SigmaRoc plc/ EPIC: SRC / Market: AIM / Sector: Mining

13 September 2017

SigmaRoc plc ('SigmaRoc' or the 'Company')
Interim Results

SigmaRoc plc, the AIM listed buy-and-build construction materials group, announces its unaudited interim results for the six months ended 30 June 2017.

Highlights:

	6 months to 30 June 2017 SigmaRoc	6 months to 30 June 2016 Ronez	Change
Revenue	**£13.1m**	**£11.8m**	**11.8%**
Operational* EBITDA	**£2.9m**	**£1.9m**	**52.6%**
Operational* profit	**£2.0m**	**£1.0m**	**100.0%**
Net debt/(cash)	**£8.3m**	**(£0.6m)**	**1,487.1%**

** Operational results are stated before holding company costs, acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items. Operational results are presented as the closest comparable on a like-for-like basis with Ronez in 2016. References to an operational profit measure throughout this announcement are defined on this basis.*

Acquisitions:

- Successful acquisition of Ronez Limited ('Ronez'), the Channel Island construction materials producer in January for £45m;
- Successful acquisition of a dry bulk carrier ship and the creation of SigmaGsy Limited ('SigmaGsy') shipping division in April 2017;
- Santander Term facility of £18m secured in addition to £2m revolving credit facility;
- Strong pipeline of target companies having reviewed 12 targets to date;
- Several targets currently between exclusivity and early analysis;

Integration & operations:

- Successful creation of back office infrastructure significantly ahead of time and budget;
- Delivery of key operational improvements in H1 2017, leading to a 52.6% operational EBITDA increase versus H1 2016 on a like-for-like basis;
- Successful launch of the Gold Card initiative for Safety and Operational reporting;
- Creation of share save scheme for colleagues at Ronez and SigmaGsy;

David Barrett, Executive Chairman, commented:

"I am pleased to report a strong first half of 2017, with solid performances by both Ronez and SigmaGsy. This performance is all the more significant, given the challenges created by an ownership change, creation of a new back office and the addition of a new shipping division.

"I am also very pleased to see how our colleagues at Ronez have embraced their independence and helped us deliver these results. Ronez is, as we knew, a high quality business and an excellent example of SigmaRoc's operating model in practice; buying a local business and improving its ability to perform in highly localised markets.

"Looking ahead, to the rest of the year and beyond, the Company's prospects are positive. Demand for building materials in the Channel Islands, driven by several major projects, is expected to remain steady, while our efforts to find, acquire and improve local businesses has gained further momentum, now we have successfully integrated Ronez."

Max Vermorken, CEO, commented:

"The acquisition of Ronez and integration of our first business was a defining moment in our journey. The first half of this year was not without challenges, but the results to date show we are on track with the delivery of our strategy. As a team and as a business we are in a solid position to build on this first step and deliver further shareholder value, through future acquisitions and further operational improvement."

John Bowater, CFO and Deputy CEO of Aggregate Industries, commented:

"We are pleased to see that following the sale of Ronez to SigmaRoc, the transition of ownership has been smooth and successful. This is a real testimony to the ability of the team at SigmaRoc under the guidance of its Chairman and Chief Executive."

SigmaRoc will host a meeting for invited analysts at 9.00 a.m. today and there will be a simultaneous conference call. The slides for the conference call are available for download on the company's website. Please contact Ed Orlebar at Temple Bar Advisory for dial-in details.

Enquiries:

SigmaRoc Max Vermorken, CEO	Tel: +44(0)207 002 1080
Strand Hanson (Nominated and Financial adviser) James Spinney / James Dance	Tel: +44(0)207 409 3494
Zeus Capital Limited (Joint Broker) Rob Collins / Alex Wood	Tel: +44(0)203 829 5000
Berenberg (Joint Broker) Ben Wright / Mark Whitmore / Laure Fine	Tel: +44(0)203 207 7800
Temple Bar Advisory (Financial PR adviser) Ed Orlebar / Tom Allison / Alycia MacAskill	Tel: +44(0)207 002 1486 sigmaroc@templebaradvisory.com

CHAIRMAN'S STATEMENT

I would like to start by thanking all those shareholders who supported us in the acquisition of our first company in January of this year, whereby SigmaRoc was transformed from a cash shell into a new player in the European construction materials space. Through the acquisition of Ronez, the Channel Islands subsidiary of Aggregate Industries Limited ('AIL'), we have created a solid platform for a buy and build strategy in the construction materials sector.

I am pleased to report that we have completed a successful first half of the year and that we expect progress to continue in the second half of 2017. We made significant progress in setting SigmaRoc up for future success and several key milestones needed to be achieved in order to deliver the strong trading performance we have recorded in the first half of the year.

Key milestones:

With Ronez, we acquired a good business with strong staff and management but without its own back office, bulk materials trading capabilities, or a sustained focus on operational excellence. Therefore, the first six months of operations had to be focused on the following five key areas:

- Reinforcing the highest health and safety standards throughout the company;
- Motivating the staff and management at Ronez to operate as a standalone business;
- Building the required back office infrastructure and front office processes;
- Creating the right bulk trading and shipping capabilities; and
- Ensuring all business improvement efforts were made to drive performance.

I am pleased to report that all five milestones have been achieved. Health and safety policies were successfully reinforced and the business continues to have an excellent safety record. Both staff and management have enthusiastically embraced the new reality of being an independent business with a strong local identity. An employee share save scheme has now been created, giving all of our colleagues the opportunity to share in the success of the business.

However, the most challenging hurdle we faced in the first half of this year was the creation of a complete new back office infrastructure. Prior to completion of the acquisition of Ronez, all of its back-office functions were managed centrally at AIL's headquarters. In less than six months, our CEO, Max Vermorken, and his teams at both SigmaRoc and Ronez, led the selection, design and implementation of a complete back office infrastructure, without disruption to the business, or impact on customers and suppliers. This is a significant achievement, which has quickly and efficiently mitigated what was a considerable potential risk to the business following the acquisition of Ronez.

Simultaneously, we created a new division and company, specifically dedicated to the bulk trading and shipping of cement and related powders around Northern European waters. The division serves both our own needs, as well as the powder requirements of several partners. The creation of this division also allowed us to take a fresh look at our performance and start the implementation of several improvement programmes, which are already showing benefits.

Business performance:

The performance of the business in the first half has been good. Demand in Jersey remained in line with expectations, with some improvement in trading, seen towards the end of last year, continuing into 2017. The roadworks programme, planned for the first half of the year, drove volumes in asphalt and aggregates. Housebuilding was also in line with expectations, underpinning volumes in ready-mixed concrete, while the concrete blocks market has been weaker. On balance, however, the Jersey market appears to have retained its momentum.

In Guernsey, demand remained well below historical levels. A slowdown in road maintenance works over the past years has had a knock-on effect through lower asphalt and aggregate demand. Delays in several major projects have led to lower ready-mixed concrete volumes than had been anticipated. The demand for concrete blocks remained below historical levels, similar to the conditions observed in Jersey.

Despite the slow market in Guernsey, Ronez, and our bulk shipping and trading arm, SigmaGsy, both recorded a strong performance, reaching, in aggregate, £13.1m in revenue and £2.9m operational EBITDA in H1 2017. This improvement is clear testimony of our ability to capitalise on slightly improved trading conditions, drive operational improvements and seize opportunities in shipping and trading to complement our business.

Outlook for the Channel Islands in the second half of 2017:

The second half of the year looks to continue the trends set in the first half on both islands. Several projects which have been in the planning stage for an extended period in Jersey are now expected to proceed. Whilst the exact timetable still remains to be confirmed, such projects are in general, good news for the business, whether they commence this year or next. The road works programme is expected to slow down in H2 2017. However, the Department for Infrastructure of Jersey has indicated further work on Jersey's roads will commence in 2018.

The picture of the past two years in Guernsey seems to be improving. The long-planned waste transfer station will now be built, and further investment in the road network next year should lead to increased demand for asphalt and road stone. The improved pipeline from the Guernsey Housing Association as well as projects such as Oatlands will help drive demand for building products in Guernsey to levels closer to the historic norm.

This backdrop of cautious optimism should also have positive effects on the performance of SigmaGsy. The acquired bulk carrier ship continues to perform well and has been active in northern European waters. The forecast for the second half is good. As long as the current expected pipeline and delivery timeframes remain on schedule, we should see this translate into positive results for the business. All these elements give us comfort regarding the performance of the business.

Outlook for SigmaRoc for 2017 and beyond:

The remainder of 2017 and into 2018 looks positive for both SigmaRoc and the businesses it has acquired. SigmaRoc is also well advanced with a solid pipeline of potential acquisitions. Our criteria are well defined, ensuring the businesses we acquire have those characteristics that will allow us to deliver shareholder value. In 2017 to date we have reviewed 12 companies, a number of which are in various stages of due diligence varying between exclusivity and initial analysis.

To conclude, SigmaRoc is in a strong position, underpinned by solid, cash generative businesses and an AIM quoted platform. The Board and management team are presently leveraging their knowledge of the construction materials industry to further deliver on their buy and build strategy. As the year progresses, we will continue to keep the market informed of our advancements. Acquisitions remain challenging processes with many variables. We believe SigmaRoc will become a unique success story and our progress to date strongly supports that belief.

David Barrett
Executive Chairman
12 September 2017

CEO'S STATEMENT

We started SigmaRoc just over a year ago, with the ambition to derive value from a simple observation; construction materials are a local product, delivered to local markets and its producers should therefore be run like local businesses. I would like to echo David's gratitude to all investors who backed this vision, and I believe the results posted today demonstrate that the vision we have set out can indeed lead to success both from a strategic and an operational perspective.

Overview of the business:

To date, our business has been focussed around two markets. Firstly, the Channel Islands of Jersey and Guernsey, where we operate two aggregates quarries, two ready-mixed concrete plants, two asphalt plants, two concrete products factories and two contracting divisions. Secondly, we operate in the market of bulk cement shipping, around the Northern European waters, utilising our dry bulk powder carrier effectively. Both these markets are highly localised and require specialist focus and knowledge.

Ultimately, that focus and knowledge resides with our people, and we have been fortunate to attract significant talent to the SigmaRoc team and to find a driven and motivated workforce at both of the businesses we currently operate. The management team in place has effectively taken up the challenge of operating on a standalone basis, without the assistance of a large corporate, delivering excellent business performance, while dealing with significant distractions from hand-over projects.

Safety first:

Unfortunately, the broader construction industry continues to experience accidents and SigmaRoc's first priority is the safety of its employees. As a team, we have focused on embedding the highest safety standards to ensure all our colleagues return home safely every night. Our safety record continues to be excellent, driven by the resolve of our colleagues to follow safety protocol.

As part of this continued focus on safety, we have introduced a simple new tool, the Gold Card. All members of staff now carry Gold Cards, which allow them to communicate issues, ideas, solutions and improvements that they feel the business should consider. Consequently, not only are we actively and constantly seeking to improve the Group's performance, it has also dramatically increased the number of safety discussions and our awareness of possible risks. One person in particular, Mark de Carteret, at Ronez, deserves specific mention for driving this initiative and turning it into a real success.

Transitional Service Agreements:

We faced a significant set of challenges in decoupling the business from its former parent, AIL. Whilst administrative in nature, this was not a trivial task, as Ronez was fully integrated within AIL's back office operating structure. However, the integration was not simply in respect of the back office, which I comment on specifically below, but also sourcing, procurement, financing facilities and bank mandates, which were all managed and coordinated from the AIL headquarters.

Under the leadership of our Technical Director, Charles Trigg, and our CFO, Garth Palmer, the required structures and systems were put in place efficiently and smoothly to ensure the continuity of the business. The success and speed of this complex transition was significant and impressive.

Back office integration:

A key achievement in the first half of the year has been the establishment of the required back office infrastructure to run, not only Ronez, but also SigmaGsy, and we are now in the position to quickly integrate further acquisitions by SigmaRoc, as and when appropriate. The process involved the decoupling of the Ronez business from AIL, which had been supplying all back-office functions including IT, payroll, credit control, HR, legal and many more.

Under the guidance of Charles Trigg, the Ronez team selected, designed, built and implemented all back-office functionalities in less than six months. The transfer was smooth; not interrupting the business or impacting our customers. The resilience of the team at Ronez, in particular Tim Le Cras and Chris Collins, was outstanding and the business presently runs as a stand-alone and self-sufficient entity under the capable local leadership of Mike Osborne (Managing Director of Ronez) and Steve Roussel (General Manager of Ronez in Guernsey).

Business performance:

Even while the SigmaRoc and Ronez management teams were significantly preoccupied with fully integrating the new business, the acquisition of the dry bulk carrier, the creation of a trading division and the entire back-office infrastructure, the business itself performed well operationally and commercially. In H1 2017, the Group generated £13.1m in revenue and an operational EBITDA of £2.9m, which are excellent results in general and in particular when compared with H1 2016.

Several drivers explain the progress made and the improvement in profitability we have been able to achieve following completion of the acquisition of Ronez. It is clear that we have seen some increase in local demand, helping to secure higher volumes for the business. Jersey's road maintenance programme was active in the first half of this year and is expected to pick up again in 2018. House building and major projects are also showing positive signs with long awaited projects, such as the new hospital, now on track to be commenced in 2019. This helps us to secure a positive pipeline of business in the near future.

Guernsey has had a number of slower years recently, leading to lagging volumes compared to expected or historical trends. The commercial and infrastructure developments have been less extensive than in the past, as have the housebuilding and major project programmes. In a volume dependent business like ours, such a slowdown in demand does impact EBITDA negatively.

However, we have received some encouraging signals for the remainder of 2017 and into 2018. Some long awaited projects are now starting and further projects are expected to be coming on stream, leading to a positive outlook for the remainder of this year and into next year. Clearly, the major variable which will impact the full year 2017 results will be the timing of these anticipated projects and, if they proceed, whether they fall within this calendar year or within the next.

The first half of this year has also been characterised by a focus on the operational performance of the business and improvements that could be made. In parallel to the creation of the required back office infrastructure, an overhaul of the front office and selling processes has helped us deliver results. Better sourcing and procurement, a review of the reporting load as well as further operational excellence initiatives have been implemented to underpin future performance.

Employee share save scheme:

Since the start of our journey we have emphasised to local management that they are now in charge of their own destiny. Unlike global majors with a global agenda, we have a local agenda focused on local markets. We therefore want to give our colleagues at Ronez and SigmaGsy the opportunity to be part of the financial success of the business through a share ownership programme.

Those colleagues who have elected to participate in the scheme will be able to benefit from improved efficiencies and other acquisitions by the Company and take part in any uplift in the share price while becoming co-owners of the business they work in. We were pleased to see that a significant proportion of our colleagues have decided to take part in this initiative. The scheme will, in the future, be extended to other member companies of SigmaRoc.

Outlook:

The first six months of this year were, in many ways, a test of our ability, our strategy and also of our team. The results to date are testimony to the success of all three. The remainder of this year we will continue to focus on delivering further shareholder value from solid operational performance and the addition of value accretive businesses.

Looking to SigmaGsy and Ronez, the project pipelines in both islands show signs of improvement and we have received indications that several infrastructure projects that are key to demand for construction materials on the Channel Islands will materialise. The stable market background provides a good base from which operational improvement initiatives can continue to be implemented.

At Group level, the quick and efficient integration of Ronez has been a success. We have sufficient management expertise and capacity to review multiple targets in a relatively short space of time. We are currently in advanced stages of review of several further value accretive targets, ranging from exclusivity to initial stages of analysis. The timing of acquisitions is typically decided by the vendor but we believe we have positioned ourselves well to uncover and, where necessary, compete for opportunities as they become available. We look forward to updating the market at the appropriate time when any of these initiatives move forward.

Max Vermorken
CEO
12 September 2017

CONSOLIDATED INCOME STATEMENT

	Note	6 months to 30 June 2017 Unaudited £	6 months to 30 June 2016 Unaudited £
Revenue		**13,142,542**	**36,000**
Cost of sales	5	(10,415,623)	-
Profit from operations		**2,726,919**	**36,000**
Administrative expenses	5	(1,232,030)	(43,626)
Net finance (expense)/income		(307,061)	6,473
Foreign exchange (loss)/gain		(2,395)	161,786
Profit before exceptional items and tax		**1,185,433**	**160,633**
Exceptional items	6	(797,785)	-
Profit before tax		**387,648**	**160,633**
Tax expense		(145,617)	(115)
Profit		**242,031**	**160,518**
Profit attributable to:			
Owners of the parent		**242,031**	**160,518**
		242,031	**160,518**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months to 30 June 2017 Unaudited £	6 months to 30 June 2016 Unaudited £
Profit		**242,031**	**160,518**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		-	-
		-	**-**
Total comprehensive income		**242,031**	**160,518**
Total comprehensive income attributable to:			
Owners of the parent		**242,031**	**160,518**
Total comprehensive income for the period		**242,031**	**160,518**
Basic earnings (pence per share)	12	**0.241**	**0.258**
Diluted earnings (pence per share)	12	**0.213**	**0.258**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 Unaudited £	30 June 2016 Unaudited £	31 December 2016 Audited £
Non-current assets				
Property, plant and equipment	7	20,415,890	-	4,515
Intangible assets	8	23,459,314	-	-
Investments	9	-	672,259	-
		43,875,204	**672,259**	**4,515**
Current assets				
Trade and other receivables		3,477,806	8,284	154,384
Inventories		2,453,335	-	-
Cash and cash equivalents		1,771,131	2,040	181,434
		7,702,272	**10,324**	**335,818**
Total assets		**51,577,476**	**682,583**	**340,333**
Current liabilities				
Trade and other payables		3,263,919	23,355	1,770,357
		3,263,919	**23,355**	**1,770,357**
Non-current liabilities				
Borrowings	10	10,000,000	-	-
Other payables		632,011	-	-
		10,632,011	**-**	**-**
Total Liabilities		**13,895,930**	**23,355**	**1,770,357**
Net assets		**37,681,546**	**659,228**	**(1,430,024)**
Equity attributable to owners of the parent				
Share capital	11	1,027,056	579,361	270,555
Share premium	11	37,153,313	-	266,667
Share option reserve		353,918	-	-
Other reserves		1,361,718	-	1,117,178
Retained earnings		(2,214,459)	79,867	(3,084,424)
Total equity attributable to owners of the parent		**37,681,546**	**659,228**	**(1,430,024)**
Non-controlling interest		**-**	**-**	**-**
Total equity		**37,681,546**	**659,228**	**(1,430,024)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £	Share premium £	Share option reserve £	Other reserves £	Retained earnings £	Total £
Balance as at 1 January 2016		**579,361**	**-**	**-**	**-**	**(80,653)**	**498,708**
Profit		-	-	-	-	160,520	160,520
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**160,520**	**160,520**
Balance as at 30 June 2016		**579,361**	**-**	**-**	**-**	**79,867**	**659,228**
Balance as at 1 January 2017		**270,555**	**266,667**	**-**	**1,117,178**	**(3,084,424)**	**(1,430,024)**
Profit		-	-	-	-	242,031	242,031
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**242,031**	**242,031**
Contributions by and distributions to owners							
Issue of ordinary shares		756,501	39,023,933	-	-	-	39,780,434
Issue costs		-	(2,137,287)	-	-	-	(2,137,287)
Share option charge		-	-	353,918	-	-	353,918
Movement in revaluation reserve of Ronez		-	-	-	-	627,934	627,934
Share consolidation		-	-	-	244,540	-	244,540
Total contributions by and distributions to owners		**756,501**	**36,886,646**	**353,918**	**244,540**	**627,934**	**38,869,539**
Balance as at 30 June 2017		**1,027,056**	**37,153,313**	**353,918**	**1,361,718**	**(2,214,459)**	**37,681,546**

CONSOLIDATED CASH FLOW STATEMENTS

	Note	6 months to 30 June 2017 Unaudited £	6 months to 30 June 2016 Unaudited £
Cash flows from operating activities			
Profit		242,031	160,633
Adjustments for:			
Depreciation and amortisation		834,685	-
Share option expense		352,877	-
(Increase)/decrease in trade and other receivables		(901,412)	159
Increase in inventories		(341,133)	-
(Decrease)/increase in trade and other payables		(680,955)	6,306
Cash generated from operations		**(493,907)**	**167,098**
Income taxes paid		(145,617)	(115)
Net cash flows from operating activities		**(639,524)**	**166,983**
Investing activities			
Purchase of property, plant and equipment	7	(796,747)	-
Cash paid for acquisition of subsidiaries (net of cash acquired)		(44,861,719)	-
Loan to subsidiaries		-	(172,259)
Net cash used in investing activities		**(45,658,466)**	**(172,259)**
Financing activities			
Proceeds from share issue		40,024,974	-
Cost of share issue		(2,137,287)	-
Net borrowings		10,000,000	-
Net cash used in financing activities		**47,887,687**	**-**
Net increase in cash and cash equivalents		**1,589,697**	**(5,276)**
Cash and cash equivalents at beginning of period		181,434	7,316
Cash and cash equivalents and end of period		**1,771,131**	**2,040**

NOTES TO THE INTERIM 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 listed 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 47 Charles Street, London, W1J 5EL.

2. Basis of preparation

The condensed 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 2016, 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. It has 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 period ended 31 December 2016 were approved by the Board of Directors on 24 April 2017 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified. The comparative financial information for the interim period ended 30 June 2016 and year ended 31 December 2016 is for the Company only, the Group was not formed until 5 January 2017.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Company and Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2017.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2016 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.sigmaroc.com. The key financial risks are liquidity risk, credit risk, interest rate risk and fair value estimation.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 3 of the Company's 2016 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period except for the following:

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.

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 £23,459,314 as at 30 June 2017 (31 December 2016: £nil). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in the notes to the annual financial statements.

Refer to Note 8 for further information.

c) Restoration provision

The measurement of site restoration provisions requires long-term assumptions regarding the phasing of the restoration work to be carried out and the appropriate discount rate to be used.

3. Accounting policies

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the company's annual financial statements for the year ended 31 December 2016, except for the impact of the adoption of the Standards and interpretations described in para 3.1 below:

3.1. Changes in accounting policy and disclosures

a) New and amended standards mandatory for the first time for the financial period beginning 1 January 2017

A number of new standards and amendments to standards and interpretations are effective for the financial period beginning on or after 1 January 2017 and have been applied in preparing these Financial Statements.

Amendments to IAS 1 Disclosure Initiative.

Amendments to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply the all parts of the Financial Statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IAS 27 Equity Method in Separate Financial Statements.

Amendments to IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations.

Amendments to IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

Annual Improvements 2012-2014 Cycle.

Makes amendments to the following standards:
- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The Directors believe that these new standards do not have a material impact on the Group's results or shareholders' funds.

b) 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
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IFRS 2 (Amendments)	Classification and Measurement of Share-based payments	*1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	*1 January 2018
IFRS 16	Leases	*1 January 2019

* *Subject to EU endorsement*

The Group is evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the Group's results or shareholders' funds.

3.2. Intangible assets

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

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.

3.3. Land, mineral rights and restoration costs

Land, quarry development costs, which include directly attributable construction overheads and mineral rights are recorded at cost. 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 estimated amount of mineral to be recovered over the expected life of the operation.

3.4. 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.

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

3.5. 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 cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

3.6. 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.

3.7. Operating leases

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

4. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2017 (2016: nil).

5. Expenses by nature

	6 months to 30 June 2017 Unaudited	**6 months to 30 June 2016 Unaudited**
	£	**£**
Cost of sales		
Changes in inventories of finished goods and work in progress	166,315	-
Production cost of goods sold	(4,493,685)	-
Distribution and selling expenses	(714,926)	-
Raw materials and consumables used	(309,241)	-
Employee benefit expenses	(4,125,596)	-
Depreciation and amortisation expense	(834,685)	-
Other costs of sale	(103,805)	-
Total cost of sales	**(10,415,623)**	**-**
Administrative expenses		
Operational admin expenses	(686,680)	-
Corporate admin expenses	(545,350)	(43,626)
Total administrative expenses	**(1,232,030)**	**(43,626)**

6. Exceptional items

	6 months to 30 June 2017 Unaudited	**6 months to 30 June 2016 Unaudited**
	£	**£**
Acquisition related expenses	(46,658)	-
Transitional service agreement related costs	(118,961)	-
Legal fees relating to credit facilities	(65,941)	-
Share option expense	(352,877)	-
Warranty & indemnity insurance for Ronez acquisition	(213,348)	-
	(797,785)	**-**

7. Property, plant and equipment

	Land and minerals	Buildings	Plant and machinery	Furniture and vehicles	Construction in progress	Total
	£	£	£	£	£	£
Cost						
As at 1 January 2016	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	-	-	-	-
As at 30 June 2016	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	4,590	-	-	4,590
As at 31 December 2016	**-**	**-**	**4,590**	**-**	**-**	**4,590**
Acquired through acquisition of subsidiary	19,137,402	15,822,502	5,901,008	6,719,143	500,447	48,080,502
Additions	-	-	90,000	618,925	87,822	796,747
Disposals	-	-	-	-	-	-
As at 30 June 2017	**19,137,402**	**15,822,502**	**5,995,598**	**7,338,068**	**588,269**	**48,881,839**
Depreciation						
As at 1 January 2016	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	-	-	-	-	-
As at 30 June 2016	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	-	75	-	-	75
As at 31 December 2016	**-**	**-**	**75**	**-**	**-**	**75**
Acquired through acquisition of subsidiary	5,528,287	10,887,342	4,918,903	6,332,004	-	27,666,536
Charge for the year	223,390	348,725	161,345	65,878	-	799,338
Disposals	-	-	-	-	-	-
As at 30 June 2017	**5,751,677**	**11,236,067**	**5,080,323**	**6,397,882**	**-**	**28,465,949**
Net book value						
As at 30 June 2016	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2016	**-**	**-**	**4,515**	**-**	**-**	**4,515**
As at 30 June 2017	**13,385,725**	**4,586,435**	**915,275**	**940,186**	**588,269**	**20,415,890**

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

8. Intangible assets

	6 months to 30 June 2017 Unaudited	6 months to 30 June 2016 Unaudited	12 months to 31 December 2016 Audited
Goodwill – Cost and net book value	£	£	£
At period start	**-**	**-**	**-**
Arising on acquisition of Ronez (refer to note 15)	22,610,171	-	-
Acquired as part of Ronez acquisition	884,491	-	-
Amortisation	(35,348)	-	-
At period end	**23,459,314**	**-**	**-**

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

9. Investment in subsidiary undertakings

	6 months to 30 June 2017 Unaudited	6 months to 30 June 2016 Unaudited	12 months to 31 December 2016 Audited
	£	£	£
Shares in subsidiary undertakings			
At beginning of the year	-	500,000	500,000
Additions	-	172,259	172,259
Disposals	-	-	(672,259)
At period end	**-**	**672,259**	**-**

On 22 August 2016, the Company disposed of its investment in TeleMessage Limited.

10. Borrowings

	6 months to 30 June 2017 Unaudited	6 months to 30 June 2016 Unaudited	12 months to 31 December 2016 Audited
	£	£	£
Convertible loan	10,000,000	-	-
At period end	**10,000,000**	**-**	**-**

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 due 5 January 2022.

11. Share capital and share premium

	Number of shares	Ordinary shares	Share premium	Total
		£	£	£
Issued and fully paid				
As at 1 January 2016	115,872,148	579,361	-	579,361
As at 30 June 2016	**115,872,148**	**579,361**	**-**	**579,361**
Capital re-organisation – 22 August 2016	115,872,148	(347,617)	-	(347,617)
TeleMessage disposal – 22 August 2016	(169,521,886)	(169,522)	-	(169,522)
Issue of new shares – 22 August 2016	208,333,333	208,333	266,667	475,000
As at 31 December 2016	**270,555,743**	**270,555**	**266,667**	**537,222**
As at 1 January 2017	270,555,743	270,555	266,667	537,222
Consolidation – 3 January 2017	(267,954,245)	(244,540)	-	(244,540)
Issue of new shares – 5 January 2017 (1)	100,000,000	1,000,000	36,862,713	37,862,713
Options Exercised – 3 May 2017	104,059	1,041	23,933	24,974
As at 30 June 2017	**102,705,557**	**1,027,056**	**37,153,313**	**38,180,369**

(1) Includes issue costs of £2,137,287

12. Earnings per share

The calculation of the total basic earnings per share of 0.241 pence (2016: 0.258 pence) is calculated by dividing the profit attributable to shareholders of £242,031 (2016: £160,518) by the weighted average number of ordinary shares of 100,425,473 (2016: 62,222,410) in issue during the period.

Diluted earnings per share of 0.213 pence (2016: 0.258 pence) is calculated by dividing the profit attributable to shareholders of £242,031 (2016: £160,518) 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 113,800,237 (2016: 62,222,410).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2016.

13. Fair value estimation

There are no financial instruments carried at fair value.

14. 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.

15. Business Combination

Ronez Limited

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

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

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

Recognised amounts of assets and liabilities acquired	**£**
Cash and cash equivalents	320,155
Trade and other receivables	2,931,180
Other current assets	336,210
Inventories	2,112,202
Property, plant & equipment	20,413,966
Intangible assets	884,491
Trade and other payables	(3,794,752)
Provisions for liabilities	(631,749)
Total identifiable net assets	**22,571,703**
Goodwill (refer to note 8)	**22,610,171**
Total consideration	**45,181,874**

16. Events after the reporting date

There have been no events after the reporting date of a material nature.

17. Approval of interim financial statements

The condensed interim financial statements were approved by the Board of Directors on 12 September 2017.