

SIGMAROC PLC
(formerly Messaging International plc)
Interim Results for the period ended 30 June 2016

SigmaRoc plc ('SigmaRoc' or the 'Company'), the AIM traded company (ticker: SRC), announces its unaudited results for the six months ended 30 June 2016, representing the operations of Messaging International plc ('MI') and its subsidiary TeleMessage Ltd ('TeleMessage', together the 'Group'). The Company announced on 22 August 2016 the disposal of its TeleMessage subsidiary and changes to its activity, details of which are outlined below.

Overview

- Disposal of TeleMessage subsidiary post period end;
- Company name changed to SigmaRoc plc with new strategy to pursue acquisitions in the construction materials sectors;
- Change of Board;
- Gross revenues of £1,959,096 up 13% from £1,730,535 in H1 2015; and
- Pre-tax profit for the period of £272,509 (H1 2015 loss of £85,502).

CEO's Statement

At the end of the period under review, the Company saw a change of direction, both in terms of sector focus and Company strategy. The financial information presented herein represents the Company under its former guise. TeleMessage was taken private following the passing of certain resolutions at the Company's General Meeting ('GM'), held on 22 August 2016. Following the GM, a new Board was appointed with the vision to pursue the new Company strategy, under the name SigmaRoc.

Before commenting on the new direction of SigmaRoc it is worth considering the most recent developments of Messaging International. As described in the last annual report, the Group was transitioning from its legacy Text-to-Landline product to a new offering focused on the Secure Mobile Messaging for Enterprises and also the "Mass Messaging" solution for Enterprises. The further development of these new products and in particular the marketing and sales efforts required a substantial investment. On the back of these developments a consortium of shareholders within MI decided to put forward a proposition to take TeleMessage private which was approved by shareholders at the GM. As a consequence of the GM, the remaining cash shell listed on the AIM market became the starting point for a new venture under new management and with a new name, SigmaRoc plc.

SigmaRoc's business model is a buy and build strategy in the construction materials space. The Company's focus will be on cash generative assets, located in niche and frontier markets that produce aggregates, concrete, pre-cast concrete and other related materials. These materials are in high demand in rapidly growing frontier economies and experience steady but consistently reliable demand in niche markets.

In selecting investment and/or acquisition opportunities, SigmaRoc will focus on three types of business:

- Businesses, assets and/or projects in markets where anticipated structural change can lead to growth or consolidation within the construction materials sector;
- Businesses which present a steady cash flow opportunity allowing the Board to build a baseline income to sustain its further expansion projects; and
- Businesses or projects which present a clear opportunity for the Board to take advantage of cyclical dips within established production majors.

The new Board members appointed at the GM were David Barrett and Dominic Traynor as non-executive Directors, with Max Vermorken as Managing Director/CEO of the new business. All three directors have strong credentials and collectively have extensive relevant experience of the sector, geography and transactions that SigmaRoc is likely to pursue.

The Board is fortunate to have an ambitious and focused team that brings extensive experience and contacts in the sector.

Since the GM and unveiling of the new strategy, many investors and interested parties have made inquiries and the Board is encouraged by the interest received. Shareholders will naturally understand that the investment strategy set out for SigmaRoc is ambitious and one which requires solid due diligence and analysis of potential targets. The Board looks forward to announcing details of its first acquisition in due course.

Funding

On 22 August 2016, the Company raised £500,000 (before expenses) by way of a placing of 208,333,333 new ordinary shares of £0.001 each in the capital of the Company at a price of £0.0024 (the 'Placing').

The net proceeds of the Placing provided the Company with working capital to conduct due diligence on potential acquisition opportunities in line with the Company's new strategy.

Financial Results

For the six-month period ended 30 June 2016, the Group is reporting a pre-tax profit of £272,509 (30 June 2015: loss of £85,502) based on gross revenues of £1,959,096 (30 June 2015: £1,730,535).

Outlook

The Board looks forward to using the opportunity granted by the investment community to build out its strategy into a solid cash flow generative business with significant growth potential. Its focus is entirely on generating long term attractive returns for investors. It will therefore continue its current efforts of identifying the right opportunities for the Company and mobilising its intellectual capital, aiming to achieve an excellent result for shareholders.

I would like to thank SigmaRoc's shareholders and advisers for their support going forward and I look forward to updating the market with further news in due course.

Max Vermorken
Chief Executive
30 September 2016

The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.

SigmaRoc plc

Max Vermorken

+44(0)20 7193 4470

Strand Hanson Limited (Nominated and Financial Adviser)

James Spinney

James Dance

+44(0)20 7409 3494

Peterhouse Corporate Finance Limited (Broker)

Eran Zucker

Lucy Williams

Duncan Vasey

+44(0)20 7469 0930

Tavistock (Public Relations adviser)

Jos Simson

Barney Hayward

+44(0)20 7920 3150

Consolidated statement of comprehensive income for the six months ended 30 June 2016

	Notes	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015	Audited year ended 31 December 2015
		£	£	£
Revenues	2	1,959,096	1,730,535	3,465,182
Cost of revenue		(484,712)	(645,849)	(1,140,630)
Gross profit		1,474,384	1,084,686	2,324,552
Operating expenses				
Research and development		(533,044)	(521,452)	(1,009,551)
Sales and marketing		(437,855)	(451,903)	(829,065)
Administrative costs		(255,065)	(252,533)	(490,439)
Goodwill Impairment		-	-	(219,000)
Total operating expenses		(1,225,964)	(1,225,888)	(2,548,055)
Operating profit/(loss)		248,420	(141,202)	(223,503)
Finance gains/(costs)		24,089	55,700	(50,806)
Profit/(loss) before taxation		272,509	(85,502)	(274,309)
Taxation	3	(176)	-	(1,337)
Profit/(loss) for the period/year		272,333	(85,502)	(275,646)
Other comprehensive loss				
Re-measurement of loss from defined benefit scheme		-	-	14,805
Foreign exchange difference on translation of foreign operations		40,927	(54,213)	(3,167)
Foreign exchange difference arising from restating the carrying value of goodwill associated with foreign operations		-	-	(63,056)
		40,927	(54,213)	(51,418)
Total comprehensive profit/(loss)		313,260	(139,715)	(327,064)
Profit/(loss) per share				
Basic earnings/(loss) per share	4	0.24p	(0.07)p	(0.24)p
Diluted earnings/(loss) per share	4	0.17p	(0.07)p	(0.24)p

Consolidated statement of changes in equity for the six months ended 30 June 2016

	Share capital £	Capital redemption reserve £	Translation reserve £	Revenue reserves £	Total £
As at 1 January 2016	579,361	600,039	8,785	(281,474)	906,711
Profit for the period				272,333	272,333
Share based payments				7,825	7,825
Foreign currency translation changes			40,927		40,927
As at 30 June 2016	579,361	600,039	49,712	(1,316)	1,227,796
As at 1 January 2015	579,361	600,039	75,008	(63,431)	1,190,977
(Loss) for the period				(85,502)	(85,502)
Share based payments				11,448	11,448
Foreign currency translation changes			(54,213)		(54,213)
As at 30 June 2015	579,361	600,039	20,795	(137,485)	1,062,710
As at 1 January 2015	579,361	600,039	75,008	(63,431)	1,190,977
(Loss) for the for the year				(275,646)	(275,646)
Re-measurement of defined benefit plan				14,805	14,805
Share based payments				42,798	42,798
Foreign currency translation changes for goodwill			(63,056)		(63,056)
Other foreign currency translation changes			(3,167)		(3,167)
As at 31 December 2015	579,361	600,039	8,785	(281,474)	906,711

Consolidated Statement of financial position as at 30 June 2016

	Unaudited as at 30 June 2016 £	Unaudited as at 30 June 2015 £	Audited as at 31 December 2015 £
Non current assets			
Goodwill	521,901	803,957	521,901
Property, plant and equipment	37,771	54,209	48,207
Other investments	466,558	373,134	391,946
	1,026,230	1,231,300	962,054
Current assets			
Trade and other receivables	928,496	903,493	850,096
Cash and cash equivalents	1,097,821	682,365	737,416
	2,026,317	1,585,858	1,587,512
Total assets	3,052,547	2,817,158	2,549,566
Current liabilities			
Trade and other payables	(643,065)	(652,888)	(599,274)
Borrowings	(266,316)	(206,811)	(229,425)
	(909,381)	(859,699)	(828,699)
Non current liabilities			
Borrowings	(127,648)	(326,281)	(233,104)
Other payables	(151,228)	(46,599)	(44,076)
Employee provisions	(636,494)	(521,869)	(536,976)
	(915,370)	(894,749)	(814,156)
Total liabilities	(1,824,751)	(1,754,448)	(1,642,855)
Net assets	1,227,796	1,062,710	906,711
Equity			
Share capital	579,361	579,361	579,361
Capital redemption reserve	600,039	600,039	600,039
Foreign currency translation reserve	49,712	20,795	8,785
Revenue reserves	(1,316)	(137,485)	(281,474)
Shareholders' equity	1,227,796	1,062,710	906,711

Consolidated cash flow statement for the six months ended 30 June 2016

	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015	Audited year ended 31 December 2015
	£	£	£
Cash flow from operating activities			
Operating profit/(loss)	248,420	(141,202)	(223,503)
Adjustments for:			
Goodwill impairment	-	-	219,000
Share based payments – shares	7,825	11,448	28,676
Share based payments – issue of warrants	-	25,609	-
Defined benefit plan	-	-	14,805
Depreciation and amortisation	17,095	32,151	61,436
Foreign currency translation adjustments	86,016	(33,739)	1,009
	<u>110,936</u>	<u>35,469</u>	<u>324,926</u>
Operating cash flow before working capital movements	359,356	(105,733)	101,423
(Increase)/decrease in receivables	(78,400)	(207,425)	(154,978)
(Decrease)/increase in payables	150,943	168,774	112,639
Increase in provisions	99,518	42,213	57,320
	<u>172,061</u>	<u>3,562</u>	<u>14,981</u>
Cash (outflow)/inflow from operating activities	531,417	(102,171)	116,404
Investing activities			
Investments	(74,612)	(29,435)	(48,248)
Purchase of property, plant and equipment	(1,525)	(385)	(18,599)
Net cash from/(used in) investing activities	(76,137)	(29,820)	(66,847)
Taxation	(176)	-	(387)
Financing activities			
Interest and related costs	(26,134)	(31,092)	(53,755)
Bank repayments/net borrowings	(68,565)	464,339	360,892
Net cash (used in)/from financing activities	(94,699)	433,247	307,137
Net increase in cash and cash equivalents	360,405	301,256	356,307
Cash and cash equivalents at the beginning of the period/year	737,416	381,109	381,109
Cash and cash equivalents at the end of the period/year	<u>1,097,821</u>	<u>682,365</u>	<u>737,416</u>

Notes to the interim report
For the six months ended 30 June 2016

1. Basis of preparation and consolidation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. The interim financial statements have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 27 June 2016 and subsequently delivered to the Registrar of Companies. The independent auditor’s report on those financial statements was unqualified.

The 2016 interim financial statements of the Group have not been audited or reviewed.

The consolidated interim financial statements were approved by the board and authorised for issue on 30 September 2016.

A copy of the interim financial statements will be available on the Company’s website www.sigmaroc.com

2. Turnover

	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015	Audited year ended 31 December 2015
	£	£	£
North America	1,598,776	1,427,874	2,852,915
Europe and Middle East	346,865	288,979	582,827
Rest of the World	13,455	13,682	29,440
	1,959,096	1,730,535	3,465,182

Notes to the interim report

For the six months ended 30 June 2016 (continued)

3. Taxation

The tax charge in the six months ended 30 June 2016 represented amounts due for US State tax in relation to the profits of TeleMessage Inc. based in the USA. U.S. operating losses from previous years are subject to annual limitations due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions.

No further provision has been made for taxation as there are losses available to carry forward against future trading profits. No deferred tax asset has been recognised in accordance with International Accounting Standard 12.

4. Basic and diluted loss per share

For the six months ended 30 June 2016, basic earnings per share has been calculated on the Group's profit attributable to owners the Company of £272,333 and on the weighted average number of shares in issue during the year, which was 115,872,147.

For the six months ended 30 June 2015, basic loss per share has been calculated on the Group's loss attributable to owners the Company of £85,502 and on the weighted average number of shares in issue during the year, which was 115,872,147.

For the six month periods ended 30 June 2016, diluted earnings per share has been calculated on the Group's profit attributable to owners the Company of £272,333 and on the weighted average number of shares in issue during the year plus share options and warrants to subscribe for shares in the company which together total 159,025,429.

For the six month ended 30 June 2015 share options and warrants are anti-dilutive and for that reason the diluted earnings per share information is the same as the basic loss per share.

For the year ended 31 December 2015, basic loss per share has been calculated on the Group's loss of £275,646 and on the weighted average number of shares in issue in 2015 of 115,872,147.