Sigma Roc

Invest, Improve and Integrate

ANNUAL REPORT AND FINANCIAL STATEMENTS

2019

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

Sigma Roc

ANNUAL REPORT AND FINANCIAL STATEMENTS

2019

Contents

Highlights

Financial highlights[1]

UNDERLYING REVENUE		UNDERLYING EBITDA	
£70.4m		£14.5m	
+70.6%	2018: £41.2m	+47.6%	2018: £9.8m

UNDERLYING PROFIT BEFORE TAX		UNDERLYING EPS	
£8.4m		£4.20p	
+51.3%	2018: £5.5m	+9.7%	2018: 3.83p

ADJUSTED LEVERAGE RATIO[2]	
2.07x	
+27.0%	2018: 1.63x

[1] *Underlying results are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense. References to an underlying profit measure throughout this Annual Report are defined on this basis.*

[2] *Adjusted leverage ratio compares net debt to underlying EBITDA for the last twelve months adjusted for pre-acquisition earnings of subsidiaries acquired during the year.*

Operational highlights

Invest

- Four acquisitions in 2019 approximately doubling the size of the Group
- 400 million tonnes of aggregate across the Group
- Four platforms to expand from with new footprint in Northern Europe

Improve

- New ready-mix operations in Jersey
- BAA quarry of the year awarded to Aberdo
- Significant margin improvement at SigmaPPG

Integrate

- Rollout of Group-wide safety policy
- Standardised Group-wide accounting process
- Group operations expanded to over 30 production sites and close to 1,000 employees

Company information

Directors

David Barrett (Executive Chairman)
Max Vermorken (Chief Executive Officer)
Garth Palmer (Chief Financial Officer)
Dominic Traynor (Non-Executive Director)
Patrick Dolberg (Non-Executive Director)
Tim Hall (Non-Executive Director)

Company Secretary

Heytesbury Corporate LLP

Registered Office

7-9 Swallow Street
London
W1B 4DE

Company Number

05204176

Bankers

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London
NW1 3AN

Nominated & Financial Adviser

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26 Mount Row
London
W1K 3SQ

Joint Broker

Liberum Capital Limited
25 Ropemaker Street
London
EC2Y 9LY

Joint Broker

Peel Hunt LLP
120 London Wall
London
EC2Y 5ET

Independent Auditor

PKF Littlejohn LLP
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Solicitors

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Financial PR Adviser

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Registrars

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

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David Barrett

Executive Chairman

Chairman's Statement

Dear Shareholders, SigmaRoc has completed a very successful 2019. Our revenue reached £70 million, our underlying EBITDA grew by 47.6%, to £14.5 million with our underlying earnings per share growing further to 4.20 pence.

Underlying EBITDA margins remained strong at 20.7% when taking into account the incorporation of a lower margin and higher volume business with the acquisition of CCP. Our remaining business recorded EBITDA margins of 24.6%, which is in-line with our 2018 performance.

As a result of these strong financial results the business was able to continue its growth by starting two new platforms in South Wales and Belgium respectively. The business now operates over 30 production sites, including 15 quarries, with over 400 million tonnes of mineral reserves and resources across the Group, with the potential to further expand each platform.

A year of substantial growth

2019 was characterised by significant growth, both organically and through acquisition. We completed a total of four acquisitions during the year, complementing our PPG Platform, substantially growing our South Wales platform and creating a new platform, in Belgium.

Additionally, we have invested in our existing businesses in order to expand the offering and production capacity, thereby organically growing our footprint. In 2019, we invested significantly in our ready-mix concrete offering at Ronez Jersey and expanded our production capacities at both Poundfield and CCP. We also upgraded our plant and machinery across the business to further solidify our operating base.

The most substantial acquisition saw our move into Belgium through the acquisitions of Carrieres du Hainaut, the leading producer of the world-famous Belgian Bluestone, as well as significant volumes of construction aggregates, and Stone Holdings, which specialises in armour rock for sea and river defence work. The potential for the business to now expand into the Benelux area is significant as we build out a quarrying platform that already includes three quarries in Belgium.

Safety

The safety and the wellbeing of our colleagues is paramount to our activity and to a well-run business. We have invested substantially to ensure that workplaces across the Group continuously improves and accidents are avoided. In November 2019, we implemented a new Group-wide safety policy to ensure uniform safety standards across the Group.

The impact of the policy has already been visible. Our Belgian platform recorded its longest period without incident on record, between the time of our acquisition and earlier this year. Our safety record in the other parts of the business also improved, with a net drop in LTIFR of 36% on the previous year. Total incident reporting increased across the Group, showing improved quality of information flow.

Governance and sustainability

As part of the continued transformation of the business, we have placed further emphasis on governance and sustainability. In September 2019, we announced the proposed appointment of Jacques Emsens, a renowned industrialist and expert in specialist minerals, to our Board as an independent Non-Executive Director.

Immediately following the release of these Accounts, the Company intends to formally appoint Jacques Emsens to the Board, together with Simon Chisholm, who brings detailed knowledge of equity markets, fund management and market regulation. Simon qualified as a Chartered Accountant and has over 20 years of experience working in the investment arena. He is currently founder and managing director of Feros Advisers Limited and has previously worked as a fund manager investing in European equities at Singer & Friedlander, Henderson Global Investors and other large institutions. Simon will join the Board as a senior independent Non-Executive Director and will chair the Audit Committee.

In addition, we have created an advisory board with the aim of guiding our business through a number of exciting projects in the Benelux region. It is a privilege to have private equity investor, Count Christophe de Limburg Stirum, and former Heidelberg Benelux CEO Pascal Lesoinne, join our Benelux advisory board.

With these changes, we have put in place a solid supervisory body of high calibre individuals with significant experience in the industry, listed businesses and the fast-changing regulatory environment, to help us to guide the business forward.

From a sustainability perspective, we also made significant progress throughout the year. A separate section of this report is dedicated to our specific efforts in this area, which include renewal programmes for our mobile and delivery fleet for lower emission vehicles, to product ranges aimed at assisting with the challenges faced by the effects of climate change, and the participation in breeding programmes for certain animal species near our sites.

Looking forward

The first important announcement at this stage is that we see our CFO, Garth Palmer, step down from the role he has held since we founded the business. Garth, who has served as our CFO on a part-time basis and is also a partner in accounting firm, Heytesbury Corporate LLP, has been an exceptional CFO to our business. Guiding us through sometimes challenging and always very intense times, his skill and dedication has been a significant contributing factor to our success to date. Garth has indicated, however, he will remain on our Board as a Non-Executive Director, for which we are extremely grateful.

We are also very pleased to announce our new fulltime CFO, Dean Masefield, who will also join the Board immediately following the release of these Accounts. Dean joined SigmaRoc in 2017 taking on the roles of Financial Director for the Ronez Platform and then Deputy CFO to the Group in 2019. Prior to joining SigmaRoc Dean served as Head of Finance of BNP Paribas and later Equiom Channel Islands overseeing all accounting, reporting, regulatory and systems aspects for tens of billions of USD in assets under management. Dean is a Chartered Accountant having qualified with BDO in 1997 and is presently an FCA, having qualified with the Institute of Chartered Accountants of England and Wales.

In order to maintain an appropriately sized Board relative to the size and stage of development of the Group, Dominic Traynor and Patrick Dolberg have both agreed to step down from their current positions as Non-Executive Directors of the Company, following completion of the Annual General Meeting to be held on 18 May 2020.

Dominic has been with us on this journey from the very beginning and we are extremely thankful to him for his contributions toward our success to date, which have culminated in the Group exceeding forecast annual turnover of £100 million. We are pleased that Dominic will be taking up a position on one of the subsidiary boards and will therefore remain involved with the Group in an advisory capacity.

Patrick has been with us since we completed the reverse takeover of Ronez in early January 2017 and has been instrumental in guiding the Group through its early growth phase, for which we are extremely grateful. Patrick is a Belgian national and formerly ran Holcim's European operations. Given our European growth aspirations we are pleased to report that Patrick will join our Benelux advisory committee and, therefore, will continue to provide guidance as we grow the Group.

With these Board changes we have positioned the business well for the future. With significant potential for further development. In the Benelux region, we have a well-balanced business that can capitalise on growth opportunities as and when they arise. Our position in South Wales is promising and can be expanded. Our precast group, SigmaPPG, is in great shape and fully integrated.

We started 2020 well with a strong first quarter, however, at the time of writing, the outbreak of the Coronavirus pandemic and its economic consequences create uncertainty. We continue to actively monitor the situation and implement required contingency plans as and when appropriate. We remain confident that we have a solid business with fantastic assets and that once the economy rebounds, we will be well positioned to resume delivering further shareholder value.

David Barrett

David Barrett
Executive Chairman
17 April 2020

CEO's Strategic Report

2019 was a significant year for SigmaRoc. Nearly every month of the year, the business made a major step forward, whether it was through organic growth, acquisition, financial and operational improvement and/or a review of our safety, governance, reporting systems and environmental impact.

As a result, where we started 2019 as a business with two platforms, we finished the year with four platforms across four regions, nearly 1,000 colleagues and ample opportunity to further expand and develop.

Financial performance

Focussing first on the financial performance of the Group, where we have delivered excellent results. Revenue increased to £70.4 million, with underlying EBITDA increasing to £14.5 million, a growth of 47.6% year-on-year. Underlying earnings per share increased to 4.20 pence. Underlying EBITDA margins continued to be strong at 20.7% when taking into account the integration of CCP, a quality business specialising in concrete blocks that typically attract a lower margin. As we further integrate and grow the Group, these margins are expected to continue to grow above 20%, assuming 2019 activity levels.

Our balance sheet has also continued to improve, with the refinancing of the £10 million, 6% convertible loan notes and the simultaneous extension of the Santander credit facilities from £20 million to £34 million. With the acquisition of CCP in the North West, our joint venture with G.D. Harries in South Wales and our acquisition of CDH in the Benelux, we have extended our mineral reserves and resources to over 400 million tonnes across the Group, at 15 quarries. The asset backing in the Group is therefore solid and is further complemented by land, plant and machinery at the various production sites.

Trading Summary

Throughout 2019, we have continued to press on with improvement programmes launched across the various businesses. A dedicated section in this report on our business model gives further detail of the progress made. As a result of these programmes, each business we own is performing better than it had prior to acquisition.

Ronez had another strong year of continued increased performance recording over £29 million in sales, biased to the first half. The markets in Jersey remained strong, while Guernsey has unfortunately not yet seen the higher volume months it witnessed five years ago. In particular, our new concrete offering in Jersey has helped solidify our position as the concrete supplier of choice, demonstrating that the investment case for the new plant was a robust one. The contracting division also did an outstanding job in both islands, delivering challenging jobs in sometimes difficult circumstances as both the weather and the structure of the sites can be tricky in the islands.

Our second platform, SigmaPPG, recorded a solid year all round after a slower start than expected. CCP, acquired in February 2019, showed slower trading in the initial few months of ownership, both in its block and aggregates businesses. However, the block business saw volumes increase rapidly across the year, with nightshifts being introduced for the first time to follow demand. The Aberdo quarry was restructured extensively making it an exemplary turn-around case and won the British Aggregate Association Quarry of the Year award.

Allen Concrete and Poundfield Products continued their strong performance with an expanded product range. After further investment to reorganise the Poundfield site as a result of increasing levels of demand, it has now captured a leading position in the UK as a supplier of choice for technically challenging bespoke precast concrete projects and retaining walls.

Across the second and third quarters of 2019, production levels hit record all-time highs propelling Poundfield's revenues to over £9m. Large sea defence projects were delivered in the UK, protecting the British coastlines. The retaining wall business continued to diversify its offering to include new applications of the product and selling to, for example, nuclear facilities. The flooring business grew further with its end-to-end design solution and short lead times.

Growth

While we continued to focus on performance improvements, we did not lose focus on our acquisition growth strategy. We expanded into South Wales through a joint venture partnership with G.D. Harries, a leading construction materials supplier led by Ian Harries and assisted by our MD for the region, David McClelland. The business recorded an excellent year, well ahead of its performance in 2018 with an underlying EBITDA of £3.2 million, a year-on-year growth of 24.8%.

In the third quarter, we commenced our expansion into Belgium, following many months of planning, initially appointing Emmanuel Maes as MD of Europe, a highly experienced former CEO of dredging and aggregates supplier, Group De Cloedt, followed by the acquisition of Stone Holdings and subsequently and more significantly, Carrieres du Hainaut.

Carrieres du Hainaut is globally the leading supplier of Belgian Blue Stone, a highly sought-after decorative stone with applications in infrastructure, housing and public spaces. It recorded sales of €51.4 million and an underlying EBITDA of €13.6 million in 2019. Extension projects are ongoing to extend the site to over 300 hectares. Additionally, CDH is a major producer of construction aggregates with volumes of nearly 2 million tonnes per year, one of the largest operations of its kind in Belgium. Combined, CDH has approximately 200 million tonnes of aggregate and over 27 million cubic metres of dimension stone, enough for over 100 years of production at the current rate.

The potential with this acquisition lies in the fact that the business offers a real platform for growth. Belgian Blue Stone remains undiscovered in many markets including the UK, yet we believe that we have the required commercial teams in place within our PPG Platform to change this. The partnership on the production of construction aggregates comes to an end in three years giving us full flexibility to consider all options to produce and even commercialise this valuable material ourselves, or in continued collaboration with a quality partner.

Safety

Major progress was made in the field of safety and the wellbeing of our colleagues. As an executive committee we designed and implemented a Group-wide safety policy in line with the highest standards in the industry. We appointed Clinton White as Safety and Estates Director and he coordinates with line managers in each business to ensure safety is an output of best practice operations. We continue to use external auditors to review our safety performance independently, to ensure we constantly improve.

Year-on-year the results are visible. The total number of incidents has declined while the business grew. Our Group-wide LTIFR reduced by 36%. Total reported near misses increased indicating better reporting. The culture in each platform is changing to embrace our best practice safety policy. A key example would be our Belgian platform which saw the longest period without incident on record subsequent to our take-over of the business.

Environment, Social and Governance (ESG)

Over the course of 2019 we made significant progress on all aspects of our ESG focus. A dedicated section of this report provides full details, however, some aspects we can highlight here. During the course of 2019, we started the search to extend our Board with further independent Non-Executive Directors, with a view to ensuring robust governance of the business. With the proposed appointments of industrialist, Jacques Emsens, and former fund manager and Chartered Accountant, Simon Chisholm, we will add solid experience to our Board in the management of large listed industrial groups as well as the regulatory aspects of publicly listed companies.

At an operational level, in May 2020, we are very pleased to be appointing Anthony Brockbank, Equity Capital Markets (ECM) partner with law firm, Fieldfisher LLP, as our General Council, on a part time basis. We consider Anthony to be amongst the most experienced ECM lawyers in the UK and he will further assure compliance with the market rules and regulations.

On a social and environmental front, we continued to reinforce our existing initiatives to reduce our environmental impact, protect our operational sites from pollution, care for indigenous species of wildlife and actively seek to produce products which help with the mitigation of some of the impacts of climate change. Further details on these initiatives are provided in the dedicated section further into this report.

Promotion of the Company for the benefit of members as a whole

The Director's believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s712 of the Companies Act 2006. The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Group's employees;
- Foster the Group's relationships with suppliers, customers and others; and
- Consider the impact of the Group's operations on the community and environment.

The application of the s172 requirements are demonstrated throughout this report and the Accounts as a whole, with the following examples representing some of the key decisions made in 2019 and up to the date of these Accounts:

- Response to the Coronavirus pandemic: as detailed in the Coronavirus update on page 14, the Group has taken various measures to protect the wellbeing of its employees, maintain good working relationships with its customers and suppliers, and ensure the commercial viability of its business.
- Continued pursuit of buy and build growth strategy: the Group has aggressively continued its buy and build growth strategy, completing four acquisitions during 2019, which expanded the SigmaPPG and South Wales platforms and created a new platform in Belgium.
- Safety initiatives: safety and wellbeing of our colleagues is one of our top priorities and the Group continued to improve its health and safety standards, including adopting a Group-wide safety policy to ensure uniform safety standards across the Group.

Strategic approach and outlook

Our strategic approach is to build clusters of local and complementary businesses to deliver shareholder value from synergies, operational improvement and competitive advantage. We target assets that deliver a value proposition to customers, have a strong local market presence and hard asset backing, resulting in improved margins. We seek income streams that are diversified and supported by quality assets producing aggregates, concrete, precast and prestressed concrete and related products and services.

At the time of writing the outlook is complex. The underlying business is sound, filled with significant potential and the capacity to expand both organically and through acquisition. The teams are skilled and the operational structure is efficient, following several improvement initiatives. The project pipeline remains filled with exciting projects, both in terms of product development and potential acquisition targets that could strongly complement our existing footprint.

We started the year well with solid performance in all parts of the business. While Ronez had some inclement weather to deal with, in the shape of several storms passing through the Channel Islands, its underlying demand and project pipeline remains solid. The Benelux platform recorded robust sales in both aggregates and dimension stone, indicating a good pipeline overall. Our discussions with Santander and four banks in Belgium to put in place a Group-wide credit facility, which would provide further financial flexibility to support our growth, are far advanced and we look forward to providing further updates as and when appropriate.

In consideration of the above, I believe it is only fitting to close this report with three facts: firstly, our business made excellent progress in 2019 and Q1 2020; secondly, as a management team we have, since early March 2020, made preparations to mitigate the impact of COVID-19 on our business through several action plans and mitigation strategies; and thirdly, the underlying business, its asset backing and strength of its senior management team position the Group well to deliver shareholder value.

This report was approved by the Board on 17 April 2020.

Max Vermorken

Max Vermorken
Chief Executive Officer

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Our response to COVID-19

Coronavirus update

> Since the end of February 2020, we have been working to prepare our business for scenarios that I do not think anyone could have anticipated, namely, those brought about by the impact of the Coronavirus pandemic. Fortunately, as a team, we believe we're ahead of most and found ourselves in a good position to help protect our staff and our business from the potential consequences of COVID-19. With this message, I intend to give you some insight into how we are approaching this challenge.

Preparation and uniform approach

In early March 2020, it became apparent that the Coronavirus would pose a serious challenge to all of us. To prepare for this challenge, we instructed our Health and Safety Director, Clint White, and the Group MDs to immediately start coordinating our response across the entire business. A Group-wide campaign on how to prevent contracting the virus, based on scientific and Government advice, was started. At the time of writing, this has been successful, with all our operations remaining free of confirmed or probable Coronavirus cases.

Increasing our readiness

As time passed, it quickly became apparent that basic hygiene rules would not be enough and that we needed to do more; we needed strict social distancing. As a business, we are fortunate in that we mostly work in the open air, on sites with plenty of space and carry out jobs that can be reconfigured to be performed alone, indicating a relatively lower risk profile.

However, across the Group we also have administrative offices, portacabins, breakrooms and toilets. We have made sure to ventilate these spaces well where possible, otherwise deciding to limit access or closing them completely. We have also enhanced cleaning routines and surfaces touched by staff are now cleaned more frequently. Those who could work from home were instructed to do so, in order to respect the social distancing instructions. In addition, a programme was put in place to ensure those working from home did so in the right setup and environment.

Financial preparation

As a team, we also looked carefully at the possible financial implications to our business resulting from Coronavirus. I am happy to report that, at an early stage of pandemic, we developed contingency plans that prepared our business well for the possible consequences of this virus. Simulations were run to understand how long we could survive with zero revenue, how much revenue loss we could stand to remain cash positive, how much revenue could be lost before banking covenants were breached and what would need to be done to make our financial position as secure as possible.

The plans we developed were reassuring. Our cash balance was robust and would allow us to operate for over six months with zero revenue and without drawing any further debt. We have access to further bank facilities if required. Even more encouraging is the fact that these plans were prepared, finalised and presented to the Board well before the UK and Belgium governments announced the various financial support packages. When it became clear how such financial support could help us if required, we felt we were in an excellent position as a Group to deal with the challenges ahead.

Brace for impact

As Coronavirus started to spread and Belgium, the UK and the Channel Islands started reporting a significant number of cases, the implementation of our contingency plans became the priority. Several additional steps were taken:

- **Daily calls:** To coordinate activity across all businesses and facilitate a uniform approach across the Group, daily calls with all managers were set up to report on the situation in each business.
- **Continuing to operate:** The next dilemma became whether to stay open or shut our sites. Government regulations in the UK and Belgium indicated our activities could continue, as long as all health recommendations were followed. In the Channel Islands the indications changed over time. As a management team, we debated the matter extensively, to conclude that if we could guarantee correct social distancing and hygiene measures, staying open where permitted was the right answer. While keeping our staff out of harm was our key focus, our second priority had to be supporting our local economies and communities by paying our bills and supplying materials required for projects such as hospitals and road infrastructure. If we could continue to operate and trade, we were not a burden to the economy, but in fact, contributing to it. This ultimately felt like the right approach.

  As a result, the Group had to close all but essential infrastructure maintenance operations, in both Guernsey and Jersey, for a period of 14 days commencing effective from 26 March 2020 and 4 April 2020 respectively. Guernsey has remained closed up until the publication of these Accounts, however, there is an expectation of an easing of restrictions and a controlled restart of business activity during the week commencing 20 April 2020. The Jersey Government has implemented a permitting system that is progressively facilitating the reopening of accredited construction sites and small works. At the time of writing modest supplies have commenced, with an acceleration in the Group's operations expected to commence from 20 April 2020.

  In the UK, the Group remains active across all sites, albeit at reduced volume levels, supplying product where doing so is an economically viable proposition for its customers. In this context, the Group has decided to suspend some of its production capacity and supply from stock. In Wales, G.D. Harries remains active across a number of civil engineering and road maintenance contracts, having reduced production and haulage capacity in-line with current local demand.

  The Group's Belgian businesses also remain operational with the support of staff and unions, supplying bluestone to a reduced number of active customers. The Group's partner in the sale of aggregates from its Soignies quarry has decided to close its production entirely until further notice. However, the Group continues to supply customers from its other aggregate quarries near the town of Huy.
- **Consultation with unions and staff:** In order to ensure our operations could continue, a dialogue with staff commenced at each production site. Those who were considered to potentially be at risk (for example those that had a pre-existing medical condition), those who had any symptoms similar to those experienced by people suffering from COVID-19, or those who were in contact with COVID-19 patients, were instructed to go home and isolate. Surveys were conducted to understand requirements to stay home with children, providing management with a good understanding of the pressures on our staff.

  In Belgium and in Jersey, where the workforces are unionised, a dialogue was started with the unions, who in every case were proactive, supportive and understanding that, as long as staff could be kept safe, there was a local community and economy to consider, as well as the future of the business. The union representatives showed true leadership and vision during those discussions.
- **Face masks:** A topic that followed from our staff consultations was the need for face masks. After failing to secure the required number we decided to hire a team of seamstresses and make them ourselves. 2,000 face masks have been ordered of which 1,000 have been received and distributed to members of staff. The remaining 1,000 are planned to be donated to local hospitals. Appropriate instructions were given to each staff member to ensure proper use of the masks.
- **Paying our bills and helping the community:** The next challenge became the management of our cash in a climate where more and more customers were signalling that they would not be making timely payment of their outstanding liabilities. Daily cash monitoring and bi-weekly calls were set up between all accounting and credit control teams to ensure we managed our cash prudently. Through discussions with our customers and suppliers, we were able to continue to pay our bills and maintain our cash position without significant erosion. In the end, our mission has been to be a supportive business, helping its local communities where it could while not endangering its own liquidity position.

At the time of writing, the above summary provides a detailed perspective of our position and our approach to dealing with the Coronavirus. We firmly believe that the Group is in a strong position. We have remained operational where permitted and where deemed safe, selling product, collecting cash and paying suppliers. We are supplying products to those who needed them for their activities, including hospitals and for the maintenance of roads. Wherever possible we have helped our local communities without forgetting our mandate to our shareholders.

To conclude this additional update, I want to make it very clear that none of the above could have been achieved without the tireless support of a phenomenal team of individuals who collectively make up the SigmaRoc group. In the face of this crisis, they remained humble, disciplined, understanding and a true team. They understood how little we could do as individuals but how much we could accomplish as a team, as a business, as a society.

Max Vermorken

Max Vermorken
CEO
SigmaRoc plc

2019 timeline of key events

January

Completed a vendor placing, raising £12 million. Refinanced a £10 million convertible loan note improving overall cost of debt.

Extended our credit facilities with Santander from £20 million to £34 million.

Acquired CCP, bringing in £21 million in revenue and a concrete block production of 18 million blocks per year, giving SigmaPPG a true country-wide presence and expanded portfolio.

Appointed Tim Hall, one of the principal architects of Breedon's success, to our Board.

February

Opened a new ready-mix concrete plant in Jersey in the presence of key Shareholders.

March

Closed a deal with Lindsay Corporation, a US$1 billion company based in the USA, to commercialise and produce its revolutionary traffic management system, Zipperblock, in the UK.

April

JV with major aggregates producer G.D. Harries to build a South Wales platform under the stewardship of Ian Harries.

May

Appointment of Emmanuel Maes, previously CEO of major aggregates and dredging business Group De Cloedt, as MD Europe with the mandate to secure the Group's entry into the Benelux.

June

Support of shareholders at the AGM to continue our growth story.

July

Start of intensive work on our entry into the Benelux region following several leads and identification of potential acquisition targets.

August

Agreed terms, in principle, with two major private equity firms for the acquisition of Carrieres du Hainaut, Europe's largest dimension stone company and owner of one of Belgium's largest aggregates quarries.

September

Announcement of acquisition of Stone Holdings, our first business in Belgium, as a starting point for our operations in Belgium and the Benelux.

Proposed appointment of renowned entrepreneur and industrialist, Jacques Emsens, to the Board.

October

Raised £33 million to, *inter alia*, close the acquisition of Carrieres du Hainaut and establish SigmaRoc as a sizeable operator in the Belgian aggregates and the European dimension stone markets.

November

Roll out of new Group-wide safety policy focussing all businesses on the vital importance of the health and safety of our colleagues, customers and suppliers.

December

Creation of advisory board in Belgium focussed on the Benelux business which was joined by entrepreneur and private equity investor Count Christophe de Limburg Stirum, and Pascal Lesoinne, previously CEO aggregates and cement for Heidelberg Benelux.

Management team (ExCo)

Max Vermorken
Chief Executive Officer

Garth Palmer
Chief Financial Officer

Charles Trigg
Technical Director

Mike Osborne
ExCo
Ronez

Michael Roddy
ExCo
SigmaPPG

David McClelland
ExCo
South West UK

Emmanuel Maes
ExCo
Europe

Christophe Daulmerie
ExCo
Dimension Stone

Map of all assets

Business Review: Invest, Improve, Integrate

Our business model

SigmaRoc was set up with the vision to build a competitive construction materials group, focussed on the long term benefits our industry has to offer. Our business model was conceived out of the experiences of many high level executives and entrepreneurs in the sector, allowing several important conclusions to be drawn.

Construction materials are a local product, consumed and produced locally, and, due to their high mass to price ratio, they tend to travel shorter distances to end customers than other commodities, such as oil or metals. This brings a particular dynamic to the sector, focussed on local and fragmented markets.

Our business model starts from the understanding that each local market is different, with its own particularities, competitive pressures and local history. Understanding that structure, preserving its history and local dynamics, while applying best-in-class operational and financial management, will ultimately, all things being equal, lead to a better offering, for investors, customers, employees and local communities.

A particular ingredient in that structure is empowering local managers and operators to take full responsibility for their business or division. Only local managers fully understand the requirements of the local market. Product innovation, customer engagement and Capex decisions are all driven by local requirements and not by a group agenda, which may or may not be adequate for what is required on the ground.

At a group level, we utilise this decentralised approach to focus on what we are best at; finding appealing investment opportunities, helping the acquired businesses reach a best-in-class status operationally and financially, and lock in synergies available to us through scale and expertise.

Implementing our strategy

In practice, the implementation of the vision expressed above can be achieved through three core principles:

We invest in businesses. This is not the same as acquiring them. We aim to keep and improve those aspects which made them worth acquiring, whether that is their independent mind-set, their entrepreneurial nature or their founder.

We improve the businesses we have bought by targeting those aspects which were less efficient than they could be. This can vary widely from inefficient sales efforts, poor cash management to operational difficulties.

Lastly, we integrate the businesses we buy into clusters where compatibility secures synergies and where scale helps to generate local buying power. We also integrate acquired businesses into the infrastructure of the Group, providing centralised technical, financial and managerial support, allowing the newly integrated business to capture efficiencies and economies of scale.

Invest

- **Only in businesses with solid intrinsic value;**
- **Only in businesses with the potential to be improved and grown;**
- **Only in businesses which can be bought at an attractive valuation.**

Improve

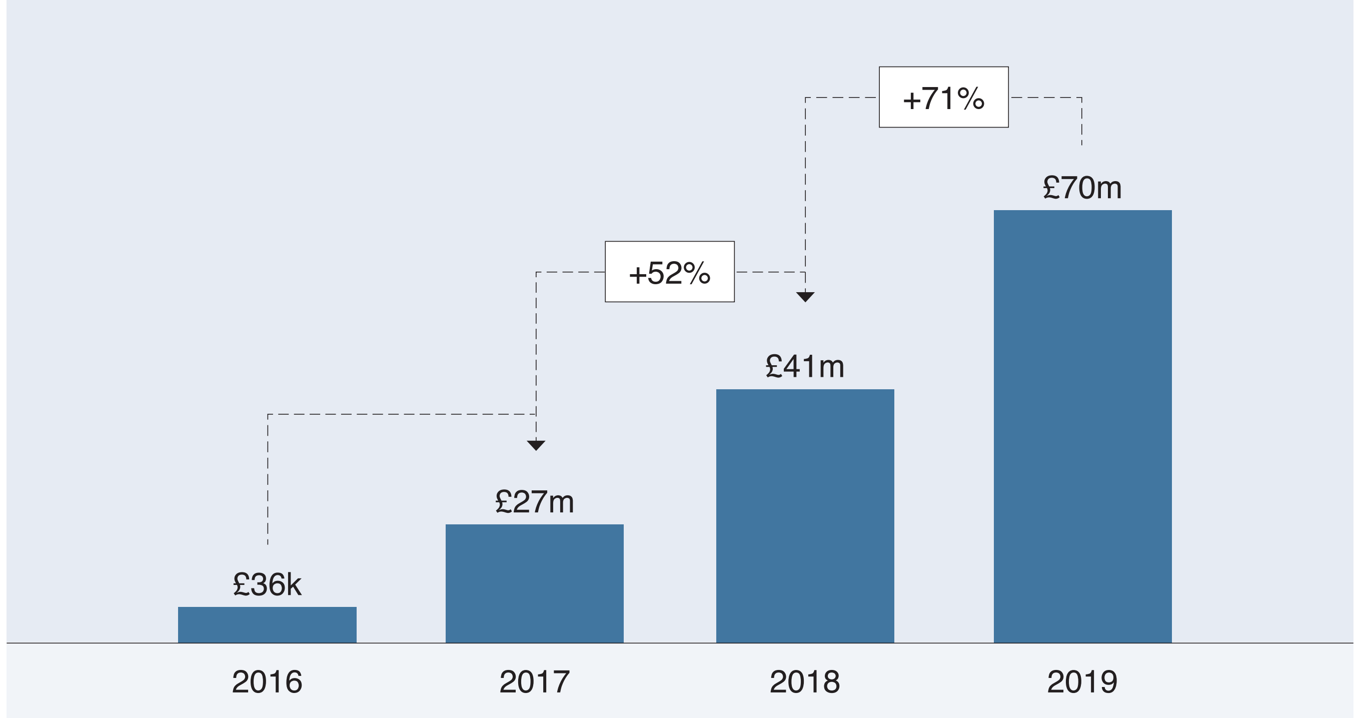
- **The operational and financial performance of the business;**
- **The motivation of management to drive growth;**
- **The ultimate offering to the local market and community.**

Integrate

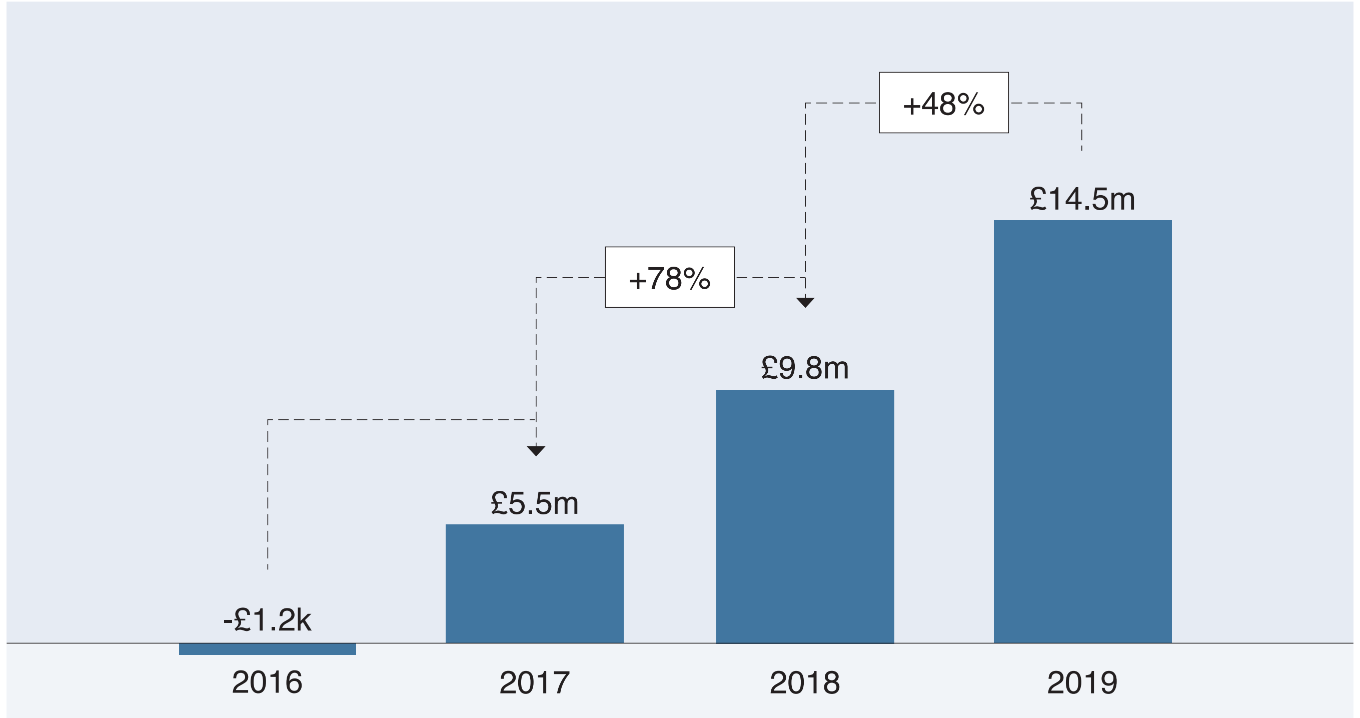
- **By building platforms of compatible businesses;**
- **By unlocking those synergies which do not come at a significant cost;**
- **By recognising the value of what previous owners built.**

Our track record to date since founding the business in 2016

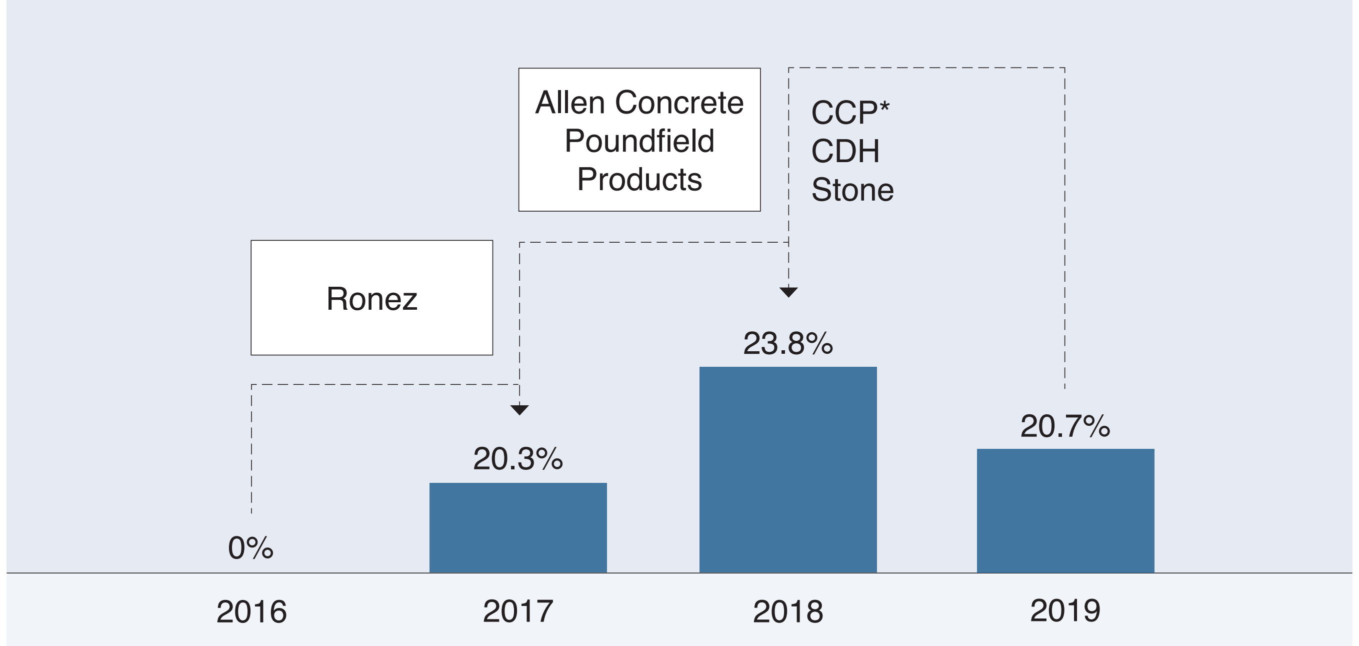
Year-on-year Revenue Growth



Year-on-year Underlying EBITDA Growth

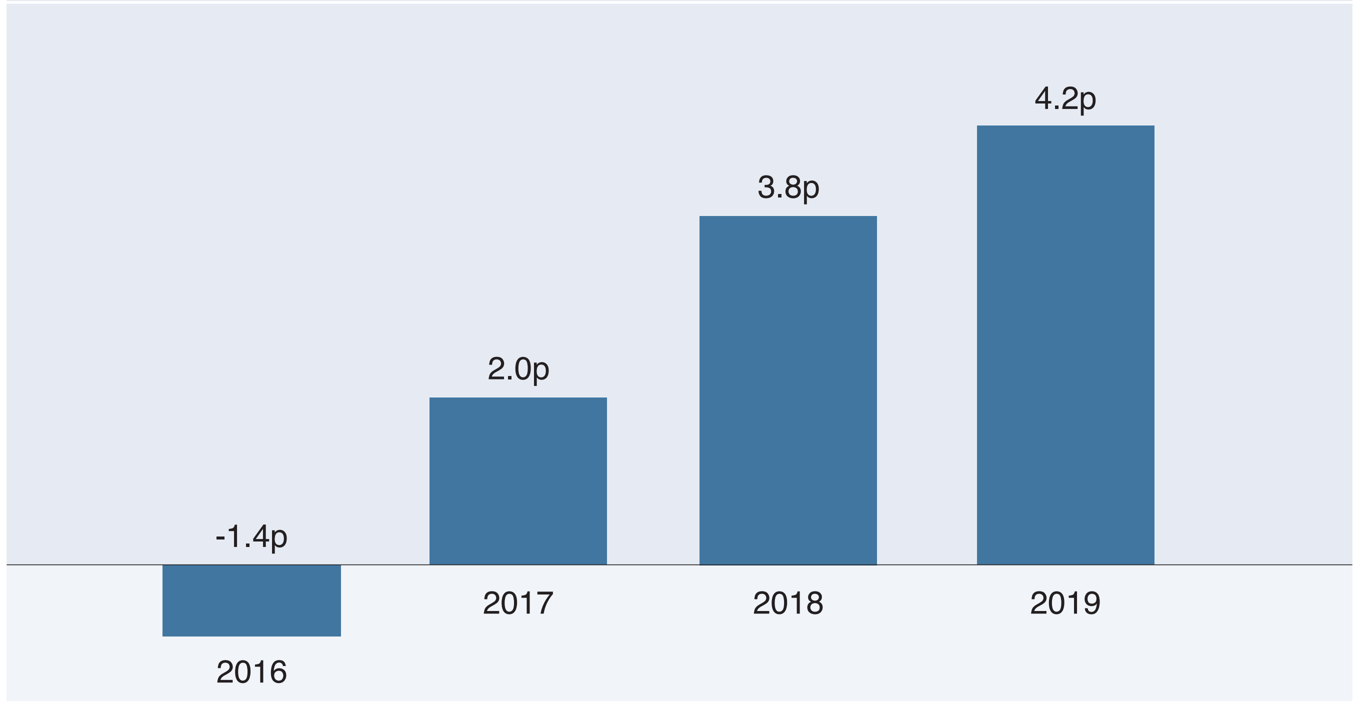


Year-on-year Underlying EBITDA Margins

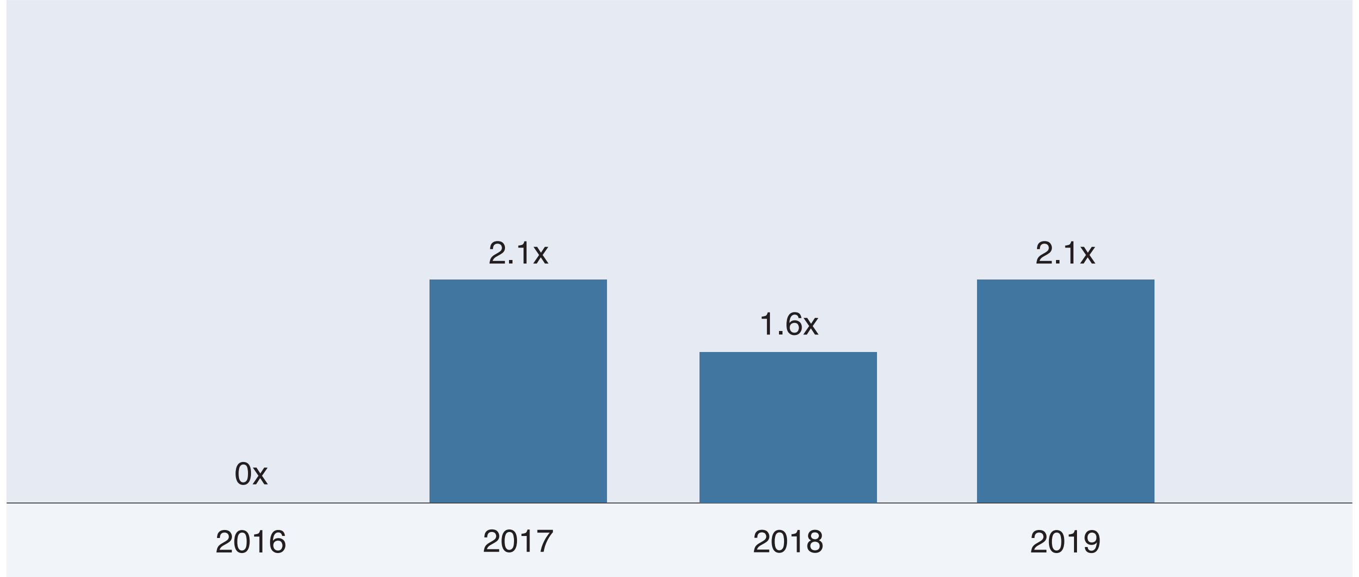


Notes:*CCP at acquisition ran at an average 10% EBITDA margin. This has already been improved to 14% over 2019.

Year-on-year Underlying EPS

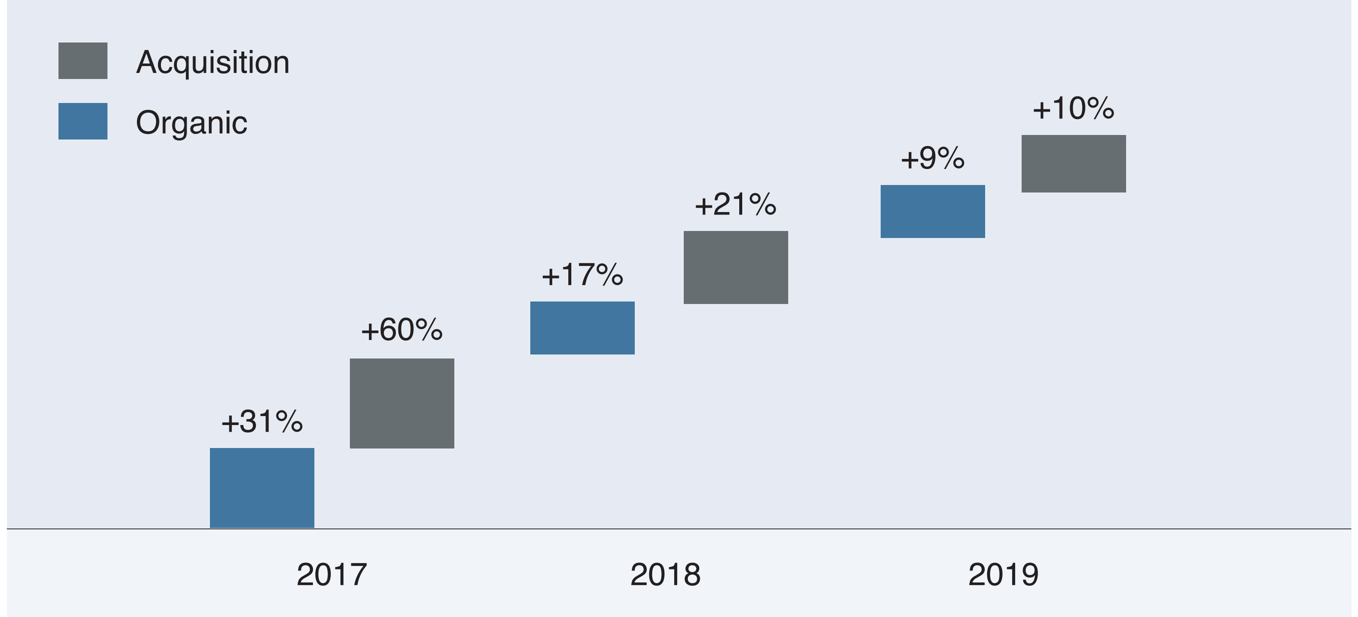


Net Debt to Underlying EBITDA



15/10/2019 CARRIÈRES DU HAINAUT **6.8x** CDH's Underlying EBITDA for past 12 months	**11/09/2019** STONE HOLDINGS **4.4x** Underlying EBITDA for past three year average	**15/04/2019** GD HARRIES **7.6x** Underlying EBITDA for the previous financial year	**25/01/2019** CCP **5.85x** Underlying EBITDA for past 12 months
13/12/2017 POUNDFIELD **6.8x** Underlying EBITDA for the previous financial year	**19/10/2017** ALLEN CONCRETE **6.25x** Underlying EBITDA for the previous financial year	**15/04/2017** MV RONEZ SHIPPING ASSETS **2.5x** Underlying EBITDA for the previous financial year	**05/01/2017** RONEZ **9.0x** Underlying EBITDA for the previous financial year

Underlying EBITDA Growth by type versus prior year
Underlying EBITDA

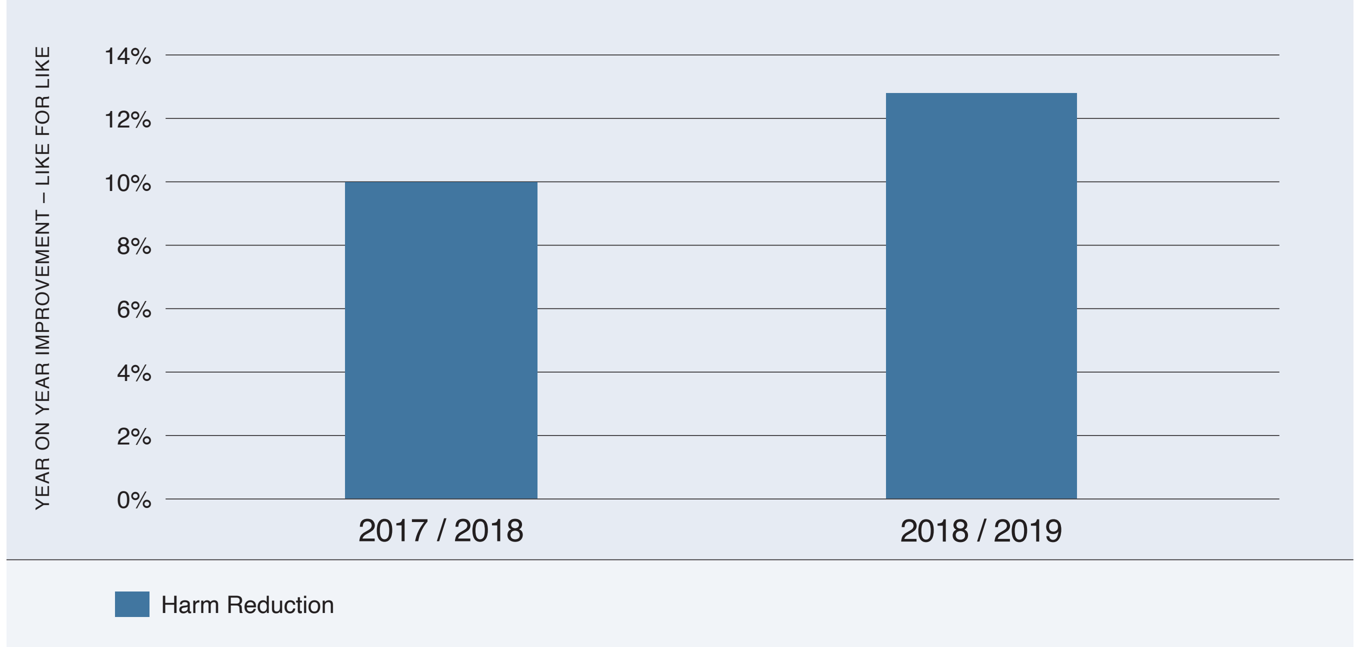


> I recognise the potential of SigmaRoc's business model and I am very pleased to be leading its implementation in the EU market after serving as CEO of Group De Cloedt, building the business from €40m to €240m turnover via organic growth and acquisitions.

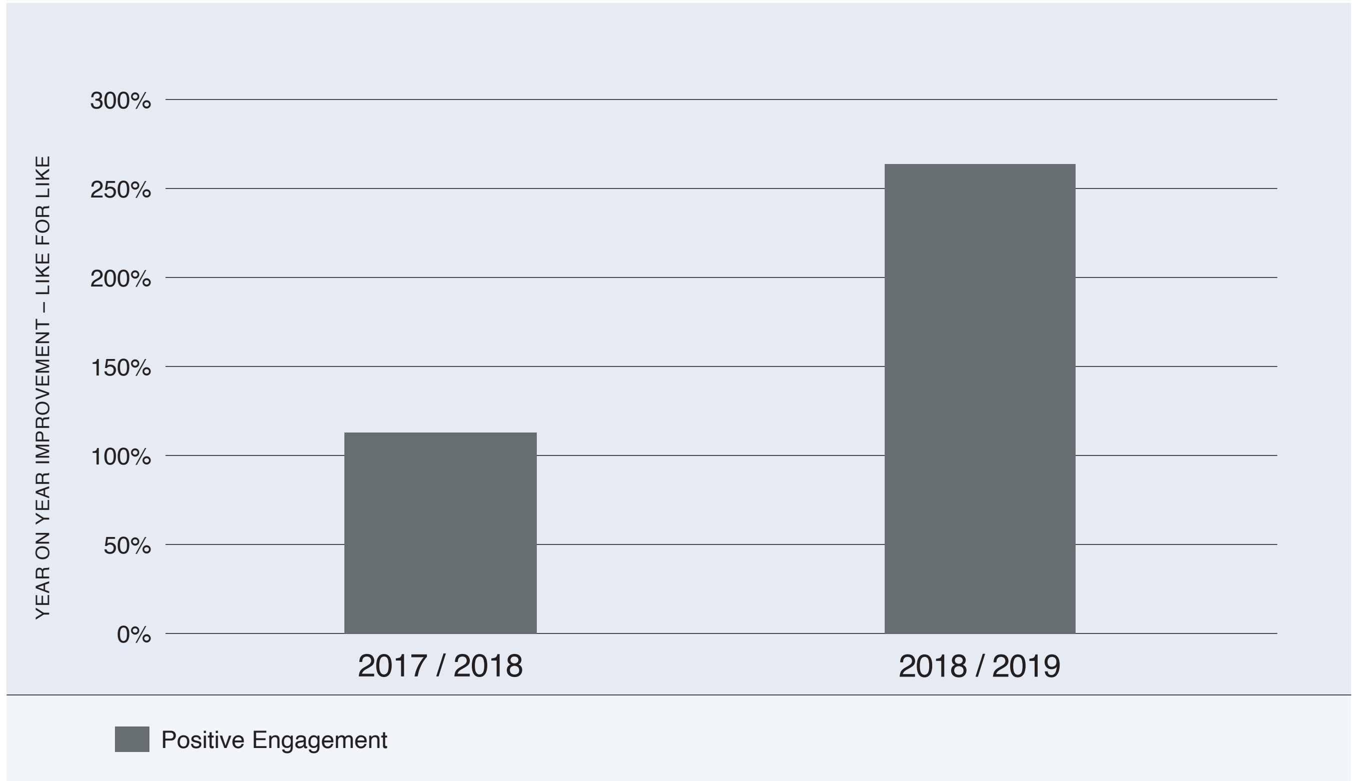
Emmanuel Maes

ExCo
Europe

Safety year-on-year: Harm reduction



Safety year-on-year: Positive Engagements



Platforms

Ronez

The Ronez operations supply the Channel Islands with aggregates, ready-mixed concrete, asphalt and precast concrete products. Operating out of St John's Quarry in Jersey and Les Vardes Quarry and Vale Castle in Guernsey, we offer a full range of high-quality construction materials.

Mike Osborne

Managing Director
Ronez

Quarrying activity at Ronez's sites can be traced back to 1869, serving the island's needs for quarried stone. We have grown and developed Ronez, which now produces precast materials, ready-mixed concrete, asphalt as well as undertaking contracting services.

The creation of shipping division, SigmaGsy by SigmaRoc has helped with transporting dry-bulk materials to and from the sites, resulting in higher profits and operational efficiency.

Michael Roddy

Managing Director
SigmaPPG

With locations in east and central England, as well as London and the North West, we supply a wide and diverse range of industries ranging from house builders and farmers to sea defence projects and car park contractors, as well as standard building blocks.

Our SigmaPPG companies are some of the most experienced and innovative in their industry; some operating for over 70 years, while others own a significant number of patents and licences.

SigmaPPG

SigmaPPG (Precast, Prestressed group) is a Platform of companies specialising in manufacturing precast concrete products. Our platform includes Allen Concrete, Poundfield Products and Cheshire Concrete Products.

Benelux

Carrieres du Hainaut is the cornerstone of our Benelux platform, which comprises our operations at CDH and Stone Holdings. We presently produce around 900,000 square metres of high quality Belgian blue stone per year, a high grade dimension stone produced exclusively in Belgium under European protected status.

Christophe Daulmerie

ExCo
Dimension Stone

Additionally, we produce up to 2 million tonnes of aggregates at our quarries in Belgium, supplying a range of partners and construction companies with application ranging from concrete, to sea defence work, riverbank fortification and standard applications in roads and construction.

Our business in the Benelux is well positioned with reserves and resources of over 150 million tonnes of construction aggregates and over 28,000,000m³ of high quality Belgian Blue Stone. The business employs over 430 people and has a proud history, dating back 130 years, of extracting a highly sought after material.

GDH

GDH is the cornerstone for SigmaRoc's South West Platform. With a 40% stake (and ability to purchase the remainder by September 2020), SigmaRoc has a significant footprint in the region.

David McClelland

Managing Director
South West UK

GDH is one of Wales' largest independent suppliers of aggregates – based in West Wales, it operates out of six granite and limestone quarries – incorporating three asphalt plants, six concrete plants, and a wharf operation, as well as a civil engineering division delivering significant infrastructure projects.

The business was founded by Mr. Gerald D. Harries and built into the foremost independent regional supplier by his son Ian Harries, who is currently its chairman.

Directors' Report

As I will be stepping down from my role as an executive Board member and Chief Financial Officer following publication of these Accounts, I would like to begin this report by thanking the Board and shareholders for the opportunities afforded to me over the better part of four years. Due to other business interests, I have occupied my role in a part time capacity, and it was always envisioned I would step aside when the time was right. Now more than ever the Group needs a fulltime CFO and we are extremely pleased to have Dean Masefield taking over. I have immensely enjoyed my time to date with SigmaRoc, am extremely proud of everything we have achieved together and look forward to continuing the journey as a Non-Executive Director.

I am very pleased to report a strong year financially for the Group, during which we exceeded our ambitious financial targets, while continuing to expand our business. We completed four acquisitions during the year, with CCP in January, GDH in April, Stone in September and then CDH in October.

In our full 2019 financial year, the Group generated revenue of £70.4 million (2018: £41.2 million) and underlying EBITDA of £14.5 million (2018: £9.8 million). The underlying profit before taxation for the Group for the year ended 31 December 2019 was £8.4 million (2017: £5.5 million).

The loss for the Company for the year ended 31 December 2019 before taxation amounts to £4.7 million (2018: loss £0.9 million), which includes £3.6 million of non-underlying expenses.

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 2020.

	2019	2018
Cash and cash equivalents	**£9,867,696**	£3,771,735
Revenue	**£70,362,472**	£41,241,673
Underlying EBITDA	**£14,534,647**	£9,823,080
Capital expenditure	**£3,384,363**	£6,670,447

Cash generated from operations was £2.1 million (2018: £5.5 million) with a net increase in cash of £6.1 million (2018: net decrease of £3.2 million). In October 2019, the Group raised in aggregate, £33 million in relation to the acquisition of CDH, which resulted in a net cash surplus of £5 million after paying cash consideration and associated transaction costs.

Revenue and underlying EBITDA is in line with expectations and management forecasts.

Capital expenditure relates to purchase of new plant and machinery and improvements to existing infrastructure across the Group.

PPA

BDO UK undertook the PPA exercise required under IFRS 3 to allocate a fair value to the acquired assets of CCP.

The PPA process resulted in a reduction of goodwill recorded on the Statement of Financial Position of the Group for CCP from £13.5 million to £7.9 million. The reduction was to transfer the value of goodwill to intangible assets for land and mineral reserves, trade name, workforce and customer relations.

Non-underlying items

The Company's loss after taxation for 2019 amounts to £4.7 million, of which £3.6 million relates to non-underlying items, while the Group's non-underlying items totaled £6.2 million for the year. These items relate to seven categories:

1. £2.6 million in exclusivity, introducer, consulting, legal fees and other direct costs relating to prospective acquisitions. During the year the Group acquired four businesses, being CCP, GDH, Stone and CDH for a combined enterprise value of approximately £112 million and proforma EBITDA of approximately £17 million.
2. £0.8 million legal and restructuring expenses relating to the rebranding and alignment of all subsidiaries across the Group.
3. £1.2 million amortisation of acquired assets.
4. £0.7 million in relation to the convertible loan note redemption premium and associated advisor fees.
5. £0.5 million loss on discontinued operations at its Bury site.
6. £0.2 million in share based payments relating to grants of options.
7. £0.2 million in other exceptional costs which primarily relate to non-cash balance sheet adjustments.

Interest and tax

Net finance costs in the year totaled £2 million (2018: £1 million) and included £0.5 million redemption premium on the Group's convertible loan notes plus associated interest, bank finance facilities, as well as interest on finance leases (including IFRS 16 adjustments) and hire purchase agreements.

A tax charge of £0.5 million (2018: £0.3 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 and Belgium based operations.

Earnings per share

Basic EPS for the year was 0.92 pence (2018: 2.65 pence), adjusted for the non-underlying items mentioned above. Underlying basic EPS for the year totaled 4.20 pence (2018: 3.83 pence).

Statement of financial position

Net assets at 31 December 2019 were £102 million (2018: £54 million). Net assets are underpinned by mineral resources, land and buildings and plant and machinery assets of the Group.

Cash flow

Cash generated by operations was £2.1 million (2018: £5.5 million). The Group spent £35.9 million on acquisitions net of cash acquired and £3.4 million on capital projects. The Group raised £44 million net of fees through the issue of equity and drew down net borrowings of £1.2 million which included repayment of the £10 million convertible loan notes, £16.3 million drawdown from the Santander credit facility and £5.1 million of debt repayments in acquired subsidiaries. The net result was a cash inflow for the year of £6.1 million. Net debt at 31 December 2019 was £49.8 million (2018: £16.0 million), £32.0 million arising from the recent acquisition of CDH and is in the process of being refinanced.

Bank facilities

In 2017 the Group secured debt facilities with Santander consisting of a £2 million RCF, an £18 million term facility and a further "accordion" facility of £10 million. In December 2018 the Group received credit approval from Santander to increase the RCF to £4 million and the term facility to £30 million, bringing the total debt facilities available with Santander to £34 million (the 'Existing Debt Facilities').

The Group is currently in the final stages of agreeing a new club financing facility agreement with Santander and several Belgian banks for an RCF of £15 million, term facility of £45 million and an acquisition and Capex facility of £20 million (the 'Club Refinance'). Successful negotiation of the Club Refinance, which is at an advanced stage, will result in total debt facilities being made available to the Group of £80 million, with a further £40 million accordion facility on materially the same terms as the Existing Debt Facilities. As a result of the Coronavirus pandemic, it has been mutually agreed to extend the existing Belgian debt facilities to 31 December 2020 and it is expected that the Club Refinance will be formalised on or before this date.

The Group's Existing Debt Facilities have a maturity date of 29 August 2022 and are subject to a variable interest rate based on LIBOR plus a margin depending on EBITDA. As at 31 December 2019, total undrawn facilities available to the Group via the Existing Debt Facilities amounted to £7.7 million.

The Group's Existing Debt Facilities are 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 3.25x in 2019. At 31 December 2019, 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 2018: 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 risk event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Operational risk

Since the period under review, the Coronavirus pandemic has become a significant emerging risk to the global economy. Due to inherent uncertainty, the Group cannot reasonably estimate the potential impact on the Group's financial position, results of operations or cash flows in the future, however the Board continues to actively monitor the situation as more information about the Virus emerges and responds accordingly, taking into consideration the various contingency and mitigation plans it implemented from the early outset of the Coronavirus outbreak.

Reserve and resource estimates

The Group's reporting of reserves and resources are estimates, and so there is potential uncertainty over the amount of such reserves and resources 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 the 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 that 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 the 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.

Directors & Directors' interests

The Directors who served during the year ended 31 December 2019 are shown below and had, at that time, the following beneficial interests in the shares of the Company:

	31 December 2019		31 December 2018	
	Ordinary Shares	Options	Ordinary Shares	Options
Max Vermorken	447,511	11,807,349	210,032	4,368,188
David Barrett	2,175,640	5,638,674	760,032	1,879,513
Garth Palmer	256,186	3,326,014	114,594	488,136
Dominic Traynor	-	791,511	-	26,014
Patrick Dolberg	184,756	765,497	75,000	304,580
Tim Hall[1]	300,000	750,000	-	-

(1) Appointed on 18 April 2019

Further details on options can be found in Note 29 to the Financial Statements.

Details on the remuneration of the Director's can be found in Note 10 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 36.

Going concern

As documented extensively in these Accounts, the impact of the COVID-19 pandemic on the Group's business, revenues and cash flow creates significant uncertainty. However, given the Group's robust balance sheet and in conjunction with forecast projections based on, what are considered to be as at the date of these Accounts, worst case scenarios, 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.

Events after the reporting period

Events after the reporting period are set out in Note 38 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 2019, the Company had an average of 82 days (2018: 26 days) purchases outstanding in trade payables and the Group had an average of 51 days (2018: 43 days).

Future developments

Details of future developments for the Group are disclosed in the Chairman's Statement on page 8 and the CEO's Strategic Report on page 11.

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 17 April 2020 and signed on its behalf.

Garth Palmer

Garth Palmer
Chief Financial Officer

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's 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.

Governance Report

Board members

David Barrett
Executive Chairman

Max Vermorken
Chief Executive Officer

Garth Palmer
Chief Financial Officer

Dominic Traynor
Non-Executive Director

Patrick Dolberg
Non-Executive Director

Tim Hall
Non-Executive Director

New Appointments

Jacques Emsens
Non-Executive Director

Simon Chisholm
Non-Executive Director

Dean Masefield
Chief Finance Officer

Corporate Governance Report

The Directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board has decided to comply with the QCA Code. In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. Garth Palmer, in his capacity as CFO, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are followed and applied within the Company as a whole.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The key governance related matter that occurred during the financial year ended 31 December 2019 was the establishment of a Group-wide health and safety policy.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One
Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Company. The principal activity of the Group is the production of high-quality aggregates and supply of value-added construction materials and the aim is to create value for shareholders through the successful execution of its 'buy and build' strategy in the construction materials sector.

The Board implements this strategy by focusing investment into high quality and well managed construction material assets, establishing a strict criteria for project evaluation and selection, utilising industry recognised methods of operation, developing a results-driven exploration approach, actively monitoring operational and financial performance measured against deliverable targets and budgets and considering alternative commercial options for projects which no longer meet the established criteria of the Group.

Principle Two
Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its regulatory announcements, website, www.sigmaroc.com, and via Andrea Mora of Rubik Communications Limited, the Company's financial PR adviser, who is available to answer investor relations enquiries.

Principle Three
Considering Wider Stakeholder and Social Responsibilities

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, all employees of the Company participate in a structured Company-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

The Group has supported and given back to the community by participating in a selection of projects in recent years, further details of the Group's environmental, social and governance related initiatives are provided on page 42.

Principle Four
Risk Management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks and identifies the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Operation	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment, balancing salary with longer term incentive plans
	Depletion of mineral resources and inability to secure additional reserves	Operations are dependent on a quality source of aggregate	Resource expansion plans developed at all sites
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
Strategic	Market downturn	Macroeconomic conditions adversely affecting Group's prospects.	Contingency 'disaster' budgets and regular assessment of materials market.
	Competition	Expansion in the UK and Belgium affect Group's risk	Strong relationships with government and community and experienced senior management
Financial	Misappropriation of Funds	Fraudulent activity and loss of funds	Robust financial controls and split of duties
	IT Security	Loss of critical financial data	Regular back up of data online and locally

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the CFO and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle Five

A Well-Functioning Board of Directors

As at the date hereof the Board comprised, the CEO Max Vermorken, the Chairman David Barrett, the CFO Garth Palmer and three Non-Executive Directors, Dominic Traynor, Patrick Dolberg and Tim Hall. Immediately following the publication of these Accounts, the Board will comprise the CEO, Max Vermorken, the Chairman, David Barrett, the CFO, Dean Masefield and six Non-Executive Directors, Dominic Traynor, Patrick Dolberg, Garth Palmer, Tim Hall, Jacques Emsens and Simon Chisholm; Mr Emsens and Mr Chisholm are considered to be independent. Biographical details of the current and proposed Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. The service contracts and letters of appointment (as applicable) of all Directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least four times per annum. It has established an Audit Committee, Remuneration Committee and an AIM Rules and MAR Compliance Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

The Company shall report annually on the number of Board and Committee meetings held during the year and the attendance record of individual Directors. Details of the directors' attendance at the Board meetings are set out below:

Director	Formal quarterly meetings and meetings post change to Articles		Offshore meetings to comply with Articles	
	Attended	Eligible to attend	Meetings attended	Eligible to attend
Max Vermorken	6	6	4	4
David Barrett	6	6	6	6
Garth Palmer	6	6	1	1
Dominic Traynor	6	6	1	1
Patrick Dolberg	5	6	4	4
Tim Hall	3	4	-	-

In order to be efficient, the Directors meet formally and informally both in person and by telephone. To date there have been quarterly formal meetings of the Board held in person, plus additional ad-hoc meetings of the Board where appropriate, and the volume and frequency of such meetings is expected to continue at this rate.

At a general meeting of the Company held on 27 September 2019, Shareholders voted to approve amending the Articles removing the restriction on the Board from making any resolutions in the United Kingdom. The Board meet collectively prior to any matters being resolved, however in order to comply with the Articles prior to their amendment, two members of the Board were required to hold a meeting offshore to pass the resolutions. There were eight such meetings in 2019 in addition to the quarterly meetings which all Board members attended, plus two ad-hoc meetings.

In addition to Board meetings, the executive directors attend monthly executive committee meetings with the managing directors of the subsidiary operations.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of six Directors and, in addition, the Company has employed the outsourced services of Heytesbury Corporate LLP to act as the Company Secretary. The Company intends to appoint two new independent non-executive directors immediately following the release of the Accounts, following which it is satisfied that given its size and stage of development, between the Directors, it will have an effective and appropriate balance of skills and experience across technical, commercial and financial disciplines.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal. The respective roles of the Board members following the proposed appointments will be as follows:

David Barrett
Chairman and Executive Director
Member of the Remuneration Committee

Max Vermorken
Chief Executive Officer and Executive Director

Dean Masefield
Chief Financial Officer and Executive Director

Garth Palmer
Non-Executive Director
Member of the AIM Rules and MAR Compliance Committee

Jacques Emsens
Independent Non-Executive Director

Simon Chisholm
Chairman of the Audit Committee and member of the AIM Rules and MAR Compliance Committee

Dominic Traynor
Non-Executive Director
Chairman of the Remuneration Committee and the AIM Rules and MAR Compliance Committee

Patrick Dolberg
Non-Executive Director
Member of the Audit Committee and AIM Rules and MAR Compliance Committee

Tim Hall
Non-Executive Director

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors is to be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance of the various governance components, as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the Directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

Principle Eight

Corporate Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The Corporate Governance principles that the Board has adopted is designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders.

Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation, which came into effect in 2016.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority that set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Audit Committee

As at the date of the Accounts, the Audit Committee comprises Dominic Traynor and Patrick Dolberg, and Dominic Traynor chairs this committee. Immediately following publication of the Accounts, the Audit Committee will comprise Simon Chisholm, Dominic Traynor and Patrick Dolberg, and Simon Chisholm will chair this committee. This Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee

The Remuneration Committee comprises David Barrett and Dominic Traynor, and Dominic Traynor chairs this Committee. The Remuneration Committee reviews the performance of the executive Directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will meet as and when necessary. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

AIM and MAR Compliance Committee

As at the date of the Accounts, the AIM Compliance Committee comprises Dominic Traynor and Patrick Dolberg, and Dominic Traynor chairs this committee. Immediately following publication of the Accounts, the AIM Compliance Committee will comprise Dominic Traynor, Patrick Dolberg and Garth Palmer, and Dominic Traynor will continue to chair this committee. The AIM Compliance Committee is responsible for the coordinating and monitoring the Company's regulatory responsibilities including liaising with the Nomad and the London Stock Exchange as necessary. The purpose of the AIM Compliance Committee is to designate responsibility of ensuring best practice and application of the defined corporate governance procedures.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

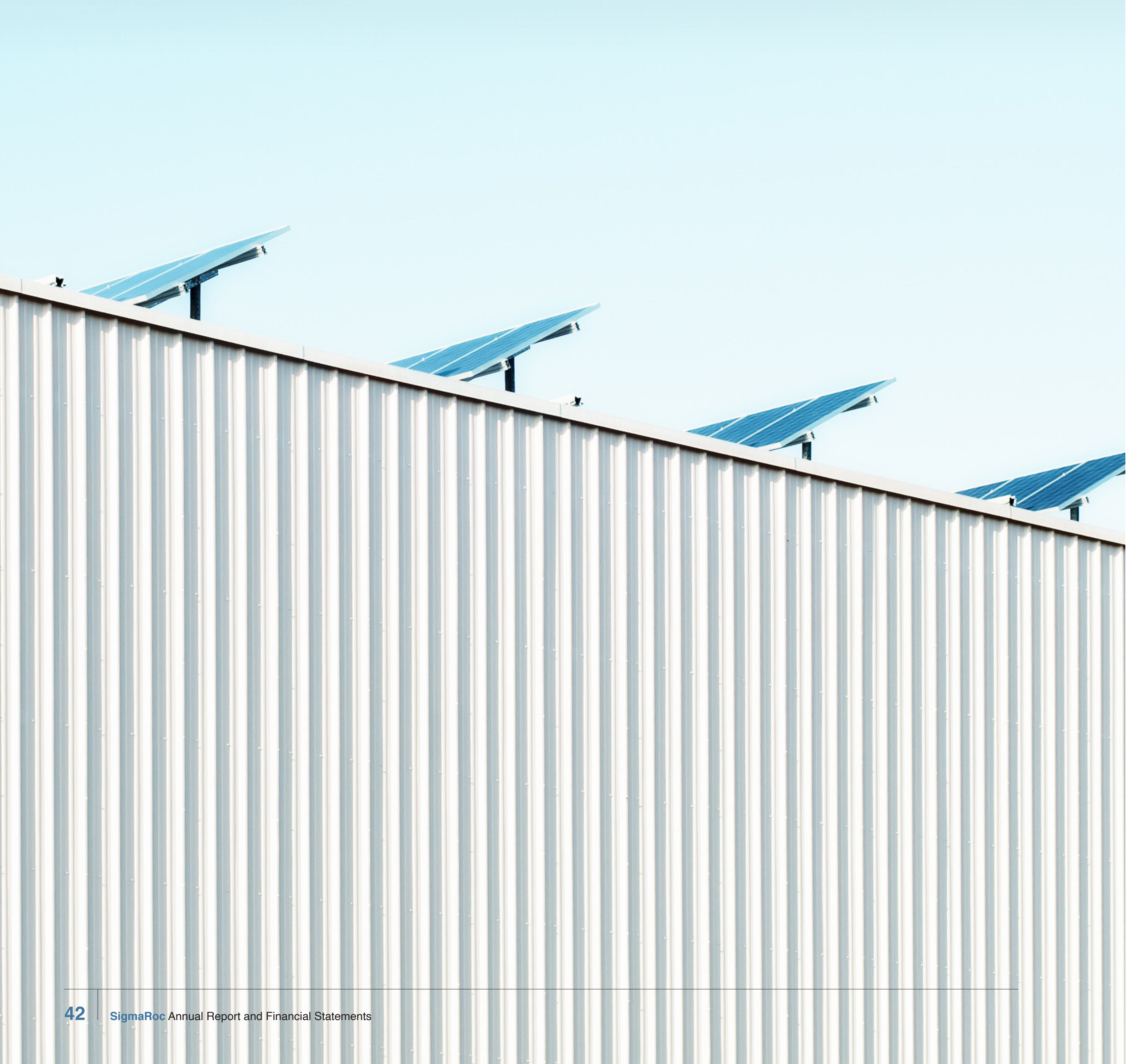
Principle Ten

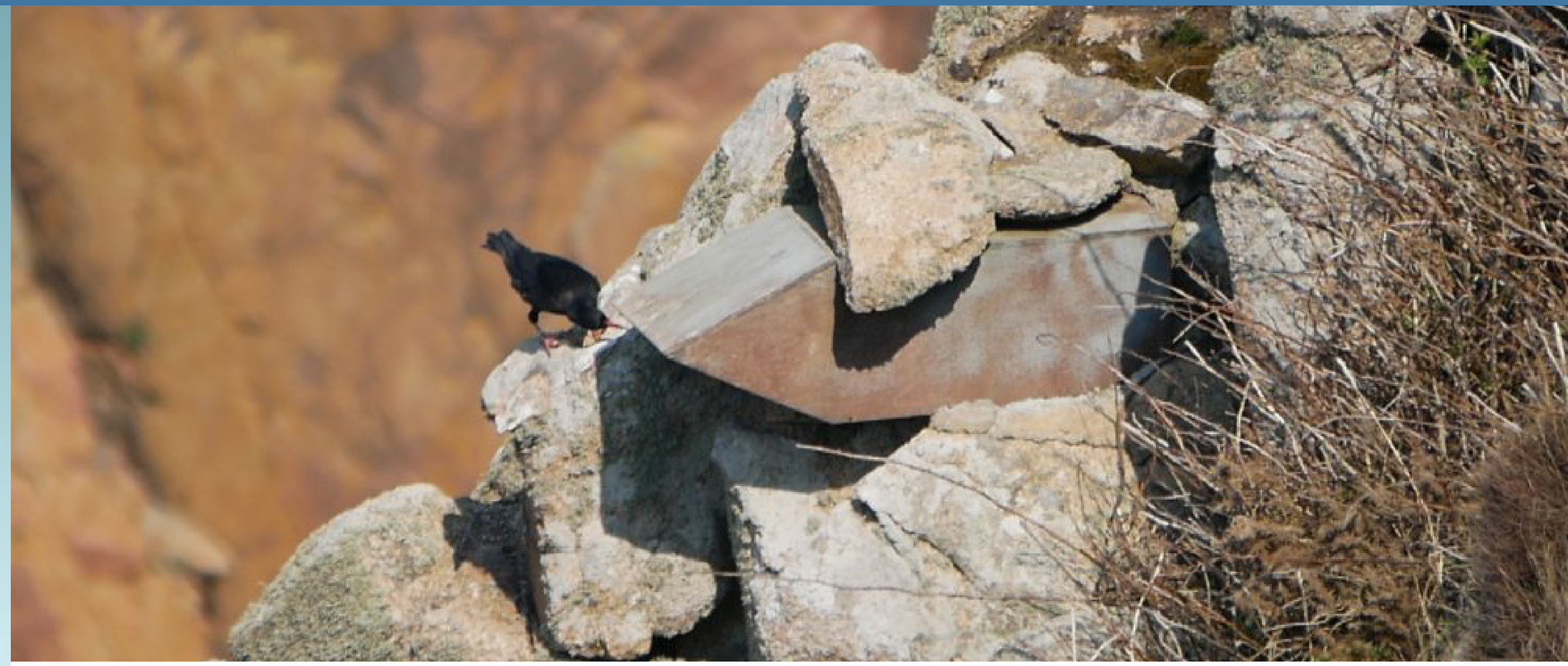
Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its regulatory announcements, website, www.sigmaroc.com, and via Andrea Mora of Rubik Communications Limited, the Company's financial PR adviser, who is available to answer investor relations enquiries. The Company shall include, when relevant, in its annual report, any matters of note arising from the Audit or Remuneration committees.

Environmental Initiatives





Energy Efficiency

We are quadrupling the energy generated from solar panels at our Belgian business CDH from 950MWh to around 3,800MWh representing around one third of the energy consumption of the site. We expect this third photovoltaic park to be up and running in 2020.

We are progressing through a programme to replace all sodium-based factory lights with LED lights which consume on average around 25% of the energy consumed by their sodium-based equivalent

We are progressing through a programme to upgrade our delivery fleet to EURO-6 engines where possible and EURO 5 in the Channel Island as imposed by axle width restrictions.

Recycling

We continue to pump over 2.5 million m^3 per year of water from the quarry at Soignies, and treating the water for domestic use to serve the needs of around 30,000 households.

Through a partnership with UK start-up, MacRebur, we have used over 40,000 plastic bottles as a replacement for bitumen in the construction of roads.

We continue to monitor, improve and optimise our use of recycled materials as a replacement for polluting compounds. This includes the use of granulated blast furnace slag as a cement replacer, the reduction of steel reinforcement bars in our precast products and the reduction of water use in our concrete and ready-mix products.

We have started to capture rainwater from the roofs of our factories to be utilised in our production process already capturing over 5,000 litres since the start of the initiative earlier this year in 2020.

We are making active use of returned materials and recycle on average 3,000 tonnes of aggregates at Poundfield Products alone into new production

Wildlife

Having won the 2018 Insurance Corporation Environmental award for Best Conservation Project, Ronez's engagement with the Birds On The Edge programme, to re-introduce the Red Billed Chough to Jersey, continued to progress positively. The number of breeding birds in the quarry grew once gain and the facilities provided by Ronez for monitoring the breeding pairs were improved further with better access for conservation staff and new nest boxes being installed.

We are part of the European initiative "Life in quarries" in Belgium promoting the reintroduction of wildlife near our quarrying operations

We have started a nesting and breeding programme near and at our precast production sites to stimulate birdlife following the success of the Ronez programme.

Social Initiatives

Local communities

Through the “Convention PFI (Plan Formation-Insertion)” and the associated certification via the “CEFOMEPI (Centre de Formation aux Métiers de la Pierre)”, CDH has over the years trained over 100 young unskilled colleagues to give them the required certification to work in the ornamental stone sector. The programme is considered a success with a high retention rate of over 80%.

Across 2019, we have supported the Durrell Wildlife Trust initiative of creating, displaying and subsequently selling at auction life-sized gorillas sculptures, raising £1 million for the Trust and engaging a large part of the Channel Island community.

G.D. Harries sponsored and organised a series of fundraising and sponsoring events to support the local community including fundraising for Prostate Cymru, sponsoring the Narberth Rugby club, the Grassland Society, the Young Farmers and the Royal Welsh Agricultural Show.

Since the founding of SigmaRoc we have actively engaged with universities in the UK and in the USA to interest young graduates, in particular female students, in the quarrying and construction materials sectors, which are typically dominated by men.

Governance Initiatives

QCA Corporate Governance Code

We adhere to the QCA Corporate Governance code and its ten key principles as detailed in our Corporate Governance Report.

Board appointments

In line with the QCA Code, during 2019 reviewed our board composition to increase both its skill and its composition. Following the publication of these Accounts, Jacques Emsens, an industrialist with a long successful career serving on boards of large quoted industrial groups and investment funds, will be appointed to the Board.

In addition, following the publication of these Accounts, the board looks forward to welcoming Simon Chisholm to the Board, adding significant skill to the board in terms of knowledge of the investment community and their requirements. Simon qualified as a Chartered Accountant and will take up the role of Chairman of the Audit Committee thereby giving it the required skill.

General Counsel appointment

We were extremely pleased to be appointing Anthony Brockbank as our General Counsel on a part time basis effective from May 2020, which will greatly assist with our internal competencies in terms of corporate governance, compliance with applicable regulations and directives and general ability to handle legal matters internally. Anthony is a partner at city law firm, Fieldfisher.

2020
ESG Initiatives

Ronez Platform

Gain 3rd Party accreditation for ISO 45001 Occupational Health and Safety Management Systems across the Ronez Platform and complement our ISO 14001 accreditation for Environmental management with the Guernsey ESIM Environmental Business Operations Award. This will complete a full suite of external accreditations for H&S, Quality and Environmental Management.

Develop a Sustainability Framework for the business that quantifies Scope 1 Carbon Dioxide emissions from Ronez's operations and quantifies the opportunities, with costs and time-frame, for offsetting these Scope 1 emissions. In addition to the 1,000 trees planted through a volunteer initiative lead by Ronez during February 2020, further targets include installation of charging points on site for electric vehicles and the installation of photo-voltaic cells on selected roofs.

Whilst supporting government objectives to achieve carbon neutrality by exploiting opportunities for carbon offset, Ronez's targets for 2020 will also include development of products that reduce Scope 1 emissions. A cement free concrete, which employs the addition of an activating chemical to recycled ground granulated blast furnace slag, is expected to be developed, trialled and offered to the market in pursuit of this objective.

PPG Platform

Move from the trial phase into the implementation phase of a "greener" range of products with the ultimate goal to have a cement free range of block and retaining walls.

Finish a programme of further enhancing the main nine ovens at our Middlewich site by replacing the ovens insulation. For many years this was poorly designed and, with the introduction of more modern bonded insulation products, we have been able to replace old and inefficient insulation with a more modern alternative, increasing insulation depth by 100mm. This has removed the need to use energy for heating during winter nights and we have also been able to cease adding an extra 10kg to 20kg of cement during winter months in order to aid curing, collectively reducing our carbon footprint and overheads.

Continue to work with the HR director of a recently closed plant in the area of one of our operations to find employment for c.45 of the nearly 100 staff made redundant.

South Wales Platform

Continue to improve workplace conditions for the benefit of all our employees, visitors and local community.

Working with local communities to further develop local liaison committees, which will highlight key opportunities for community partnership and interaction.

A focus on sustainability across our sites, with improvements targeted on recycling, electricity and liquid fuel utilisation, together with water management.

Benelux Platform

Phase 3 of our solar panel development plan: 3 MWh will be installed to increase solar-powered electricity to 30% of our annual usage;

Install electricity charging station at our on-site parking facilities to encourage the usage of electrical vehicles going forward;

Finalise permit for an extension zone, in cooperation with the Soignies liaison committee, in order to develop a new site that will be well integrated into its surrounding environment.

David Barrett

David Barrett
Chairman
17 April 2020

Independent Auditor's report to the members of SigmaRoc plc

Opinion

We have audited the financial statements of SigmaRoc plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise: the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company 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 as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's and parent 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 parent 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 parent 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's and Company's ability to continue as a going concern. With the current outbreak of COVID-19 in the UK and Europe there continues to be far reaching uncertainty over the effect this may have on the wider construction industry and therefore on the revenues and cashflows of the Group and Company. As noted in the Group's Coronavirus update within the Annual Report and in note 2, these events or conditions indicate that a material uncertainty exists that casts doubt on the Group's and Company's ability to continue as a going concern.

In response to this, the scope of our audit work on going concern was increased. We carried out the following additional audit procedures:

- We obtained management's forecast cash flows and covenant calculations covering the period from the date of signing to 30 June 2021. We assessed the assumptions within the forecast with regards to revenue generation, margins and cash flows.
- We challenged the Board of Directors in respect of the assumptions used in their going concern assessment and stress tested the potential impact of COVID-19 to determine the magnitude of decline in revenue and cash flow that would give rise to the elimination of the cash headroom, use of the additional borrowing facilities available and the possible breach of financial covenants.
- We reviewed and challenged the Board's controllable mitigation plans and their forecast impact on the ability of the business to continue to operate. We obtained supporting documentation to evaluate the plausibility and achievability of management's mitigation plans, including sensitised scenario forecasts.
- We performed sensitivity analysis on management's forecast cash flows.
- We agreed available borrowing facilities to underlying agreements and the extent to which additional facilities could be utilised.
- We have assessed the adequacy of COVID-19 disclosures within the Annual Report and Accounts.

We draw attention to the COVID-19 update provided by the directors, on page 14, which lays out the Group's and Company's plans to both prepare for and mitigate the effect of the current outbreak. Our opinion is not modified in respect of this matter.

Our application of materiality

Materiality applied to the Group financial statements was £700,000. This amount has been calculated taking into consideration a percentage of Profit before Tax and Turnover. 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.

Component materiality was applied and ranged from £550,000 to £125,000 having regard to the mix of size and risk profile of the Group across the components.

We agreed with the audit committee that we would report all individual audit differences identified during the course of our audit in excess of £35,000.

Materiality applied to the Company's financial statements was £350,000. We agreed with the audit committee that we would report all individual audit differences identified during the course of our audit in excess of £17,500.

An overview of the scope of our audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. 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 head office in the United Kingdom oversees the accounting function of the Group and its subsidiaries, however, each regional grouping of subsidiaries maintains the accounting records for the subsidiaries within it. During the year ended 31 December 2019, the Group expanded operations into the Benelux region where it acquired five companies including one parent company and its four subsidiaries. Given the nature of the location and language of the subsidiaries in the Benelux region, our audit of those subsidiaries was conducted by local component auditors. The subsidiaries audited by component auditors was limited to CDH Développement SA and its subsidiary undertakings, including Carrières du Hainaut SCA.

The audit was overseen and concluded in London where we acted as Group auditor. As Group auditors we maintained regular contact with the component auditors throughout all stages of the audit and we were responsible for the scope and direction of their work. We ensured that we challenged their findings in order to form an opinion on 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.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key matters to be communicated in our report.

Key audit matter	How the scope of our audit responded to the key audit matter
Carrying value of investments, goodwill and intangible assets	
The Group carries a material amount of separately identifiable goodwill, tangible fixed assets and intangible assets relating to the subsidiary undertakings previously acquired: Ronez Limited, Topcrete Limited, Poundfield Products (Group) Limited,CCP Building Products Limited and Carrières du Hainaut (refer to note 17). There is a risk that these balances may not be fully recoverable or that incorrect assumptions and estimates could lead to misallocation of balances. The Company carries a material amount of investments in its Statement of Financial Position related to these subsidiaries (refer to note 18). There is a risk that the carrying value of these investments could be overstated.	• 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, objectivity, and competence of these experts. • We reviewed the key PPA assumptions and critically assessed the methodology applied and estimates contained. • We analysed accounting policies in place within each subsidiary to ensure that they were materially consistent with the Group accounting policies. • We reviewed the Group's forecast cash flows to assess the expected performance of each of the subsidiaries. We assessed the appropriateness of the forecasts having regard to post year end management information and our understanding of each business.

Key audit matter	How the scope of our audit responded to the key audit matter
	• We considered management's impairment assessment of the Group's investments and associated assets as at the year-end. We carried out discounted cash flow analysis, including sensitivities, for each CGU on the forecasts prepared by management. • Depreciation and amortisation calculation base costs were compared to those arising in the PPA reports to ensure that there was not a material error in carrying values or depreciation charges.
Inventory	
The Group holds a material amount of inventory (see note 21). There is the risk that Inventory is not accounted for in line with IAS 2 - Inventories, and specifically that: • Inventory is not valued with a consistent methodology across the Group. • Inventory has been valued using cost inputs and allocated overheads which are not wholly attributable to its production. • Inventory has become obsolete, by way of damage or falling resaleable value.	• We attended inventory counts performed at each subsidiary holding a material amount of inventory, ensuring accuracy of the count and subsequently reconciled the quantities, using sales and production reports, to the year-end listing. • We reviewed and corroborated the cost inputs and allocated overheads that underpin the inventory valuation. • We reviewed the costs calculated for individual products to the sales price lists to ensure that inventory was valued correctly. • We compared carrying values per the year-end inventory listing to post year-end sales, to ensure that inventory was not being held at more than its net realisable value. • We assessed slow moving and possibly obsolete inventory by reviewing the post year-end inventory sheets for evidence of post year end sale or usage.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 directors' 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 parent 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 parent company financial statements, the directors are responsible for assessing the group's and the parent 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 parent 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

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

17 April 2020

15 Westferry Circus
Canary Wharf
London E14 4HD

Definitions

'Accounts' or 'Annual Report'
the consolidated financial statements of the Group for the year ended 31 December 2019 together with the Chairman Statement, CEO's Strategic Report, Directors' Report and additional reports contained therein

'Adjusted Leverage Ratio'
the comparison of net debt to Underlying EBITDA for the last twelve months adjusted for pre-acquisition earnings of subsidiaries acquired during the year

'Allen' or 'Allen Concrete'
Topcrete Limited and its subsidiary undertakings, including Allen (Concrete) Limited

'Articles'
the Company's Articles of Association

'Board' or 'Directors'
The board directors of the Company, being the existing Directors (whose names are set out on page 6 of this document), proposed Directors or both, as the context may require

'Capex'
capital expenditure on property, plant and equipment

'Carriers du Haintaut' or 'CDH'
CDH Développement SA and its subsidiary undertakings, including Carrières du Hainaut SCA

'CEO'
Chief Executive Officer of the Company occupied by Max Vermorken

'CFO'
Chief Financial Officer of the Company occupied by Garth Palmer as at the date of the Accounts and thereafter by Dean Masefield

'Cheshire Concrete Products' or 'CCP'
CCP Building Products Limited and its subsidiary undertakings

'Company' or 'SigmaRoc'
SigmaRoc plc

'Coronavirus' or 'COVID-19'
coronavirus (COVID-19) infectious disease and its pandemic outbreak

'EBITDA'
earnings before interest, tax, depreciation and amortisation

'EPS'
earnings per share

'Financial Statements'
the consolidated income statement, consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, Company statement of changes in equity, cash flow statements and the accompanying notes to the financial statements

'Foelfach'
Foelfach Stone Limited

'GDH' or 'G.D. Harries'
GDH (Holdings) Limited and its subsidiary undertakings including Gerald D. Harries & Sons Limited

'JV'
Joint venture

'Group'
the Company and its subsidiary undertakings

'LIBOR'
London Interbank Offered Rate

'LTIFR'
lost time injury frequency rate

'MD'
Managing Director of business or platform

'Ordinary Shares'
the ordinary shares of 1 penny each in the capital of the Company

'Poundfield' or 'Poundfield Products'
Poundfield Products (Group) Limited and its subsidiary undertakings, including Poundfield Products Limited

'PPA'
purchase price allocation

'QCA Code'
Quoted Companies Alliance's Corporate Governance Code

'RCF'
revolving credit facility

'Ronez'
Ronez Limited and its subsidiary undertakings

'Ronez Platform'
the Group's construction materials platform covering the Channel Islands market including Ronez and SigmaGsy

'Santander'
Santander plc

'SigmaBE' or 'Benelux Platform'
the Group's construction materials platform covering the Benelux market including CDH and Stone

'SigmaGsy'
SigmaGsy Limited

'SigmaPPG' or 'PPG Platform'
the Group's precast concrete products platform covering the UK market including Allen, Poundfield and CCP

'South Wales Platform' or 'SW Platform'
the Group's construction materials platform covering the Southern Welsh market including GDH and Foelfach

'Stone' or 'Stone Holdings'
Stone Holdings S.A and its subsidiary Philippe Cuvelier S.A

'UK'
United Kingdom

'Underlying'
Underlying results are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense. References to an underlying profit measure throughout this Annual Report are defined on this basis

'USA'
United States of America

SIGMAROC PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019			Year ended 31 December 2018		
Continued operations	**Note**	**Underlying £**	**Non-Underlying (Note 11) £**	**Total £**	Underlying £	Non-underlying* (Note 11) £	Total £
Revenue	7	**70,362,472**	**-**	**70,362,472**	**41,241,673**	**-**	**41,241,673**
Cost of sales	8	(50,924,209)	-	(50,924,209)	(29,805,080)	-	(29,805,080)
Profit from operations		**19,438,263**	**-**	**19,438,263**	**11,436,593**	**-**	**11,436,593**
Administrative expenses	8	(9,922,199)	(4,953,675)	(14,875,874)	(4,899,620)	(1,622,778)	(6,522,398)
Net finance (expense)/income	12	(1,268,122)	(695,457)	(1,963,579)	(1,047,670)	-	(1,047,670)
Other net (losses)/gains	13 14	125,843	(529,948	(404,105)	48,308	-	48,308
Foreign Exchange		(19,641)	-	(19,641)	(16,934)	-	(16,934)
Profit before tax		**8,354,144**	**(6,179,080)**	**2,175,064**	**5,520,677**	**(1,622,778)**	**3,897,899**
Tax expense	15	(448,518)	-	(448,518)	(278,755)	-	(278,755)
Profit/(loss)		**7,905,626**	**(6,179,080)**	**1,726,546**	**5,241,922**	**(1,622,778)**	**3,619,144**
Profit/(loss) attributable to: Owners of the parent		**7,905,626**	**(6,179,080)**	**1,726,546**	**5,241,922**	**(1,622,778)**	**3,619,144**
		7,905,626	**(6,179,080)**	**1,726,546**	**5,241,922**	**(1,622,778)**	**3,619,144**
Basic earnings per share attributable to owners of the parent (expressed in pence per share)	31	**4.20**	**(3.28)**	**0.92**	**3.83**	**(1.18)**	**2.65**
Diluted earnings per share attributable to owners of the parent (expressed in pence per share)	31	**3.78**	**(2.96)**	**0.82**	**3.49**	**(1.08)**	**2.41**

* Non-underlying items represent acquisition related expenses, restructuring costs, certain finance costs, share option expense and amortisation of acquired intangibles. See Note 11 for more information.

SIGMAROC PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Profit/(loss) for the year		**1,726,546**	**3,619,144**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		(447,978)	-
		(447,978)	-
Total comprehensive income		**1,278,568**	**3,619,144**
Total comprehensive income attributable to:			
Owners of the parent		1,278,568	3,619,144
Total comprehensive income for the period		**1,278,568**	**3,619,144**

SIGMAROC PLC
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 COMPANY NUMBER: 05204176

		Consolidated		Company	
	Note	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Non-current assets					
Property, plant and equipment	16	78,718,333	49,972,011	71,765	4,339
Intangible assets	17	80,243,724	18,974,771	-	-
Investments in subsidiary undertakings	18	-	-	94,370,845	55,481,505
Investment in equity-accounted associate	19	5,538,212	-	5,538,212	-
Other receivables		19,996	-	-	-
		164,520,265	**68,946,782**	**99,980,822**	**55,485,844**
Current assets					
Trade and other receivables	20	22,232,596	6,467,207	787,825	917,263
Inventories	21	11,160,574	4,844,483	-	-
Cash and cash equivalents	22	9,867,696	3,771,735	3,935,831	115,756
		43,260,866	**15,083,425**	**4,723,656**	**1,033,019**
Total assets		**207,781,131**	**84,030,207**	**104,704,478**	**56,518,863**
Current liabilities					
Trade and other payables	23	37,158,011	8,054,274	16,844,018	595,087
Current tax payable		884,871	471,531	-	-
Borrowings	24	4,461,336	74,581	24,827	-
		42,504,218	**8,600,386**	**16,868,845**	**595,087**
Non-current liabilities					
Borrowings	24	55,194,015	19,694,405	41,671	10,000,000
Deferred tax liabilities		1,098,148	974,294	-	-
Provisions	25	6,936,754	632,011	-	-
		63,228,917	**21,300,710**	**41,671**	**10,000,000**
Total liabilities		**105,733,135**	**29,901,096**	**16,910,516**	**10,595,087**
Net assets		**102,047,996**	**54,129,111**	**87,793,962**	**45,923,776**
Equity attributable to owners of the parent					
Share capital	28	2,537,393	1,367,056	2,537,393	1,367,056
Share premium	28	95,358,556	50,136,904	95,358,556	50,136,904
Share option reserve	29	531,213	352,877	531,213	352,877
Other reserves	30	913,740	1,361,718	1,361,718	1,361,718
Retained earnings		2,707,094	910,556	(11,994,918)	(7,294,779)
Total equity		**102,047,996**	**54,129,111**	**87,793,962**	**45,923,776**

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 2019 was £4,699,471 (year ended 31 December 2018: £924,003).

The Financial Statements were approved and authorised for issue by the Board of Directors on 17 April 2020 and were signed on its behalf by:

Garth Palmer

Garth Palmer
Chief Financial Officer

SIGMAROC PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital	Share premium	Share option reserve	Other reserves	Retained earnings	Total
		£	£	£	£	£	£
Balance as at 1 January 2018		**1,367,056**	**50,161,904**	**352,877**	**1,361,718**	**(2,708,588)**	**50,534,967**
Profit for the year		-	-	-	-	3,619,144	3,619,144
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**3,619,144**	**3,619,144**
Contributions by and distributions to owners							
Issue costs	28	-	(25,000)	-	-	-	(25,000)
Total contributions by and distributions to owners		**-**	**(25,000)**	**-**	**-**	**-**	**(25,000)**
Balance as at 31 December 2018		**1,367,056**	**50,136,904**	**352,877**	**1,361,718**	**910,556**	**54,129,111**
Balance as at 1 January 2019		**1,367,056**	**50,136,904**	**352,877**	**1,361,718**	**910,556**	**54,129,111**
Profit for the year		-	-	-	-	1,726,546	**1,726,546**
Currency translation differences		-	-	-	(447,978)	-	**(447,978)**
Total comprehensive income for the period		-	-	-	**(447,978)**	1,726,546	1,278,568
Contributions by and distributions to owners							
Issue of share capital		1,101,788	44,071,478	-	-	-	**45,173,266**
Issue costs	28	-	(1,531,276)	-	-	-	**(1,531,276)**
Share based payments		68,549	2,681,450	178,336	-	-	**2,928,335**
IFRS 16 Adjustments		-	-	-	-	69,992	**69,992**
Total contributions by and distributions to owners		**1,170,337**	**45,221,652**	**178,336**	**-**	**69,992**	**46,640,317**
Balance as at 31 December 2019		**2,537,393**	**95,358,556**	**531,213**	**913,740**	**2,707,094**	**102,047,996**

SIGMAROC PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital	Share premium	Share option reserve	Other reserves	Retained earnings	Total
		£	£	£	£	£	£
Balance as at 1 January 2018		**1,367,056**	**50,161,904**	**352,877**	**1,361,718**	**(6,370,776)**	**46,872,779**
Profit/(Loss)		-	-	-	-	(924,003)	(924,003)
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(924,003)**	**(924,003)**
Contributions by and distributions to owners							
Issue costs	28	-	(25,000)	-	-	-	(25,000)
Total contributions by and distributions to owners		-	(25,000)	-	-	-	(25,000)
Balance as at 31 December 2018		**1,367,056**	**50,136,904**	**352,877**	**1,361,718**	**(7,294,779)**	**45,923,776**
Balance as at 1 January 2019		**1,367,056**	**50,136,904**	**352,877**	**1,361,718**	**(7,294,779)**	**45,923,776**
Profit/(Loss)		-	-	-	-	(4,699,471)	**(4,699,471)**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(4,699,471)**	**(4,699,471)**
Contributions by and distributions to owners							
Issue of share capital		1,101,788	44,071,478	-	-	-	**45,173,266**
Issue costs	28	-	(1,531,276)	-	-	-	**(1,531,276)**
Share based payments		68,549	2,681,450	178,336	-	-	**2,928,335**
IFRS 16 Adjustments		-	-	-	-	(668)	**(668)**
Total contributions by and distributions to owners		**1,170,337**	**45,221,652**	**178,336**	**-**	**(668)**	**46,569,657**
Balance as at 31 December 2019		**2,537,393**	**95,358,556**	**531,213**	**1,361,718**	**(11,994,918)**	**87,793,962**

SIGMAROC PLC
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

		Consolidated		Company	
	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Cash flows from operating activities					
Profit/(Loss)		**1,726,545**	3,619,144	**(4,699,471)**	(924,003)
Adjustments for:					
Depreciation and amortisation	16 17	**6,125,957**	3,560,332	**19,472**	5,753
Share option expense		**178,336**	-	**178,336**	-
Loss on sale of PP&E		**41,438**	-	**-**	-
Net finance costs		**1,963,579**	-	**361,796**	-
Income tax expense		**448,518**	-	**-**	-
Share of earnings from associates		**(84,018)**	-	**-**	-
Non-cash gains		**(2,852,839)**	-	**(1,257,541)**	-
(Increase)/decrease in trade and other receivables		**(838,384)**	(820,091)	**(620,575)**	(843,053)
(Increase)/decrease in inventories		**490,462**	(1,385,856)	**-**	-
(Decrease)/increase in trade and other payables		**(4,522,142)**	512,201	**1,356,158**	(1,018,240)
Increase in provisions		**91,407**	-	**-**	-
Income tax paid		**(615,128)**	-	**-**	-
Net cash flows from operating activities		**2,153,731**	**5,485,730**	**(4,661,825)**	**(2,779,543)**
Investing activities					
Purchase of property, plant and equipment	16	**(3,384,363)**	(6,670,447)	**(32,535)**	(6,237)
Sale of property, plant and equipment		**48,475**	-	**-**	-
Purchase of intangible assets		**(3,611)**	(7,180)	**-**	-
Acquisition of businesses (net of cash acquired)		**(35,931,107)**	(3,000,000)	**(36,741,325)**	-
Interest received		**773**	-	**773**	-
Net cash used in investing activities		**43,230,319**	**(9,677,627)**	**(36,773,087)**	**(6,237)**
Financing activities					
Proceeds from share issue		**45,173,266**	-	**45,173,266**	-
Cost of share issue		**(1,531,274)**	(25,000)	**(1,531,274)**	(25,000)
Proceeds from borrowings		**20,171,691**	1,000,000	**-**	-
Cost of borrowings		**(184,000)**	-	**-**	-
Repayment of borrowings		**(18,720,774)**	-	**(10,000,000)**	-
Net loans with subsidiaries		**-**	-	**11,655,492**	2,714,713
Interest paid		**(1,678,500)**	-	**(40,927)**	-
Repayment of finance lease obligations		**-**	(12,426)	**-**	-
Net cash used in financing activities		**43,230,319**	**962,574**	**45,256,557**	**2,689,713**
Net increase/(decrease) in cash and cash equivalents		**6,114,217**	**(3,229,323)**	**3,821,645**	**(96,067)**
Cash and cash equivalents at beginning of period		**3,771,735**	7,001,058	**115,756**	211,823
Exchange losses on cash		(18,256)	-	(1,570)	-
Cash and cash equivalents and end of period	22	**9,867,696**	**3,771,735**	**3,935,831**	**115,756**

Major non-cash transactions

During the year ended 31 December 2019 there were share based payments of £2 million to the vendors of CCP Building Products Limited as part of the initial consideration, £750,000 to the vendors of Poundfield Products (Group) Limited as satisfaction of the deferred consideration, £1.2 million of additional gains on assets realised from historic business combinations and a £1.6 million gain on the sale of the Mitcham property which did not complete until February 2020.

SIGMAROC PLC
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 ('IFRIC 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

As of 1 January 2019, the Group adopted, IFRS 16 Leases, which replaced IAS 17. IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, is required to recognise use-of-right assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated. The details of the changes in accounting policies are disclosed below.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of minimum lease payments, and subsequently at cost less any accumulated depreciation and impairment losses. The value of the lease will be remeasured when and if terms of the lease change. The Group shall apply judgement to determine the lease term for some lease contracts in which it is a lease that include renewal options.

The Group has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

As a result of initially applying IFRS 16 as at 1 January 2019, there has been £8.5m impact to the balance sheet including retained earnings, and the current loss for the year ended 31 December 2019.

As of 1 January 2019, the Company adopted IFRS 16 Leases, IFRIC 23 Uncertainty over leases, IFRS 9 (Amendments) Prepayment features with negative compensation, IAS 19 (Amendments) Plan amendment, curtailment or settlements and IAS 28 (Amendments) Long term interests in associates and joint ventures.

Of the other IFRSs and IFRICs, none are expected to have a material effect on future Company Financial Information.

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 3 (Amendments)	Definition of a Business	*1 January 2020
IAS 1 (Amendments)	Definition of material	
IAS 8 (Amendments)	Definition of material	
IFRS 17	Insurance contracts	*1 January 2021
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2022

* Subject to EU endorsement

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

Associates are entities over which the Group has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Accounting policies of equity–accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

CDH use Belgian GAAP rules to prepare and report their financial statements. The Group reports using IFRS standards and in order to comply with the Group's reporting standards, management of CDH processed several adjustments to ensure the financial information included at a Group level complies with IFRS. CDH will continue to prepare their company financial statements in line with the Belgian GAAP rules.

2.3. Going Concern

As described in note 38, the Group is managing the impact of the COVID-19 pandemic on its business and the uncertainty it creates. The Executive management team have prepared a range of simulated scenarios based on reductions in revenues, and from these, they believe that the Group has a sufficiently robust balance sheet to endure the Coronavirus pandemic. Further information as to the Group's plans to both prepare for and mitigate the effect of the COVID-19 outbreak is available in the Coronavirus update on page 14.

While the Directors believe the Group is in a strong position to endure the unforeseen consequences of the COVID-19 pandemic, it creates a material uncertainty over the Group's revenues and cash flows and therefore its ability to continue as a going concern.

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.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each period end date presented are translated at the period-end closing rate;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale.

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 acquire over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire. 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 CCP Building Products Limited ('CCP') as at the completion date. As a result of this exercise, goodwill in CCP decreased from £13.5 million to £7.9 million with the corresponding movement being intangible assets. The current accounting policies regarding the subsequent treatment intangible 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 an option over gravel in Poundfield and capitalised development costs for assets produced that assist in the operations of the Group and incur revenue. The option for gravel is amortised based on units of production and the development costs are amortised over the life of the asset. 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 at the following annual rates:

Office equipment	12.5% – 50%
Land and 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. The Group holds call options to cover their exposure relative to fluctuations against the Euro. They hold call options to purchase €7,100,000 on 29 June 2020 and €4,300,000 on 30 December 2020, such call options being bought for £211,592. These were purchased on 20 December 2019 and as the value is deemed to be immaterial to the Group, hedge accounting is not required.

(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 another 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.

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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.

Foreign Currency Translation Reserve – represents the translation differences arising from translating the financial statement items from functional currency to presentational currency.

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.

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 a non IFRS measure, but the Group have disclosed these 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 or do not relate to the ongoing operations of the Group's business and non-cash items which distort the underlying performance of the 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 in accordance with IFRS 15 at either a point in time of over time, depending on the nature of the goods or services and existence of acceptance clauses.

Revenue from the sale of goods is recognised when delivery has taken place and the performance obligation of delivering the goods has taken place. The performance obligation 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. Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. The Group operates several business units which are constantly reviewed to ensure profitability. During the year it was determined that the flagging and paving division at CCP's Bury site was loss making and therefore it was decided that the operations at this site be discontinued. For further information, refer to note 14.

2.25. 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 under IFRS 16. 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. Other leases are either small in value or cover a period of less than 12 months.

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. The lease liabilities are shown in note 24.

Rent payable under operating leases on which the short term exemption has been taken, less any lease incentives received, is charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

IFRS 16 Adoption

On 1 January 2019, the Group adopted all of the requirements of IFRS 16 – Leases. IFRS 16 Leases was issued in January 2016 and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

At 1 January 2019 the Group had 11 leases with a lease term greater than 12 months. Consequently, the adoption of the standard resulted in £69,992 added to the opening financial statements.

15 new leases were adopted during the financial year as a result of the acquisition of CDH. In the Statement of Financial Position the right-of-use asset is recorded in Non-current assets and the lease liability is split between Current liabilities for the portion due within 12 months and Non-current liabilities for the remainder.

To determine the split between principal and interest in the lease the incremental borrowing rate of the Group was applied. This method was adopted as the Group was not able to ascertain the implied interest rate in each lease.

See note 24 for further detail.

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 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 2019			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£	£	£	£
Borrowings	4,461,336	2,782,318	52,411,697	-
Trade and other payables	27,579,511	9,578,500	-	-
	32,040,847	**12,360,818**	**52,411,697**	**-**

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 2019 is as follows:

	Consolidated	
	31 December 2019 £	31 December 2018 £
Total borrowings (Note 24)	59,655,351	19,768,986
Less: Cash and cash equivalents (Note 22)	(9,867,696)	(3,771,735)
Net debt	49,787,655	15,997,251
Total equity	102,047,994	54,129,111
Total capital	**151,835,649**	**70,126,362**
Gearing ratio	**0.33**	**0.23**

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 PPAs included the revaluation of land and minerals based on the estimated remaining reserves within St John's, Les Vardes and Aberdo 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 £73,004,627 as at 31 December 2019 (31 December 2018: £16,826,369). 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 2019 (31 December 2018: £nil). See Note 2.6 to the Financial Statements.

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c) Restoration Provision

The Group's provision for restoration costs has a carrying value at 31 December 2019 of £718,822 (31 December 2018: £632,011) and relate to the removal of the plant and equipment held at St John's, Les Vardes and Aberdo quarries. 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 a commitment to restore the site to a safe and secure environment. The provisions are reviewed annually.

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 28 to the Financial Statements.

5. Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2019 (2018: 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, Channel Islands and Belgium. The Belgium segment was included as a key geographical segment in October 2019 when the Group acquired CDH Développement SA. Activities in the United Kingdom, Channel Islands and Belgium relate to the production and sale of construction material products and services.

	31 December 2019			
	United Kingdom £	Channel Islands £	Belgium £	Total £
Revenue	32,964,660	29,241,597	8,156,215	**70,362,472**
Profit from operations per reportable segment	8,170,774	9,198,697	2,068,792	**19,438,263**
Additions to non-current assets	20,908,087	(1,689,474)	76,354,868	**95,573,481**
Reportable segment assets	72,555,343	49,710,145	85,515,641	**207,781,129**
Reportable segment liabilities	51,548,505	4,796,404	49,388,226	**105,733,135**

	31 December 2018		
	United Kingdom £	Channel Islands £	Total £
Revenue	14,202,557	27,039,116	**41,241,673**
Profit from operations per reportable segment	4,147,759	7,288,834	**11,436,593**
Additions to non-current assets	3,866,559	(431,477)	**3,435,082**
Reportable segment assets	33,647,239	50,382,968	**84,030,207**
Reportable segment liabilities	25,525,191	4,375,905	**29,901,096**

7. Revenue

	Consolidated	
	31 December 2019 £	31 December 2018 £
Upstream products	6,972,097	4,334,071
Value added products	56,086,965	27,501,692
Value added services	6,652,397	9,119,421
Other	651,013	286,489
	70,362,472	**41,241,673**

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 2019 £	31 December 2018 £
Cost of sales		
Changes in inventories of finished goods and work in progress	(680,415)	(2,214,864)
Production cost of goods sold	6,869,232	7,218,469
Distribution and selling expenses	5,921,567	2,751,855
Raw materials and consumables used	19,320,078	8,813,263
Employee benefit expenses	12,792,817	8,885,946
Depreciation and amortisation expense	4,912,383	3,560,332
Other costs of sale	1,788,547	790,079
Total cost of sales	**50,924,209**	**29,805,080**
Administrative expenses		
Operational admin expenses	9,922,199	4,934,878
Corporate admin expenses	4,953,675	1,587,520
Total administrative expenses	**14,875,874**	**6,522,398**

Corporate administrative expenses include £3,562,584 of non-underlying expenses (refer to note 11).

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

	Consolidated	
	31 December 2019 £	31 December 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company and Consolidated Financial Statements	171,165	102,000
Fees payable to the Company's auditor and its associates for tax services	30,572	19,335
Fees paid or payable to the Company's auditor and its associates for due diligence and transactional services	140,932	94,931
Fees paid to the Company's auditor for other services	17,877	30,725
	360,546	**246,991**

9. Employee Benefits Expense

	Consolidated		Company	
Staff costs (excluding directors)	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Salaries and wages	16,823,415	10,699,931	902,710	148,112
Post-employment benefits	107,206	99,529	36,430	-
Social security contributions and similar taxes	134,524	1,133,171	59,217	64,538
Other employment costs	867,944	137,285	20,724	19,483
	17,933,089	**12,069,916**	**1,019,081**	**232,133**

	Consolidated		Company	
Average number of FTE employees by function	31 December 2019 #	31 December 2018 #	31 December 2019 #	31 December 2018 #
Management	63	27	3	2
Operations	576	192	-	-
Administration	78	37	1	1
	717	**256**	**4**	**3**

10. Directors' Remuneration

31 December 2019						
	Directors' fees £	Bonus £	Taxable benefits £	Pension benefits £	Options issued £	Total £
Executive Directors						
David Barrett	190,000	230,000	13,800	-	27,700	461,500
Garth Palmer	60,000	-	-	6,000	22,100	88,100
Max Vermorken	250,000	340,000	13,800	25,000	60,676	689,476
Non-executive Directors						
Dominic Traynor	32,005	-	-	3,201	5,009	40,215
Patrick Dolberg	32,005	-	-	-	3,442	35,447
Timothy Hall (1)	24,580	-	-	-	11,897	36,477
	588,590	**570,000**	**27,600**	**34,201**	**130,824**	**1,351,215**

31 December 2018					
	Directors' fees £	Taxable benefits £	Pension benefits £	Options issued £	Total £
Executive Directors					
David Barrett	190,000	13,800	-	-	203,800
Garth Palmer	60,000	-	6,000	-	66,000
Max Vermorken	250,000	13,800	25,000	-	288,800
Non-executive Directors					
Dominic Traynor	25,000	-	2,500	-	27,500
Gary Drinkwater (2)	20,833	-	-	-	20,833
Patrick Dolberg	25,000	-	-	-	25,000
	570,833	**27,600**	**33,500**	**-**	**631,933**

(1) Appointed on 18 April 2019
(2) Resigned on 7 November 2018.

The bonuses earned in the year by the Directors reflect the performance of the business, were based on industry standard criteria taking into account external market data, were recommended by the Remuneration Committee and approved by the Board.

Details of fees paid to companies and partnerships of which the Directors are related have been disclosed in Note 36.

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 2019 £	31 December 2018 £
Acquisition related gains and expenses (net)	2,615,860	552,981
Amortisation of acquired intangibles	1,213,574	305,598
Restructuring expenses	820,949	443,916
Equity & debt funding expenses	659,823	234,911
Discontinued operations	529,948	-
Share option expense	178,336	-
Net other non-underlying expenses & gains	160,590	85,372
	6,179,080	**1,622,778**

Acquisition related expenses include costs relating to the due diligence of prospective pipeline acquisitions, stamp duty on completed acquisitions and other direct costs associated with merger and acquisition activity including a completion bonus to certain employees in relation to the acquisition of CDH. During the year the Group acquired four businesses, being CCP, GDH, Stone and CDH for a combined enterprise value of approximately £112 million and proforma EBITDA of approximately £17 million.

Amortisation of acquired assets are non-cash items which distort the underlying performance of the businesses acquired. To be consistent with management's treatment of amortisation of acquired of assets, last year's figure has been amended to include amortisation of certain fair value uplifts resulting from the PPA process.

Restructuring expenses include advisory fees, redundancy costs and rebranding expenses. During the year these primarily related to the SigmaPPG platform.

Equity and debt funding expenses include £550,000 redemption premium for the convertible loan notes and associated advisory fees.

Share option expense is the fair value of the share options issued during the year, refer to note 28 more information.

Discontinued operations include the trading expenses, stock adjustments and redundancies incurred at the Bury site for the period from February 2019 to December 2019. Refer to note 14 for more information.

12. Net Finance (Expense)/Income

	Consolidated	
	31 December 2019 £	31 December 2018 £
Convertible loan redemption interest premium	(500,000)	-
Convertible loan note interest expense	(39,452)	(599,094)
Other interest (expense)/income	(1,294,666)	(358,437)
Other finance (expense)/income	(129,461)	(90,139)
	(1,963,579)	**(1,047,670)**

13. Other Net Gains/(Losses)

	Consolidated	
	31 December 2019 £	31 December 2018 £
Gain/(losses) on disposal of property, plant and equipment	(14,536)	10,556
Other gain/(loss)	56,361	37,752
Share of earnings from associates	84,018	-
Loss on discontinued operations	(529,948)	
	(404,105)	**48,308**

For more information on the loss on discontinued operations, please refer to note 14.

14. Discontinued Operations

From due diligence undertaken as part of the acquisition of CCP in January 2019, doubts existed over the viability of the flagging & paving division at its site in Bury. After a detailed review it was determined that the business unit was loss making and it was decided that the operations at this site be discontinued effective from 1 February 2019.

Financial information relating to the discontinued operation for the period is set out below.

	31 December 2019
Income statement	**£**
Revenue	811,862
Cost of sales	(1,103,550)
Gross profit	**(291,688)**
Administration	(146,429)
Other expenses	(91,831)
Loss from discontinued operation	**(529,948)**
Basic earnings per share attributable to owners of the parent (expressed in pence per share)	**(0.28)**

	31 December 2019
Cash movement	**£**
Net cash inflow from operating activities	(125,846)
Net cash inflow from investing activities	(212,465)
Net cash inflow from financing activities	-
Net decrease in cash generated by the subsidiary	**(338,311)**

15. Taxation

	Consolidated	
	31 December 2019 £	31 December 2018 £
Current tax	(448,518)	(471,532)
Deferred tax	-	192,777
Total tax charge in the Income Statement	(448,518)	(278,755)

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 2019 £	31 December 2018 £
Profit/(loss) before tax subject to charge	(2,621,437)	3,109,695
Non-taxable profit/(loss)	4,347,983	788,204
Net profit/(loss) before taxation	1,726,545	3,897,899
Apply Group Relief on taxable profit	-	(2,625,830)
Tax at the applicable rate of 20.81%	**359,294**	**96,289**
Effects of:		
Expenditure not deductible for tax purposes	639,226	-
Timing differences	237,384	(213,723)
Differences on tax rates attributable to other jurisdictions	(1,041,015)	(29,991)
Depreciation in excess of/(less than) capital allowances	227,160	426,180
Net tax effect of losses carried forward	26,469	-
Tax charge	**448,518**	**278,755**

The weighted average applicable tax rate of 20.81% (2018: 19.9%) used is a combination of the standard rate of corporation tax rate for entities in the United Kingdom of 19% (2018: 19%), 20% on quarrying of minerals and rental property (2018: 20%) in Jersey and Guernsey and 33.99% in Belgium.

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16. Property, Plant and Equipment

	Consolidated						
	Office Equipment £	Land and minerals £	Land and buildings £	Plant and machinery £	Furniture and vehicles £	Construction in progress £	Total £
Cost							
As at 1 January 2018	**356,745**	**35,860,567**	**20,404,547**	**17,544,307**	**7,846,370**	**438,635**	**82,451,171**
Revaluations	-	(114,034)	13,868	(22,234)	(747,027)	-	(869,427)
Additions	26,695	2,109,015	2,054,095	483,269	503,926	1,493,447	6,670,447
Disposals	-	-	-	(35,060)	(165,907)	-	(200,967)
As at 31 December 2018	**383,440**	**37,855,548**	**22,472,510**	**17,970,282**	**7,437,362**	**1,932,082**	**88,051,224**
As at 1 January 2019	**383,440**	**37,855,548**	**22,472,510**	**17,970,282**	**7,437,362**	**1,932,082**	**88,051,224**
Acquired through acquisition	3,194,969	14,844,352	13,385,643	57,825,258	9,642,516	-	98,892,738
Transfer between classes	(1,149)	(4,600,000)	5,760,000	-	(14,353)	(1,304,466)	(144,466)
Fair value adjustment	-	1,762,000	-	-	-	-	1,762,000
IFRS 16 Adjustment	22,689	-	584,785	875,388	-	-	1,482,862
Additions	139,414	145,140	435,886	1,403,634	869,033	391,256	3,384,363
Disposals	(1,173)	-	(4,105,000)	(81,860)	(117,000)	(172,660)	(4,477,693)
Forex	(47,800)	(243,375)	(161,148)	(881,369)	(154,468)	-	(1,488,160)
As at 31 December 2019	**3,691,539**	**49,763,665**	**38,372,676**	**77,111,333**	**17,677,443**	**846,212**	**187,462,868**
Depreciation							
As at 1 January 2018	**303,195**	**6,097,372**	**12,536,431**	**10,181,059**	**6,777,085**	**-**	**35,895,142**
Revaluations	-	(95,824)	8,875	(35,451)	(747,027)	-	(869,427)
Charge for the year	18,128	949,295	860,187	1,081,800	345,053	-	3,254,463
Disposals	-	-	-	(35,060)	(165,905)	-	(200,965)
As at 31 December 2018	**321,323**	**6,950,843**	**13,405,493**	**11,192,348**	**6,209,206**	**-**	**38,079,213**
As at 1 January 2019	**321,323**	**6,950,843**	**13,405,493**	**11,192,348**	**6,209,206**	**-**	**38,079,213**
Acquired through acquisition	2,812,176	703,698	8,309,696	49,944,448	4,789,797	-	66,559,815
Transfer between classes	-	(63,594)	63,594	-	-	-	-
IFRS 16 Adjustment	-	-	153,779	292,103	-	-	445,882
Charge for the year	130,206	1,010,954	1,089,546	2,019,029	820,604	-	5,070,339
Disposals	(159)	-	(200,298)	(51,769)	(117,000)	-	(369,226)
Forex	(42,585)	(11,537)	(132,643)	(777,290)	(77,433)	-	(1,041,488)
As at 31 December 2019	**3,220,961**	**8,590,364**	**22,689,167**	**62,618,869**	**11,625,174**	**-**	**108,744,535**
Net book value							
As at 31 December 2018	**62,117**	**30,904,705**	**9,067,017**	**6,777,934**	**1,228,156**	**1,932,082**	**49,972,011**
As at 31 December 2019	**470,578**	**41,173,300**	**15,683,509**	**14,492,465**	**6,052,269**	**846,212**	**78,718,333**

The depreciation on the right of use assets for the year ended 31 December 2019 was £611,627 and the net book value is £6,969,922.

	Company			
	Office Equipment £	Land & Buildings £	Motor Vehicle £	Total £
Cost				
As at 1 January 2018	**6,363**	**-**	**-**	**6,363**
Additions	6,237	-	-	6,237
Disposals	-	-	-	-
As at 31 December 2018	**12,600**	**-**	**-**	**12,600**
As at 1 January 2019	**12,600**	**-**	**-**	**12,600**
Additions	8,207	-	24,328	32,535
IFRS 16 Adjustment	-	54,363	-	54,363
Disposals	-	-	-	-
As at 31 December 2019	**20,807**	**54,363**	**24,328**	**99,498**
Depreciation				
As at 1 January 2018	**2,508**	**-**	**-**	**2,508**
Charge for the year	5,753	-	-	5,753
Disposals	-	-	-	-
As at 31 December 2018	**8,261**	**-**	**-**	**8,261**
As at 1 January 2019	**8,261**	**-**	**-**	**8,261**
Charge for the year	6,072	-	87	6,159
IFRS 16 Adjustment	-	13,313	-	13,313
Disposals	-	-	-	-
As at 31 December 2019	**14,333**	**13,313**	**87**	**27,733**
Net book value				
As at 31 December 2018	**4,339**	**-**	**-**	**4,339**
As at 31 December 2019	**6,474**	**41,050**	**24,241**	**71,765**

17. Intangible Assets

	Consolidated						
	Goodwill £	Customer Relations £	Intellectual property £	Research & Development	Branding £	Other Intangibles £	Total £
Cost & net book value							
As at 1 January 2018	**17,827,833**	**-**	**641,569**	**-**	**486,000**	**-**	**18,955,402**
Additions	317,788	-	7,179	-	-	-	324,967
Price Purchase Allocation - Topcrete	(926,000)	775,000	-	-	151,000	-	-
Price Purchase Allocation - Poundfield	(393,252)	159,000	121,252	-	-	113,000	-
Amortisation	-	(83,154)	(85,444)	-	(24,000)	(113,000)	(305,598)
As at 31 December 2018	**16,826,369**	**850,846**	**684,556**	**-**	**613,000**	**-**	**18,974,771**
As at 1 January 2019	**16,826,369**	**850,846**	**684,556**	**-**	**613,000**	**-**	**18,974,771**
Additions	-	-	-	3,611	-	-	3,611
Additions through business combination	61,717,258	-	(83,843)	1,210,452	400,000	414,018	63,657,885
Price Purchase Allocation - CCP	(5,539,000)	3,480,000	-	-	297,000	-	(1,762,000)
Amortisation	-	(481,324)	(44,481)	(26,174)	(43,969)	(13,788)	(609,736)
Forex	-	-	-	(20,807)	-	-	(20,807)
As at 31 December 2019	**73,004,627**	**3,849,522**	**556,232**	**1,167,082**	**1,266,031**	**400,230**	**80,243,724**

An adjustment has been made to reflect the initial accounting for the acquisition of CCP Building Products Limited ('CCP') by the Company, being the elimination of the investment in CCP against the non-monetary assets acquired and recognition of goodwill. In 2019, the Company determined the fair value of the net assets acquired pursuant to the acquisition of CCP, via a Purchase Price Allocation ('PPA') exercise. The PPA's determined a decrease of £5,539,000 of goodwill in CCP with the corresponding movement to be recognised as Customer Relations, Branding and uplift the value of the Land and Minerals at Aberdo quarry.

Amortisation of intangible assets is included in cost of sales on the Income Statement.

Impairment tests for goodwill

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that the goodwill may be impaired. Goodwill is allocated to groups of cash generating units according to the level at which management monitor that goodwill, which is at the level of operating segments.

The five operating segments are considered to be Ronez in the Channel Islands, Topcrete in the UK, Poundfield in the UK, CCP in the UK and CDH in Belgium.

Key assumptions

The key assumptions used in performing the impairment review are set out below:

Cash flow projections

Cash flow projections for each operating segment are derived from the annual budget approved by the Board for 2020 and the three-year plan to 2021 and 2022. The key assumptions on which budgets and forecasts are based include sales volumes, product mix and operating costs. These cash flows are then extrapolated forward for a further 17 years, with the total period of 20 years reflecting the long-term nature of the underlying assets. Budgeted cash flows are based on past experience and forecast future trading conditions.

Long-term growth rates

Cash flow projections are prudently based on 2 per cent and therefore provides plenty of headroom.

Discount rate

Forecast cash flows for each operating segment have been discounted at rates of 11 per cent which was calculated by an external expert based on market participants' cost of capital and adjusted to reflect factors specific to each operating segment.

Sensitivity

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these consolidated Financial Statements. This demonstrated that a 1% increase in the discount rate would not cause an impairment and the annual growth rate is assumed to be 2%.

The Directors have therefore concluded that no impairment to goodwill is necessary.

Impact of Brexit

In performing the impairment review, the Directors have carefully considered the additional uncertainty arising from Brexit through performing additional sensitivity analysis based on Brexit specific scenarios. These included changes to the discount rate and modelling the impact of a significant decline in short-to-medium term growth caused by an economic shock following an exit. This additional analysis indicated the existence of continued headroom for all segments.

18. Investment in Subsidiary Undertakings

	Company	
	31 December 2019 £	31 December 2018 £
Shares in subsidiary undertakings At beginning of the year	**55,481,505**	**1**
Additions	45,723,272	8,094,299
Disposals	-	-
At period end	**101,204,777**	**8,094,300**
Loan to Group undertakings	(6,833,932)	47,387,205
Total	**94,370,845**	**55,481,505**

Investments in Group undertakings are stated at cost less impairment. During the year the Company acquired 100% of CCP Building Products Limited, 40% in GDH (Holdings) Limited, 100% of CDH Développement SA and 49% in Stone Holdings.

Details of subsidiaries at 31 December 2019 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
Foelfach Stone Limited	England		£1	Construction materials
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
CCP Building Products Limited	England	£50		Construction materials
Cheshire Concrete Products Limited	England		£1	Dormant
Clwyd Concrete Products Limited	England		£100	Dormant
Country Concrete Products Limited	England		£100	Dormant
CCP Trading Limited	England		£100	Dormant
CCP Aggregates Limited	England		£100,000	Construction materials
CDH Développement SA	Belgium	€23,660,763		Holding company
Carrières du Hainaut SCA	Belgium		€16,316,089	Construction materials
Coordination du Hainaut SCS	Belgium		€45,184,400	Financing company
CDH International SCA	Belgium		€62,000	International marketing

Name of subsidiary	Registered office address
SigmaFin Limited	7-9 Swallow Street, London, W1B 4DE
Foelfach Stone 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
CCP Building Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
Cheshire Concrete Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
Clwyd Concrete Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
Country Concrete Products Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
CCP Trading Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
CCP Aggregates Limited	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL
CDH Développement SA	Rue de Cognebeau 245, B-7060 Soignies, Belgium
Carrières du Hainaut SCA	Rue de Cognebeau 245, B-7060 Soignies, Belgium
Coordination du Hainaut SCS	Rue de Cognebeau 245, B-7060 Soignies, Belgium
CDH International SCA	Rue de Cognebeau 245, B-7060 Soignies, Belgium

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For the year ended 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 related to the following subsidiary companies:

- SigmaFin Limited
- Foelfach Stone 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
- CCP Building Products Limited
- Cheshire Concrete Products Limited
- Clwyd Concrete Products Limited
- Country Concrete Products Limited
- CCP Trading Limited
- CCP Aggregates Limited

Impairment review

The performance of all companies for the year ended 31 December 2019 are in line with forecasted expectations and as such there have been no indications of impairment.

19. Investment in Equity Accounted Associates

On 18 April 2019, the Company acquired a 40% equity interest in GDH (Holdings) Limited ('GDH'), a quarrying group located in South Wales for a cash consideration of £4.89 million. GDH is based in South Wales and owns six quarries as well as concrete and tarmac plants and is a provider of aggregates for commercial and domestic customers.

On 11 September 2019, the Company acquired 49% equity interest in Stone Holdings SA ('Stone') for a cash consideration of £563k (€658k). Stone is based in Belgium and operates two quarries and a wharf and contracting business which focusses on armour rock for river and sea defence work.

GDH and Stone are included in the consolidated financial statements using the equity method.

		Proportion of ownership interest held	
Name	Country of incorporation	31 December 2019	31 December 2018
GDH (Holdings) Limited	United Kingdom	40%	-
Stone Holdings SA	Belgium	49%	-

Summarised financial information

GDH	31 December 2019 £
As at 31 December 2019	
Current assets	10,275,551
Non-current assets	26,343,207
Current liabilities	(11,234,400)
Non-current liabilities	(10,939,312)
For the period 19 April 2019 to 31 December 2019	
Revenues	18,982,758
Profit after tax from continuing operations	83,054

Stone Holdings	31 December 2019 £
As 31 December 2019	
Current assets	830,404
Non-current assets	3,586,218
Current liabilities	(1,716,439)
Non-current liabilities	(549,671)
For the period 11 September 2019 to 31 December 2019	
Revenues	482,704
Profit after tax from continuing operations	964

20. Trade and Other Receivables

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Trade receivables	14,662,423	4,906,459	533,606	116,509
Prepayments	1,111,141	495,396	247,050	43,586
Other receivables	6,459,032	1,065,352	7,169	757,168
	22,232,596	**6,467,207**	**787,825**	**917,263**

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
UK Pounds	**15,939,755**	6,467,207	**787,825**	917,263
Euros	**6,292,841**	-	**-**	-
	22,232,596	6,467,207	**787,825**	917,263

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.

21. Inventories

	Consolidated	
Cost and net book value	31 December 2019 £	31 December 2018 £
Raw materials and consumables	3,695,360	2,525,173
Finished and semi-finished goods	7,416,751	2,157,737
Work in progress	48,463	161,573
	11,160,574	**4,844,483**

The value of inventories recognised as a debit and included in cost of sales was £490,462 (31 December 2018: £5,827,520).

22. Cash and Cash Equivalents

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Cash at bank and on hand	9,867,696	3,771,735	3,935,831	115,756
	9,867,696	**3,771,735**	**3,935,831**	**115,756**

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

The carrying amounts of the Group and Company's cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
UK Pounds	**8,410,763**	3,771,735	**3,935,831**	115,756
Euros	**1,456,933**	-	**-**	-
	9,867,696	3,771,735	**3,935,831**	115,756

23. Trade and Other Payables

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Trade payables	10,306,033	3,939,708	763,808	204,370
Wages payable	4,072,972	907,939	-	-
Accruals	4,173,341	1,102,871	1,268,750	424,601
VAT payable / (receivable)	660,033	398,652	(85,508)	(46,956)
Deferred consideration payable for acquisitions	16,025,254	1,464,791	14,881,493	-
Other payables	1,920,378	240,313	15,475	13,072
	37,158,011	**8,054,274**	**16,844,018**	**595,087**

The carrying amounts of the Group and Company's trade and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
UK Pounds	**27,130,229**	8,054,274	**16,844,018**	595,087
Euros	**10,027,782**	-	**-**	-
	37,158,011	8,054,274	**16,844,018**	595,087

24. Borrowings

	Consolidated		Company	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Non-current liabilities				
Santander term facility	25,907,847	9,662,389	-	-
Convertible loan notes	-	10,000,000	-	10,000,000
Bank Loans	26,216,013	-	-	-
Finance lease liabilities	3,070,155	32,016	41,671	-
	55,194,015	**19,694,405**	**41,671**	**10,000,000**
Current liabilities				
Finance lease liabilities	4,461,336	74,581	24,827	-
	4,461,336	**74,581**	**24,827**	**-**

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 were 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'); on 18 October 2017 drew down £9 million to satisfy the initial cash consideration for Topcrete Limited; and, on 21 June 2018 drew down £1 million to assist with the purchase of Foelfach Stone Limited.

In January 2019, the Company amended and restated its term facility with Santander and increased it to £34 million (the 'restated facility'). On 23 January 2019, the Company drew down £10.8m to satisfy the redemption of the Loan Notes; on 1 February 2019, drew down £1.5 million to for working capital in relation to the acquisition of CCP; and on 18 April 2019, drew down £4 million to satisfy the purchase of 40% of GDH (Holdings) Limited.

The restated 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 2019 the Interest Margin was 1.75%.

In October 2019, as part of the acquisition of CDH, the Group agreed to assume its term loan facility with the view to refinance. CDH has a term loan facility with Belfius Bank, ING Belgium, BNP Paribas Fortis and KBC Bank (the 'Term Loan'). Interest is charged at 3.15% and the Term Loan is secured via floating charges and assets in CDH.

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

	Carrying amount		Fair value	
	31 December 2019 £	31 December 2018 £	31 December 2019 £	31 December 2018 £
Santander term facility	25,907,847	9,662,389	-	-
Belgian bank loans	26,216,013	-	-	-
Convertible loan notes	-	10,000,000	-	10,000,000
Finance lease liabilities	7,531,491	32,016	-	-
	59,655,351	**19,694,405**	**-**	**10,000,000**

The fair values are based on cash flows discounted using the borrowing rate of 3% (2018: 6%), 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 2019 £	31 December 2018 £
Not later than one year	4,461,336	74,581
Later than one year and no later than five years	2,902,039	32,016
Later than five years	168,116	-
	7,531,491	**106,597**
Future finance charges on finance lease liabilities	367,910	13,011
Present value of finance lease liabilities	**7,899,401**	**119,608**

For the year ended 31 December 2019, the total finance charges were £280,496.
The contracted and planned lease commitments were discounted using a weighted average incremental borrowing rate of 3%.

The present value of finance lease liabilities is as follows:

	Consolidated	
	31 December 2019 £	31 December 2018 £
Not later than one year	4,595,176	79,056
Later than one year and no later than five years	2,989,100	30,204
Later than five years	173,159	-
Present value of finance lease liabilities	**7,757,436**	**109,260**

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 2019	**19,662,389**	**-**	**106,597**	**19,768,986**
Increase/(decrease) through financing cash flows	6,300,000	-	(1,300,570)	4,999,430
Amortisation of finance arrangement fees	(129,461)	-	-	(129,461)
Increase through IFRS 16	-	-	8,725,464	8,725,464
Increase through obtaining control of subsidiaries	26,290,932	-	-	26,290,932
As at 31 December 2019	**52,123,860**	**-**	**7,531,491**	**59,655,351**

	Consolidated			
	Long-term borrowings £	Short-term borrowings £	Lease liabilities £	Liabilities arising from financing activities £
As at 1 January 2018	18,572,360	-	199,952	18,772,312
Increase/(decrease) through financing cash flows	-	-	(93,355)	(93,355)
Amortisation of finance arrangement fees	90,029	-	-	90,029
Increase through obtaining control of subsidiaries	1,000,000	-	-	1,000,000
As at 31 December 2018	**19,662,389**	**-**	**106,597**	**19,768,986**

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25. Provisions

	Consolidated	
	31 December 2019 £	31 December 2018 £
As at 1 January	632,011	632,011
Acquired on business combination	6,620,250	-
Deduction	(315,507)	-
	6,936,754	**632,011**

The provision total is made up of £632,011 as a restoration provision for the St John's and Les Vardes sites which is based on the removal costs of the plant and machinery at both sites, £86,812 as a restoration provision for the Aberdo site which is based on the removal costs of the plant and machinery at the site. Cost estimates in Jersey and Guernsey are not increased on an annual basis – there is no legal or planning obligation to enhance the sites through restoration. The commitment is to restore the site to a safe environment; thus the provision is reviewed on an annual basis. St John's quarry has an estimated expiry of 7 years, Les Vardes is 5 years and Aberdo is 14 years.

Of the remaining amount £2.1m is to cover the loss on the Holcim contract in CDH and £3.5m is the provision for early retirement in Belgium, where salaried workers can qualify for early retirement based on age and the number of years of service. The provision for early retirement consists of the estimated amount that will be paid by the employer to the "early retired workers" till the age of the full pension.

The future reclamation cost value is discounted by 12% (2018: 12%) which is the weighted average cost of capital within the Group.

26. Retirement benefit schemes

The Group sponsors various post-employment benefit plans. These include both defined contribution and defined benefit plans as defined by IAS 19 Employee Benefits.

Defined contribution plans

For defined contribution plans outside Belgium, the Group pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the Group has no further payment obligation. The contributions are expensed in the year in which they are due. For the year ended, contributions paid into defined contribution plans amounted to £434k.

Defined benefit plans

The Group has group insurance plans for some of its Belgian employees funded through defined payments to insurance companies. The Belgian pension plans are by law subject to minimum guaranteed rates of return. In the past the minimum guaranteed rates were 3.25% on employer contributions and 3.75% on employee contributions. A law of December 2015 (enforced on 1 January 2016) modifies the minimum guaranteed rates of return applicable to the Group's Belgian pension plans. For insured plans, the rates of 3.25% on employer contributions and 3.75% on employee contributions will continue to apply to the contributions accumulated before 2016. For contributions paid on or after 1 January 2016, a variable minimum guaranteed rate of return with a floor of 1.75% applies. The Group obtained actuarial calculations for the periods reported based on the projected unit credit method.

Employee benefits amounts in the Statement of Financial Position	£
Assets	-
Liabilities	3,758,285
Net defined benefit liability at end of year	**3,758,285**

Amounts recognised in the Statement of Financial Position	**£**
Present value of funded defined benefit obligations	2,252,187
Fair value of plan assets	(2,095,797)
	156,390
Present value of unfunded defined benefit obligation	3,601,895
Unrecognised past service cost	-
Total	**3,758,285**

Amounts recognised in the Income Statement	**£**
Current service cost	61,871
Interest cost	3,308
Expected return on plan assets	(46,342)
Total pension expense	**18,837**

Changes in the present value of the defined benefit obligation	**£**
Defined benefit obligation at beginning of year	-
Current service cost	61,871
Interest cost	3,308
Benefits paid	(84,815)
Remeasurements	(46,342)
Acquired in business combination	3,824,263
Defined benefit obligation at end of year	**3,758,285**

Amounts recognised in the Statement of Changes in Equity	**£**
Prior year cumulative actuarial remeasurements	-
Remeasurements	(46,342)
Cumulative amount of actuarial gains and losses recognised in the Statement of recognised income / (expense)	**(46,342)**

Movements in the net liability/(asset) recognised in the Statement of Financial Position	**£**
Net liability in the balance sheet at beginning of year	-
Total expense recognised in the income statement	61,871
Contributions paid by the company	3,308
Amount recognised in the statement of recognised (income)/expense	(84,815)
Acquired in business combination	(46,342)
Defined benefit obligation at end of year	**3,758,285**

Principal actuarial assumptions as at 31 December 2019	**£**
Discount rate	0.60%
Future salary increases	2.25%
Future inflation	1.75%

Post-retirement benefits

The Group operates both defined benefit and defined contribution pension plans.

Pension plans in Belgium are of the defined benefit type because of the minimum promised return on contributions required by law. The liability or asset recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Income Statement. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

27. Financial Instruments by Category

Consolidated	**31 December 2019**	
Assets per Statement of Financial Performance	**Loans & receivables £**	**Total £**
Trade and other receivables (excluding prepayments)	21,121,455	21,121,455
Cash and cash equivalents	9,867,696	9,867,696
	30,989,151	**30,989,151**
Liabilities per Statement of Financial Performance	**At amortised cost £**	**Total £**
Borrowings (excluding finance leases)	52,123,860	52,123,860
Finance lease liabilities	7,531,491	7,531,491
Trade and other payables (excluding non-financial liabilities)	37,158,011	37,158,011
	96,813,362	**96,813,362**

Consolidated	31 December 2018	
Assets per Statement of Financial Performance	Loans & receivables £	Total £
Trade and other receivables (excluding prepayments)	5,971,811	5,971,811
Cash and cash equivalents	3,771,735	3,771,735
	9,743,546	**9,743,546**

Liabilities per Statement of Financial Performance	At amortised cost £	Total £
Borrowings (excluding finance leases)	19,662,389	19,662,389
Finance lease liabilities	106,597	106,597
Trade and other payables (excluding non-financial liabilities)	8,054,274	8,054,274
	27,823,260	**27,823,260**

Company	31 December 2019	
Assets per Statement of Financial Performance	Loans & receivables £	Total £
Trade and other receivables (excluding prepayments)	540,775	540,775
Cash and cash equivalents	3,935,831	3,935,831
	4,476,606	**4,476,606**

Liabilities per Statement of Financial Performance	At amortised cost £	Total £
Borrowings (excluding finance leases)	-	-
Finance lease liabilities	66,498	66,498
Trade and other payables (excluding non-financial liabilities)	16,844,018	16,844,018
	16,910,516	**16,910,516**

Company	31 December 2018	
Assets per Statement of Financial Performance	Loans & receivables £	Total £
Trade and other receivables (excluding prepayments)	873,677	873,677
Cash and cash equivalents	115,756	115,756
	989,433	**989,433**

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)	595,087	595,087
	10,595,087	**10,595,087**

28. Share Capital and Share Premium

	Number of shares	Ordinary shares £	Share premium £	Total £
Issued and fully paid				
As at 1 January 2018	**136,705,557**	**1,367,056**	**50,161,904**	**51,528,960**
Cost of secondary placing (1)	-	-	(25,000)	(25,000)
As at 31 December 2018	**136,705,557**	**1,367,056**	**50,136,904**	**51,503,960**
As at 1 January 2019	**136,705,557**	**1,367,056**	**50,136,904**	**51,503,960**
Issue of new shares – 25 January 2019 (2)	35,135,101	351,351	13,596,828	13,948,179
Issue of new shares – 1 February 2019	1,976,888	19,770	730,230	750,000
Issue of new shares – 15 October 2019 (3)	79,921,640	799,216	30,894,594	31,693,810
As at 31 December 2019	**253,739,186**	**2,537,393**	**95,358,556**	**97,895,949**

(1)Issue costs on secondary placing of £25,000
(2)Includes issue costs of £457,215
(3)Includes issue costs of £1,074,061

On 25 January 2019 the Company raised £12,405,392 net of issue costs via the issue and allotment of 30,257,053 new Ordinary Shares at a price of 41 pence per share. On the same day the Company issued and allotted 4,878,048 at a price of 41 pence per share as consideration for CCP Building Products Limited of £2,000,000.

On 1 February 2019 the Company issued and allotted 1,976,888 at a price of 39 pence per share to the vendor of Poundfield Products (Group) Limited as satisfaction for the deferred consideration of £750,000.

On 15 October 2019 the Company raised £31,693,810 net of issue costs via the issue and allotment of 79,921,640 new Ordinary Shares at a price of 41 pence per share.

29. 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 2019	31 December 2018
Grant date	**Expiry date**	**Exercise price in £ per share**		
5 January 2017	4 January 2022	0.44	1,026,014	1,026,014
5 January 2017	22 August 2021	0.25	78,044	78,044
5 January 2017	5 January 2022	0.25	286,160	286,160
5 January 2017	5 January 2022	0.40	12,183,225	12,183,225
15 April 2019	15 April 2026	0.46	3,216,978	-
30 December 2019	30 December 2026	0.46	2,704,353	-
			19,494,774	**13,573,443**

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	0.425	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

	2019 Options E	2019 Options F
Granted on	15/4/2019	30/12/2019
Life (years)	7	7
Share price	0.465	0.525
Risk free rate	0.31%	0.55%
Expected volatility	4.69%	8.19%
Expected dividend yield	-	-
Total fair value	£49,638	£128,698

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. The Options A & D were issued in the first year of acquisitions which at the time had not had a significant impact on the Company's share price. Therefore a 50% discount was applied to reflect the fact the Company was 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 2019 is shown below:

	31 December 2019		31 December 2018	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the year	**13,573,443**	**0.40**	13,573,443	0.40
Granted	17,777,991	0.46	-	-
Exercised	-	-	-	-
Outstanding as at year end	**31,351,434**	**0.44**	**13,573,443**	**0.40**
Exercisable at year end	**19,494,774**	**0.42**	**13,573,443**	**0.40**

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30. Other Reserves

	Company			
	Deferred shares £	Capital redemption reserve £	Foreign currency translation reserve £	Total £
As at 1 January 2018	**761,679**	**600,039**	**-**	**1,361,718**
As at 31 December 2018	**761,679**	**600,039**	**-**	**1,361,718**
As at 1 January 2019	**761,679**	**600,039**	**-**	**1,361,718**
Currency translation differences	-	-	(447,978)	(447,978)
As at 31 December 2019	**761,679**	**600,039**	**(447,978)**	**913,470**

31. Earnings Per Share

The calculation of the total basic earnings per share of 0.92 pence (2018: 2.65 pence) is calculated by dividing the profit attributable to shareholders of £1,726,546 (2018: £3,619,144) by the weighted average number of ordinary shares of 188,418,538 (2018: 136,705,557) in issue during the period.

Diluted earnings per share of 0.82 pence (2018: 2.41 pence) is calculated by dividing the profit attributable to shareholders of £1,726,546 (2018: £3,619,144) 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 209,045,831 (2018: 150,383,059).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in Note 28.

32. Fair Value Estimation

The Group holds call options to purchase €7,100,000 on 29 June 2020 and €4,300,000 on 30 December 2020.

The call options were bought on 20 December 2019 for £211,592 and as at 31 December they had a fair value of £198,123 resulting in a loss of £11,542.

33. 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.

34. Business Combinations

CCP Building Products Limited

On 25 January 2019, the Group acquired 100% of the share capital of CCP Building Products Limited ('CCP') and its subsidiaries for initial cash consideration of £4.7 million (being £9.8 million less adjustments for various obligations assumed by the Group as part of the acquisition). CCP is registered and incorporated in the United Kingdom. The principal activity is the production of high quality aggregates and supply of value-added construction materials.

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

Total consideration	**£**
Cash	7,049,102
Share based payments	2,000,000
Deferred cash	748,635
	9,807,737
Recognised amounts of assets and liabilities acquired	**£**
Cash and cash equivalents	(42,762)
Trade and other receivables	3,564,595
Inventories	859,486
Property, plant & equipment	3,832,468
Tax liabilities	(176,507)
Trade and other payables	(6,972,916)
Borrowings	(4,642,061)
Provisions for liabilities	(86,813)
Total identifiable net liabilities	**(3,664,510)**
Goodwill (refer to note 17)	**13,472,247**
Total consideration	**9,807,737**

Carrières du Hainaut SCA

On 15 October 2019 the Group acquired 100% of the share capital of Carrières du Hainaut SCA ('CDH') and its subsidiaries for initial cash consideration of £25 million (being £26.1 million less adjustments for various obligations assumed by the Group as part of the acquisition). CDH is registered and incorporated in the Belgium. The principal activity is the production of high-quality aggregates and supply of value-added construction materials.

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

Total consideration	**£**
Cash	25,049,142
Deferred cash	13,155,740
	38,204,882
Recognised amounts of assets and liabilities acquired	**£**
Cash and cash equivalents	1,317,276
Trade and other receivables	7,404,563
Inventories	5,966,633
Property, plant & equipment	27,244,292
Intangible assets	1,283,135
Tax liabilities	(577,397)
Trade and other payables	(11,673,010)
Borrowings	(35,133,458)
Provisions for liabilities	(6,533,437)
Total identifiable net liabilities	**(10,701,403)**
Goodwill (refer to note 17)	**48,906,284**
Total consideration	**38,204,882**

35. Contingencies

The Group is not aware of any material personal injury or damage claims open against the Group.

36. 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 2019 £	**31 December 2018 £**
Ronez Limited	(9,625,760)	(4,995,129)
SigmaGsy Limited	(3,014,167)	(1,995,066)
SigmaFin Limited	(8,756,846)	50,336,445
Topcrete Limited	(1,022,931)	(850,425)
Poundfield Products (Group) Limited	7,088,761	4,799,580
Foelfach Stone Limited	442,858	91,800
CCP Building Products Limited	6,372,333	-
Carrières du Hainaut SCA	1,681,820	-
	(6,833,932)	**47,387,205**

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 total fee of £370,000 (2018: £85,000) for the provision of corporate management and consulting services to the Company which includes £285,000 for services relating to acquisitions of CCP, GDH, Stone and CDH. A balance of £178,477 was outstanding at the year-end.

Druces LLP, a limited liability partnership of which Dominic Traynor is a partner, invoiced a fee of £330,072 (2018: £177,302) for the provision of legal services for acquisitions. There was no balance outstanding at year end.

Julia Traynor, the wife of Non-Executive Director Dominic Traynor, invoiced a fee of £40,000 for the provision of administrative and legal services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.

Patrick Dolberg invoiced a fee of £45,000 (2018: £45,000) for the provision of consulting services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.

Michael Roddy, a Director of the subsidiary companies was loaned £6,000 in August 2019 by Allen Concrete Limited. The loan is for a period of 12 months to be repaid by 12 monthly instalments starting October 2019 and at year end £4,000 was outstanding.

37. Ultimate Controlling Party

The Directors believe there is no ultimate controlling party.

38. Events After the Reporting Date

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 200 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus and as a result there is a significant increase in economic uncertainty.

For the Group's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

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