: loss of £2,403,734) by the weighted average number of ordinary shares of 103,251,598 (2016: 171,659,674) in issue during the period.

Diluted earnings per share of 0.30 pence (2016: loss of 1.4 pence) is calculated by dividing the profit attributable to shareholders of £355,458 (2016: loss £2,403,734) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of share options and warrants to subscribe for ordinary shares in the Company, which together total 116,779,209 (2016: 171,659,674).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in Note 26.

29. Fair value estimation

There are no financial instruments carried at fair value.

30. Fair value of financial assets and liabilities measured at amortised costs

Financial assets and liabilities comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair values of these items equate to their carrying values as at the reporting date.

31. Business combinations

Ronez Limited
On 5 January 2017 the Group acquired 100% of the share capital of Ronez Limited ('Ronez') and subsidiaries for cash consideration of £45,181,874. Ronez is registered and incorporated in Jersey. The principal activity is the production of high quality aggregates and supply of value-added construction materials.

NOTES TO THE FINANCIAL STATEMENTS

The following table summarises the consideration paid for Ronez and the values of the assets and equity assumed at the acquisition date.

Total consideration	£
Cash	45,181,874
	45,181,874

Recognised amounts of assets and liabilities acquired	Book value £	Fair value adjustments £	Fair value on acquisition £
Cash and cash equivalents	320,155	-	320,155
Trade and other receivables	1,827,448	-	1,827,448
Other current assets	339,269	-	339,269
Inventories	2,025,587	-	2,025,587
Property, plant & equipment	20,413,966	18,505,210	38,919,176
Intangible assets	-	486,000	486,000
Trade and other payables	(1,985,568)	-	(1,985,568)
Provisions for liabilities	(625,709)	-	(625,709)
Total identifiable net assets	**22,315,148**	**18,991,210**	**41,306,358**
Goodwill (refer to note 16)			**3,875,516**
Total consideration			**45,181,874**

In accordance with IFRS 3, the Group has undertaken a PPA process to determine the fair value of the net assets acquired in connection with the acquisition of Ronez.
An independent expert was engaged to carry out this process. The fair value adjustments resulting from the PPA review have been made to:

- Revalue certain mineral reserves and resources to reflect fair value at the date of acquisition;
- Revalue other tangible fixed assets such as non-mineral bearing land, buildings and plant as at the date of the acquisition; and
- Recognise intangible asset in relation to the Ronez trade name.

The goodwill arising represents the skills of the existing workforce and residual goodwill.

Since 5 January 2017 Ronez has contributed a profit of £2,565,000 and revenue of £25,999,308. Had Ronez been consolidated from 1 January 2017, the consolidated statement of income would show a profit of £2,565,000 and revenue of £25,999,308.

Topcrete Limited

On 18 October 2017 the Group acquired 100% of the share capital of Topcrete Limited ('Topcrete') and subsidiaries for total consideration of £16.26 million. Topcrete is registered and incorporated in the United Kingdom. The principal activity, via Topcrete's wholly owned subsidiary Allen (Concrete) Limited, is the production of specialist wetcast concrete products.

The following table summarises the consideration paid for Topcrete and the values of the assets and equity assumed at the acquisition date.

Total consideration	£
Initial cash	9,000,000
Deferred cash	3,500,000
Working capital adjustment	181,231
Cash acquired and repatriated to vendors	3,584,765
	16,265,996

Recognised amounts of assets and liabilities acquired	£
Cash and cash equivalents	342,212
Trade and other receivables	827,324
Other assets	3,571,239
Inventories	482,715
Property, plant & equipment	5,648,961
Intangible assets	-
Trade and other payables	(973,957)
Tax liabilities	(695,123)
Total identifiable net assets	**9,203,371**
Goodwill (refer to note 16)	**7,062,625**
Total consideration	**16,265,996**

Since 18 October 2017 Topcrete has contributed a profit of £158,460 and revenue of £810,908. Had Topcrete been consolidated from 1 January 2017, the consolidated statement of income would show a profit of £1,194,914 and revenue of £4,254,818.

Poundfield Products (Group) Limited

On 19 December 2017 the Group acquired 100% of the share capital of Poundfield Products (Group) Limited ('Poundfield') and subsidiaries for an initial cash consideration of £7.3 million (being £9.5 million less adjustments for various obligations assumed by the Group as part of the acquisition). Poundfield is registered and incorporated in the United Kingdom. The principal activity, via Poundfield's wholly owned subsidiary Poundfield Products Limited, is the production of patented specialist concrete products and systems.

The following table summarises the consideration paid for Poundfield and the values of the assets and equity assumed at the acquisition date.

Total consideration	£
Initial cash	7,301,989
Deferred shares	750,000
Working capital adjustments	42,310
	8,094,299

Recognised amounts of assets and liabilities acquired	£
Cash and cash equivalents	-
Trade and other receivables	1,947,536
Inventories	1,642,921
Property, plant & equipment	2,484,476
Intangible assets	644,229
Overdraft facility	(1,469,677)
Trade and other payables	(3,463,507)
Tax liabilities	(581,371)
Total identifiable net assets	**1,204,607**
Goodwill (refer to Note 16)	**6,889,692**
Total consideration	**8,094,299**

Since 19 December 2017 Poundfield has contributed a profit of £125,641 and revenue of £263,469. Had Poundfield been consolidated from 1 January 2017, the consolidated statement of income would show additional profit of £107,985 and revenue of £8,467,691.

32. Operating lease commitments

The Group leases land for plant and road access under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated	
	31 December 2017	31 December 2016
	£	£
Not later than one year	43,481	-
Later than one year but not later than five years	126,912	-
Later than five years	173,461	
	343,854	**-**

33. Contingencies

The Group is not aware of any personal injury or damage claims open against the Group. There are no pending matters that the Group expects to be material in relation to the Group's business, financial result or results of operations.

34. Related party transactions

Loans with Group undertakings
Amounts receivable/(payable) as a result of loans granted to/(from) subsidiary undertakings are as follows:

	Company	
	31 December 2017	31 December 2016
	£	£
Ronez Limited	(1,197,186)	-
SigmaGsy Limited	3,094,885	
SigmaFin Limited	55,369,357	-
	57,267,056	**-**

Loans granted to or from subsidiaries are unsecured, interest free and repayable in Pounds Sterling when sufficient cash resources are available.

All intra Group transactions are eliminated on consolidation.

Other transactions
Heytesbury Corporate LLP, a limited liability partnership of which Garth Palmer is a partner, invoiced a fee of £72,000 (2016: £83,695) for the provision of corporate management and consulting services to the Company. No balance was outstanding at the year-end.

Ronaldsons LLP, a limited liability partnership of which Dominic Traynor was a partner, invoiced a fee of £36,502 (2016: £36,100) for the provision of legal services to the Company in relation to the acquisition of Ronez Limited. A balance of £14,898 was outstanding at the year-end.

35. Ultimate controlling party

The Directors believe there is no ultimate controlling party.

36. Events after the reporting date

On 27 March 2018 the Company entered into a licences agreement with Tarmac Trading Limited for the manufacture, distribution and installation of its Shuttlebloc system developed by Poundfield Products Limited.