AIM: FOX 07 June 2017

Fox Marble Holdings plc
("Fox Marble" or the "Company")

Preliminary Results for the year ended 31 December 2016

Fox Marble, the AIM listed company focused on marble quarrying and finishing in Kosovo and the Balkans region is pleased to announce its preliminary results for the year ended 31 December 2016.

Operational Headlines for the year ended 2016

- New processing factory in Kosovo - installation complete and testing and commissioning in progress. The Company anticipates starting production in July 2017.
- Quarry operations focused on development of Maleshevë (Kosovo) and Prilep (Macedonia) to increase production capacity and block quality within these quarries. 4,631 tonnes of marble extracted during 2016 (2015 – 10,700 tonnes) as the company has focused on quarry expansion.
- Stone Alliance LLC project announced following the signing of the Memorandum of Understanding with the Kosovo Government.

Operational Headlines year to date 2017

- Mahadev Marmo sale and purchase deed signed in February 2017 for an estimated \$1.8 million per annum of block marble. Fox Marble has already completed shipments to Mahadev and we have received a purchase order for our third shipment of 1,000 tonnes.
- Agreement signed with Simsekler Mermer A.G. one of Turkey's premier natural stone groups to supply a minimum of €0.4 million of Illirico Selene and Sivec marble.
- Order book value of €4.4 million as at 31 May 2017.
- Letter of intent received from RK Marble Pvt Ltd one of the largest marble companies in the world for 1,000 tonnes of block marble across our range. We expect the company to return to the quarries to select blocks in June 2017.
- The Company has begun cutting blocks at the factory for the purpose of completing existing orders. The resin and polishing lines are being calibrated and are expected to be able to produce polished slabs in July 2017.

Financial Summary

- Revenue of €0.80 million for the year to 31 December 2016 (2015: €0.23 million).
- Operating loss for the year of €3.04 million (2015: €2.40 million), net loss of €2.76 million (2015: €3.03 million). The increase in operating loss is driven by the impact of currency fluctuations recognised in operating costs of €0.35million (2015 gain of €0.2 million). Operating costs include costs incurred in the development of the quarries to

increase potential yield, and investment in targeted marketing activity to increase our worldwide presence through attendance at industry fairs and key events.

- Net cash position at 31 December 2016 of €0.94 million (2015: €2.8 million).

Chris Gilbert, CEO, commented: "I am pleased to report on the significant progress Fox Marble has made during the past 18 months as we continue to build ourselves into a cash generative, low capex, fully integrated production, processing and distribution company of pre-eminent quality marble. Notwithstanding difficulties endured through 2016 with slower than expected conversions, 2017 has begun with vigour and sees us well placed to continue to capitalise on the many global opportunities we are seeing across the marble industry.

"Following from the completion of our new processing factory in Kosovo in December 2016, which will move into production in Q2 2017 and allow the Company to process (cut and polish) its own marble blocks for direct sale, Fox Marble has entered into a number of sales agreements which sees the order book stand at a healthy €4.4 million as at 31 May 2017.

"Since the start of 2017, we have secured orders and specifications from leading property developments in the UK and Australia, demonstrating the appeal of our premium marble products as the stone of choice in some of the most prestigious and expensive residential developments around the world. In addition to this, we also secured a €1.8m sales agreement with India's second largest green marble export house and a €400,000 sales agreement with a premier natural stone group in Turkey that underscores the continued development of the Company's customer base globally.

"As we look ahead to H2 2017 we remain confident that we will continue to grow our order book. There are a number of potential new offtake, distribution and sales agreements currently under discussion with customers across the UK, Europe, US and Asia, which the Company believes will continue to positively impact Fox Marble's revenues in 2017. We look forward to keeping the market updated on our developments as the year progresses."

The Company confirms that it has posted its Annual Report and Accounts for the year ended 31 December 2016 to shareholders together with the Notice of Annual General Meeting and the associated form of proxy.

The Annual Report, the Notice and related documents are available on Fox Marble's website and can be downloaded from: www.foxmarble.net.

The AGM will be held at 10.00am on 30 June 2017 at CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London, EC4N 6AF.

For further information please visit www.foxmarble.net.

Fox Marble Holdings plc

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Notes to Editors

Fox Marble Holdings Plc is an AIM quoted natural stone extraction Company operating in Kosovo and the Balkans region, with headquarters in the United Kingdom.

The Company has been granted mining licences in relation to six separate marble quarries and completed a maiden JORC resource indicating an in-situ valuation of approximately Euro 16.5 billion. Established in 2011, Fox Marble has access to over 300 million cubic metres of premium quality marble.

Fox Marble also has rights to extract marble from the Drini and Maleshevë quarries, both in Kosovo and from the Prilep Quarry in Macedonia.

Chairman's statement

2016 has been a mixed year for Fox Marble Holdings Plc.

Revenue for the year was €0.8 million, an increase on 2015 but still far below our expectations for the year. We have seen a number of delays to the conversion of our order book into realised sales, and lower than expected volumes on certain contracts. However 2016 has seen the Company's marble installed or specified in a number of major projects across the world, underlining the quality of our product. Further in early 2017 we have also seen significant progress in respect of our efforts to secure large scale block sales to the Turkish and Indian markets. The Mahadev Marmo sales agreement, worth about US$1.8 million per year, in particular, is a significant step and we hope to replicate the form of this agreement with other suppliers in the region.

Final commissioning and testing of the factory is taking place and we hope to begin production in June 2017, later than originally planned as we have sought to contain cash ahead of sales being realised. With processing operations in place at the factory in Lipjan, Fox Marble will gain a route to the Kosovan and Balkan tile and slab market, as well as reducing our costs across all our processed marble range. The factory has been a major milestone for the Company and I am enthusiastic about the start of operations. This will mark a major new phase for the Company and for Kosovo's marble industry.

During 2016 the Company has focused its quarrying resources on the development of the M3 quarry in Maleshevë. Market response to the Illirico Selene and Illirico Bianco stone in this quarry has been significant and management determined that developing this quarry should be a priority in order to address anticipated demand. Early sales in 2017 seem to have confirmed our optimism in respect of this quarry, with over 1,400 tonnes of material shipped or under purchase order from Maleshevë in the period since quarry operations reopened after the winter.

The results for the year reflect on-going costs incurred in developing our quarries, quarry operating expenses, overhead expenditure and a fair value adjustment to the loan note instrument. The increase in operating loss compared to 2015 is primarily due to foreign exchange movements due to the weakening of sterling over the period. Costs and cash continue to be managed tightly, particularly as we have not yet established a large, stable and recurring level of sales. The loss for 2016 was €2.7 million.

Net cash at the year-end was €0.94 million, and was €0.68 million at 26 May 2017. We have arranged a €1.2 million facility at 9% per annum which can be drawn down as required, to address any short term working capital requirements that may arise. In addition the Company has agreed with Amati Global Investors that it may extend the term of the loan notes which were due to for conversion or repayment on the 31 August 2017 by one year.

In August 2016 the Company announced the Stone Alliance project. This venture for the opening of forty new quarries and processing facilities in Kosovo is still in its initial stages, but could represent a significant new opportunity for the Company. I am particularly pleased by the support for the project from the Kosovan government and from the US Dept. of Commerce Commercial Advocacy in recognition of Fox Marble's work to date in the region and the wider aims of the project. I look forward to updating shareholders with progress on the fundraising for this venture in due course.

Since last year we have made a number of changes to our Board. Ms Fiona Hadfield was re-appointed to the Board as Chief Financial Officer, following maternity leave replacing Ms Candice Sutherland, who resigned from the Board in order to pursue other business interests. Dr Etrur Albani stepped down from the Board as Managing Director in order to focus on the operational activities of the Company. Dr Paul Jourdan retired as a non-executive director due to increased demands on his time from his role at Amati Global Investors Limited. Mr Richard Round joined the Board as a non-executive director between September 2016 and May 2017. I am grateful for their efforts on behalf of Fox Marble and wish them well in their future endeavours.

August 2017 will mark five years since Fox Marble Holdings Plc was admitted to AIM. I would like to thank all our employees who work so hard and have embraced our vision to establish Kosovo as a major supplier of high quality marble worldwide. We are most grateful for their on-going work and dedication. I remain confident in the prospects for Fox Marble and our objective to become the leading supplier of premium marble from Kosovo and South East Europe. As I said last year our future success will depend on our ability to convert our order book, and considerable interest and enthusiasm for our marble into sales revenue and cash.

Andrew Allner
Non-Executive Chairman
6 June 2017

Strategic Report

Business activities

Sales and Marketing

From early 2015, as the Company's quarries started to mature and yield consistent marble, Fox Marble began to develop its global sales strategy and network. The strategy is built around a diverse sales team comprising both staff and partners, with many years stone industry experience between them, operating from key hubs in the UK, US, Italy, SW Balkans, India and China.

The team has concentrated its efforts on sales to large prestigious projects covering a range of domestic, commercial, educational and religious buildings. We have also focused on high volume/high turnover wholesale customers as well as creating a rapidly expanding wider customer portfolio for both blocks and slabs. Clients range from designers and architects to block dealers, stone processors and smaller wholesalers.

Over the 2016 financial year we completed orders to both existing and new customers including Pisani, Eboracum and Antolini Luigi & C. Spa and further notably significant orders during the course of the year from leading property developments such as St George's Homes plc, and Capital and Counties plc's Lillie Square development, the largest residential development in Europe.

The quality of our products has seen Fox Marble being selected in a number of prominent developments. These include:

- Major new property in Mayfair, London, regarded as one of the most prestigious residential buildings in the world - has specified Fox Marble's Illyric Bianco Superiore and Illirico Selene marble for all of the interior common areas as a result of working closely with the designers and architects for the development.
- An exclusive residential property located in Point Piper, Sydney, Australia, which is expected to be the most expensive house in Australia when completed, has ordered Fox Marble's Sivec, Flora, Rosso Cait and Etruscan gold marble to be used in its construction. The materials were shipped in December 2016.
- The developers of a large residential mansion in West London, valued at £40m, have ordered Fox Marble's Flora, Grigio Argento and Sivec marble, the mansion is due for completion in the summer of 2017.

The Company's efforts in India over the past year have begun to show some promising results. On 7 February 2017 the Company announced that it had entered into a US$1.8m per annum sale and purchase deed with Mahadev Marmo PVT Ltd ('Mahadev'), India's second largest green marble export house, following the satisfactory delivery and completion of a block marble sample order, which was shipped in December 2016. Further orders have been placed and blocks shipped out under the agreement in 2017. This order and sales agreement marks the Company's first customer and entry into India and is in line with Fox Marble's international expansion strategy as it positions itself as a leading low cost marble production, processing and distribution company globally.

Since its year end the Company has entered into a sales agreement with Simsekler Mermer Company, one of Turkey's premier natural stone groups to supply a minimum of €400,000 of Illirico Selene and Sivec marble. Simsekler owns 9 marble quarries in Turkey as well as 3 factories and 2 showrooms and warehouses located in Ankara and Istanbul. The Agreement, under which shipments have been made, and which will see further deliveries completed over

2017, marks the Company's first significant customer and entry into Turkey.

To support the sales effort the Company has relaunched its website and marketing material to reflect the progress we have made over the last 5 years.

The Company's order book at 31 May 2016 million is €4.4 million expected to be realised within the 2017 financial year. The Company will continue its focus on sales and marketing over the 2017 financial year.

Processing Factory

A 5,400 square metre double skinned steel factory for the cutting and processing of blocks into polished tiles and slabs has been erected on a 10-hectare site that the Company acquired in Lipjan, close to Pristina airport, in Kosovo.

On 15 December 2016 the Company processed its first block of marble (Illirico Bianco) through its gangsaws. The opening of the factory is in line with Fox Marble's strategy of offering a low-capex and integrated approach to its marble production, processing and distribution globally. Notably, the processing of marble in Kosovo is a historic first, with Fox Marble's factory being the first in the country since Yugoslav times.

Fox Marble's factory is equipped with an Italian plant comprising Barsanti gangsaws, a Gaspari Menotti polishing line and a Promotec designed resin line. It will have the capacity to produce up to 400,000 sq. metres per annum of cut and polished slabs once the factory is in full production, operating a three shift, seven day a week cycle.

The factory currently has two operational gang saws installed which are designed to cut and trim large blocks of marble up to 24 tonnes (typically between 12 and 20 tonnes) which are then cut into slabs (usually 2-3cm in thickness). The slabs, after cutting, will then be processed if required through the installed resin line and then through the polishing line, to produce a finished polished marble product.

The factory will allow the Company to offer a fully integrated marble production and sales service to its customers. This is particularly relevant for the domestic Balkans market. This will also reduce our costs of production, as well as allowing the Company greater flexibility to make more efficient use of all of its production and improve yields within the quarries. The resin line installed within the factory is the only one of its kind operating within the Balkans.

The company has a signed agreement in place with Marble Dino Sh.p.k. for the supply of €1,500,000 worth of marble slabs and tiles per year. Marble Dino is a trader of marble and other commodities and is involved in the purchase, shipping and resale of the material in the Balkans. Through this agreement the Company expects to make significant inroads into the local Balkan market, once the factory is fully operational.

Quarry operations

Maleshevë

In July 2013 the Company acquired the rights to the Maleshevë quarry in Kosovo from a local company. The licence to the quarry is for 20 years with an irrevocable option to extend the period by a further 20 years thereafter. The Company will pay a royalty of 20% on net profit generated from the sale of block marble to the previous licence holder of the quarry.

In October 2015, the Company acquired the rights to a further 300-hectare site close to the Company's existing licence resource in Maleshevë from a local company. By November 2015, this quarry had been opened and the first blocks extracted and sent for testing. As the two Maleshevë quarries are adjacent, operational efficiencies can be achieved.

These quarries contain a mixture of Illirico Bianco, Illirico Superiore and the silver-grey marble Illirico Selene. The initial market response to both the Illirico Selene and Illirico Bianco was significant and to address this anticipated demand the Company has invested significant resources and effort in 2016 to accelerate the development of these quarries to produce multiple open high volume benches capable of producing blocks in the quantities to meet demand. The Company quarried 1,255 tonnes during the 2016 year whilst the Company has focused on opening further benches and deepening and expanding the existing benches.

The strategic focus on the development of the Maleshevë quarry in 2016 has proved sound with over 1,400 tonnes of Illirico Selene shipped or under purchase order since the quarry restarted operations after the winter stoppage. Since quarry operations restarted in 2017 we have quarried over 2,000 tonnes of material, and installed power lines and further capital equipment at the quarry which will allow the Company to run two shifts and increase production. We expect that the sale and purchase agreement with Mahadev Marmo will form a substantial part of the sales of this material, but we are also seeing large recurring orders from other major wholesalers in other territories.

The Illirico Superiore has been specified, delivered and installed for both the penthouses and common area of the new prestigious Lillie square development.

Prilep

The Company entered into an agreement to operate a quarry in Prilep, Macedonia in 2013. The agreement is for a period of 20 years with an irrevocable option to extend the period for a further 20 years thereafter. The Prilep quarry contains the highly desirable white Sivec marble, currently available from only one other quarry in the world.

The demand for Sivec exceeds current world supply and once the quarry site reaches full levels of commercial production we anticipate rapid sales of this stone. Sivec marble represents the most expensive marble in the Fox Marble portfolio. This type of marble has been used in a number of prestigious projects, including the construction of the Sheik Zayed Grand Mosque in Abu Dhabi.

The Prilep Alpha quarry is controlled by a local partner who has appointed Fox Marble to operate the quarry on its behalf. Fox Marble will receive 42.5% of the gross revenue from the sale of all block marble from this quarry and is responsible for the costs associated with extracting the marble from the quarry.

The Company currently markets three grades of Sivec: Albo, Cinero and Tigre. Albo is bright white but with small amounts of grey marking. Cinero shows more pronounced but attractive grey marking against the white whilst Tigre is essentially Cinero cut across the veins to maximise the effect of the natural stripe in the material but it is also quarried to blend warmer tones with the grey in the veining in the style of Palissandro marble. During 2016 1,432 tonnes were quarried from the quarry (2015:1,041 tonnes).

Cervenilla

This site was the first of ours to be opened in November 2012. It is being exploited across three separate locations (Cervenilla A, B & C) from which red (Rosso Cait), red tinged grey (Flora) light and darker grey (Grigio Argento) marble is being produced in significant quantities. The polished slabs from this quarry have sold well. Amongst the most noteworthy sales has been to St George PLC (Berkeley Homes) for the prestigious Thames riverside Chelsea Creek development.

In 2016 the decision was made to focus quarry resources at the nearby Maleshevë quarry in order to accelerate development of this quarry to address expected demand from that quarry. As such quarry staff and equipment were re-allocated from this quarry in March 2016 and only 261 tonnes were quarried in 2016 from the Cervenilla quarry. The quarry remains open and quarrying can be restarted at all three sites at less than 3 weeks' notice.

Syriganë

The quarry at Syriganë is open across four benches. The site contains a variety of the multi-tonal breccia and Calacatta-type marble and produces significant volumes of breccia marble in large compact blocks. Output is marketed as Breccia Paradisea (predominantly grey and pink) and Etrusco Dorato (predominantly gold and grey).

Licence area	*Country*	*Status*	*Marble Type*	*Reserve Volume* (million m3)	*Production Volume* (5) (tonnes)
Cervenilla	Kosovo	Operational – commercial levels of blocks extracted	Rosso Cait, Grigio Argento, Flora	16.83(1)	14,513
Verrezat	Kosovo	Site opened – ready for extraction	Rosso Cait, Argento Grigio, Flora	32.51(1)	-
Antenë	Kosovo	Site not currently operational	Black	97.24 (2)	-
Pejë	Kosovo	Site not currently operational	Honey Onyx	42.10(1) & 101.17 (2)	-
Syriganë	Kosovo	Operational – commercial levels of blocks extracted	Breccia Paradisea, Etruscan Dorato	36.62(2)	12,229
Maleshevë	Kosovo	Operational	Illirico Bianco, Illirico Selene, Cremo Olta	4.75(3)	2,373
Drini	Kosovo	Site not currently operational	Grey Emperador	Not available	-
Prilep Alpha	Macedonia	Operational - commercial levels of blocks extracted	Sivec	0.2 (4)	3,573
Prilep Omega	Macedonia	Under development	Sivec	0.2 (4)	-

(1) Indicated resource – as indicated by the Competent Persons Report prepared by Dr Magne Martinsen of Golder Associates in 2012
(2) Inferred resource – as indicated by the Competent Persons Report prepared by Dr Magne Martinsen of Golder Associates in 2012
(3) 2005 US Aid report
(4) Internal surveys performed by the Company. Reserve estimates based on currently opened bench sites.
(5) Production volume to 31 March 2017. On cubic metre of marble weighs approximately 2.7 tonnes.

Stone Alliance Project

In October 2016 Fox Marble announced that Stone Alliance LLC, a new company formed and 59% owned by Fox Marble signed a non-binding Memorandum of Understanding with the Parliament of Kosovo with the aim of creating a world class new stone industry for Kosovo. The company has been granted Commercial Advocacy by the Advocacy Centre of the United States Department of Commerce, ensuring the company benefits from the active support of the US Government.

Through submission of exploration licences Stone Alliance now has exclusive rights for a 40 year period to 40 quarry sites offering a variety of marble and dimension stone.

Stone Alliance intends to raise a minimum €100m from external sources to facilitate the opening of 40 proposed marble quarries and factories over a five year period in the region with a view to establishing Kosovo as a global presence in the stone industry, creating in excess of 2,000 jobs.

Fox Marble's role, in addition to being a major shareholder, within the Stone Alliance project, will be as follows:

- Fox Marble will provide the expertise on technical matters, including quarry operations gained from being the sole marble quarry owner and operator in the region; In addition Fox Marble will provide management and strategic services to Stone Alliance in the initial phases of the operations allowing Stone Alliance to progress more quickly in its development. These services will be provided by Fox Marble at cost plus an agreed margin.
- Fox Marble will provide the sales and marketing platform to sell Stone Alliance material. Fox Marble will provide access to its customer database and use of the Fox Marble brand to facilitate entry of Stone Alliance product to the market. Fox Marble will act as sales agent and in return earn a commission on sales of Stone Alliance product.
- The Chairman and CEO of Fox Marble Holdings plc will sit on the board of Stone Alliance.

Results and Dividends

Key Performance Indicators	*2016*	*2015*
Number of quarries operational	**4**	**4**
Quarry production (tonne)	**4,631**	**10,700**
Revenue	**€801,040**	**€229,242**
Average recorded selling price (per tonne)	**€574**	**€357**
Loss for the year	**€2,756,417**	**€3,034,084**
Expenditure on property, plant and equipment(1)	**€1,307,105**	**€735,921**

(1) Expenditure on property, plant and equipment includes €250,957 of block marble paid in partial consideration for the acquisition of plant and equipment for the factory site (2015 – nil).

The Group recorded revenues in the year of €801,040 (2015 - €229,242). The Group incurred an operating loss of €3,044,915 for the year ended 31 December 2016 (2015 - €2,401,864). The increase in operating loss reflects the costs incurred to bring the quarries to a stage required for production of more consistent and larger block sizes and investment in targeted marketing activity to increase our worldwide presence through attendance at industry fairs and key events.

The Group incurred a loss after tax for the year ended 31 December 2016 of €2,756,417 (2015 - €3,034,084).

The Company does not anticipate payment of dividends until the operations become significantly cash generative. The Directors intend to adopt a progressive dividend policy when it becomes commercially prudent to do so.

The Future

Over the upcoming year we hope to see further progress in completing large scale block orders, and expanding further into the Indian and Turkish markets following significant progress made to early 2017. We expect these regions to help drive revenue growth in 2017.

With the factory commissioning in progress the Company will begin to shift production from Italy to Kosovo over the coming year. With our processing facilities on line we expect to be able to access the local slab and tile market in Kosovo and the southern Balkans.

We will push to complete existing orders from our order book to translate these into confirmed sales and revenues.

Further we will continue our efforts to form strategic relationships in other key market places throughout the world to develop a sustainable and diverse customer basis for both our slab and block products.

Sustainable development

Fox Marble aims to build and maintain relationships based on trust and mutual benefit with its stakeholders. Preventing and managing social and environmental risks, while seeking opportunities for improvement, are critical to maintaining the Group's competitiveness and capacity to grow.

Risk

We are always trying to identify and address areas of future risk. As the operations have been rolled out, the Company has sought to impose a rigorous health and safety culture across the Group, ensuring buy-in to this by all staff. This is reflected in the commitment of senior management time and effort. Effective training in safety consciousness will be a continuing policy.

An ethics policy was also put in place and communicated throughout the Group. Ensuring systems to maintain compliance and make third party contractors aware of and committed to our policy is a requirement under the Bribery Act and we will therefore take further measures to communicate and monitor compliance with our policies beyond the Group.

The Company regularly reviews the risks and uncertainties facing the business through a regular series of board and operational meetings. The following risk factors, which are not exhaustive, are particularly relevant to the Group's business activities:

Operational risks

The activities of the Group are subject to all of the hazards and risks associated with natural resource companies. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, geological problems, unanticipated changes in rock formation characteristics, encountering unanticipated ground or water conditions, land slips, flooding, levels of wastage, periodic interruptions due to interruption of utilities, inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions.

Should any of these risks and hazards affect the Group's operations, it may cause the cost of production to increase to a point where it would no longer be economic to extract stone from the Group's properties, require the Group to write-down the carrying value of one or more quarries, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability, any and all of which may have a material adverse effect on the Group.

Risks to personnel are mitigated through the implementation of robust health and safety training and practices, supported detailed procedures. Oversight of the Group's procedures lies with the Board of Directors. The Group has instilled a zero tolerance attitude for safety incidents at all levels of operations, with rules incorporated into operational procedures, safety manuals and all aspects of communication on safety. Other operational risks are mitigated through the use of trained personnel, detailed monitoring of operations on a technical and geological basis to ensure that issues are identified and addressed promptly.

Quarry development risk

Certain of the Group's quarries are at an early stage of development. As a result, there can be no assurance that the colour, texture, quality and other characteristics of the marble slabs processed and blocks mined from the quarries will be consistent with the material that has been quarried to date. In addition, the mineralogical and chemical composition, bulk density, hardness, water absorption and mechanical properties of marble quarried may change as the resource is further exploited. In the event that the marble extracted is of a lower quality than expected, then demand for, and realisable price of, the Group's marble may be lower than expected.

The Group mitigates these risks with the use of highly trained quarry personnel and geologists, and the detailed assessment of the resource including, where appropriate, drilling, technical surveys and third party reviews. Further the Group maintains a broad portfolio of quarry projects and prospects with sufficient potential in terms of inferred and indicated resources.

Factory development risk

The Group's planned processing factory is currently going through initial testing and control phases. Fully commissioned operations at the factory could be subject to delays and require additional capital to complete. To mitigate this risk factory development is subject to robust budgeting and cost control processes, and project management and completion timetables are reviewed and approved by senior management.

Production and sales risk

There can be no assurance that the Group will be profitable in the future. The Group expects to continue to incur losses unless and until such time as some or all of the quarries enter into commercial production and generate sufficient revenues to fund continuing operations. The Group is at an early stage in the development of its sales and customer base. The Group's level of historical sales is low and the volume of sales is anticipated to grow significantly over the next twelve months.

To mitigate this risk, quarry operations have approved business plans and targets whilst working within strict working capital controls and robust budgeting and cost control processes.

Environmental risks and hazards

All phases of the Group's operations are subject to environmental regulation in Kosovo and Macedonia. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Group's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Group holds interests that are unknown to the Group at present and that have been caused by previous or existing owners or operators of the properties.

To mitigate this risk the Group has developed and is rolling out policies and procedures to ensure environmental standards are met in excess of current local legislation. The Group will continue to monitor evolving standards within each of its operating environments.

Political and regulatory risk

The Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.

Kosovo has less developed legal systems than more established economies which could result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

To mitigate this risk the Group takes an active role in industry and other stakeholder engagement processes with local government.

Key personnel risk

Key personnel risk is the risk of losing either a member of the Board or one of the Group's key quarrying or sales professionals. This could have an adverse effect on the ability of the business to complete its operational plans. To mitigate this risk the management has put in place plans to ensure skills development and retention and proactive recruitment processes are in place.

Capital risk

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's activities expose it to a number of risks including cash flow risk, liquidity risk and foreign currency risk. Disclosure of management's objectives, exposure and policies in relation to these risks can be found in note 22 to these financial statements.

Finally, I would like to thank all our staff and our Board colleagues for their unstinting efforts on behalf of Fox Marble.

Chris Gilbert
Chief Executive Officer

06 June 2017

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	Year to 31 December 2016 €	Year to 31 December 2015 €
Revenue		801,040	229,242
Cost of sales		(502,626)	(124,262)
Gross profit		298,414	104,980
Administrative and other operational expenses		(3,343,329)	(2,506,844)
Operating loss	5	(3,044,915)	(2,401,864)
Fair value adjustment of convertible loan notes	6	246,006	(379,476)
Net finance income/(costs)	7	42,492	(252,744)
Loss before taxation		(2,756,417)	(3,034,084)
Taxation		-	-
Loss for the year		(2,756,417)	(3,034,084)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the parent company		(2,756,417)	(3,034,084)
Loss per share			
Basic loss per share	8	(0.02)	(0.02)
Diluted loss per share	8	(0.02)	(0.02)

Consolidated Statement of Financial Position
As at 31 December 2016

	Note	2016	2015
		€	€
Assets			
Non-current assets			
Intangible assets	9	1,193,801	1,259,112
Property, plant and equipment	10	4,662,570	3,597,117
Receivables		-	488,400
Total non-current assets		5,856,371	5,344,629
Current assets			
Trade and other receivables		1,568,007	1,013,145
Inventories		3,231,916	2,991,618
Cash and cash equivalents		937,512	2,819,780
Total current assets		5,734,435	6,824,543
Total assets		**11,593,806**	**12,169,172**
Current liabilities			
Trade and other payables		890,343	674,837
Convertible loan notes	11	1,290,001	-
Total current liabilities		2,180,344	674,837
Non-current liabilities			
Convertible loan notes	11	-	1,849,786
Total non-current liabilities		-	1,849,786
Total liabilities		**2,180,344**	**2,524,623**
Net assets		**9,413,462**	**9,644,549**
Equity			
Share capital	12	2,281,345	2,008,809
Share premium		26,399,156	24,146,362
Accumulated losses	13	(19,385,793)	(16,629,376)
Share based payment reserve		83,211	83,211
Other reserve		35,543	35,543
Total equity		**9,413,462**	**9,644,549**

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Cash flows from operating activities			
Loss before taxation		(2,756,417)	(3,034,084)
Adjustment for:			
Finance income		(42,492)	(2,130)
Finance costs	6,7	(246,006)	634,350
Operating loss for the year		(3,044,915)	(2,401,864)
Adjustment for:			
Amortisation	9	65,311	86,434
Depreciation	10	241,652	311,945
Foreign exchange losses/ (gains) on operating activities		351,663	(162,678)
Equity settled transactions		-	1,011
Decrease/ (increase) in trade and other receivables		52,747	(378,469)
Barter transaction (1)		(250,957)	-
Increase in inventories		(240,299)	(1,421,172)
Increase in accruals		55,745	50,101
Increase in trade and other payables		159,761	247,199
Net cash used in operating activities		(2,609,148)	(3,667,493)
Cash flow from investing activities			
Expenditure on property, plant & equipment	10	(1,056,148)	(594,173)
Deposits paid on property, plant & equipment		(119,209)	(141,748)
Interest on bank deposits		2,674	2,130
Net cash used in investing activities		(1,172,683)	(733,791)
Cash flows from financing activities			
Proceeds from issue of shares (net of issue costs)	12	2,525,330	2,621,889
Interest paid on loan note instrument	11	(273,960)	(264,244)
Net cash inflow from financing activities		2,251,370	2,357,645
Net decrease in cash and cash equivalents		**(1,530,605)**	**(2,043,639)**
Cash and cash equivalents at beginning of year		2,819,780	4,700,742
Exchange (losses)/ gains on cash and cash equivalents		(351,663)	162,677
Cash and cash equivalents at end of year		**937,512**	**2,819,780**

(1) In the year ended 31 December 2016 the company sold €250,957 of block marble in partial consideration for the acquisition of plant and equipment for the factory site (2015 – nil).

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	Share Capital	Share Premium	Share based payment reserve	Other Reserve	Accumulated losses	Total equity
Note	12				13	
	€	€	€	€	€	€
Balance at 1 January 2015	1,870,785	21,662,497	82,200	35,543	(13,595,292)	10,055,733
Loss and total comprehensive loss for the year	-	-	-	-	(3,034,084)	(3,034,084)
Transactions with owners						
Share capital issued	138,024	2,483,865	-	-	-	2,621,889
Share based payment charge	-	-	1,011	-	-	1,011
Balance at 31 December 2015 and at 1 January 2016	2,008,809	24,146,362	83,211	35,543	(16,629,376)	9,644,549
Loss and total comprehensive loss for the year	-	-	-	-	(2,756,417)	(2,756,417)
Transactions with owners						
Share capital issued	272,536	2,252,794	-	-	-	2,525,330
Balance at 31 December 2016	2,281,345	26,399,156	83,211	35,543	(19,385,793)	9,413,462

Notes to the Consolidated Financial Statements

1. General information

The principal activity of Fox Marble Holdings plc and its subsidiary companies Fox Marble Limited, H&P Sh.p.k, Granit Shala Sh.p.k, Rex Marble Sh.p.k, Stone Alliance LLC and Fox Marble Asia Limited and Fox Marble Kosova Sh.p.k (collectively "Fox Marble Group" or "Group") is the exploitation of quarry reserves in the Republic of Kosovo and South East Europe.
Fox Marble Holdings plc is the Group's ultimate Parent Company ("the Parent Company"). It is incorporated in England and Wales and domiciled in England. The address of its registered office is 15 Kings Terrace, London, NW1 0JP. Fox Marble Holdings plc shares are admitted to trading on the London Stock Exchange's AIM market.

2. Basis of Preparation

The financial information set out herein does not constitute the Group's statutory financial statements for the year ended 31 December 2016, but is derived from the Group's audited full financial statements. The auditors have reported on the 2016 financial statements and their reports were unqualified and did not contain statements under s498(2) or (3) Companies Act 2006. The 2016 Annual Report was approved by the Board of Directors on 6 June 2017, and will be mailed to shareholders in June 2017. The financial information in this statement is audited but does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Group's consolidated financial statements, which form part of the 2016 Annual Report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Companies Act applicable to companies reporting under IFRS. IFRS includes Interpretations issued by the IFRS Interpretations Committee (formerly – IFRIC).

The consolidated financial statements have been prepared under the historical cost convention, apart from financial assets and financial liabilities (including derivative instruments) which are recorded at fair value through the profit and loss. The preparation of consolidated financial statements under IFRS 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.

3. Critical accounting estimates and areas of judgement

Impairment assessment

The Group assesses at each reporting date whether there are any indicators that its assets and cash generating units (CGUs) may be impaired. Operating and economic assumptions, which could affect the valuation of assets using discounted cash flows, are updated regularly as part of the Group’s planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU, and are therefore indicators of impairment or impairment reversal.

In performing the impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. These models are subject to estimation uncertainty and there is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined below.

Going concern

The Group assesses at each reporting date whether it is a going concern for the foreseeable future. In making this assessment management considers:

(a) the current working capital position and operational requirements;

(b) the sensitivities of forecast sales figures in the next two years;

(c) the timing and magnitude of planned capital expenditure; and

(d) the strategic exploitation of the company’s significant resources.

Management considers in detail the going concern assessment, including the underlying assumptions, risks and mitigating actions to support the assessment. The assessment is subject to estimation uncertainty and there is judgement in determining underlying assumptions.

Quarry reserves

Engineering estimates of the Group's quarry reserves are inherently imprecise and represent only approximate amounts because of the significant judgments involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated quarry reserves can be designated as ''proved'' and ''probable''. Proved and probable quarry reserve estimates are updated at regular intervals taking into account recent production and technical information about each quarry. In addition, as prices and cost levels change from year to year, the value of proved and probable quarry reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in depreciation and amortisation rates calculated on units of production ("UOP") basis.

Changes in the estimate of quarry reserves are also taken into account in impairment assessments of non-current assets.

Treatment of convertible loan note

On the 31 August 2012 the Company issued a €1,295,278 (£1,060,000) fixed rate convertible unsecured loan note 2017 under the terms of the agreement signed 24 August 2012 with Amati Global Investors Limited ("Series 1 Loan Note").

The convertible loan notes have been accounted for as a liability held at amortised cost. At the date of issue, the fair value of the liability component was estimated using the prevailing market interest rate for similar non-convertible debt.

The conversion option results in the Company receiving a fixed amount of foreign currency cash in return for issuing a fixed number of shares and as such has been classified as a derivative liability. The liability is held at fair value and any changes in fair value over the period recognised in profit or loss.

The Company has fair valued the identified embedded derivatives included within the contract using a Black Scholes methodology, which has resulted in the recording of a liability of €70,531 at 31 December 2016 (2015 - €25,774).

Inventory valuation
Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

4. Going concern

The Directors have reviewed detailed projected cash flow forecasts and are of the opinion that it is appropriate to prepare this report on a going concern basis. In making this assessment management has considered:

(a) the current working capital position and operational requirements;

(b) the timing of expected sales receipts and completion of existing orders;

(c) the sensitivities of forecast sales figures over the next two years;

(d) the timing and magnitude of planned capital expenditure; and

(e) the level of indebtedness of the company and timing of when such liabilities may fall due, and accordingly the working capital position over the next 18 months.

The forecasts assume a significant increase of production compared to 2016 at Prilep and

Maleshevë quarries to complete existing and anticipated orders. The marble processing factory is expected to be in operation from July 2017. Further the Company is anticipating significant growth in revenue through the conversion of existing sale and purchase contracts and signed offtake agreements into delivered sales.

There are a number of key risks and uncertainties that could impact the financial performance of the company. These include: levels of production at Maleshevë and Prilep can be impacted by unforeseen delays due to inclement weather or equipment failure; delay and cost overruns in the completion of commissioning of the equipment at the Group's marble processing factory; and delays in the realisation of the Company's order book.

On 31 August 2012 the Company issued a €1,295,278 (£1,060,000) fixed rate convertible unsecured loan note 2017 under the terms of the agreement signed 24 August 2012 with Amati Global Investors Limited. If the Series 1 Loan Note is not converted at the stockholders request it must be repaid in full on the 5th anniversary of the instrument date on 31 August 2017. On 5 June 2017 the Company was granted an option to extend the loan note by one year. The Company must notify Amati Global Investors Limited by 31 July 2017 if it wishes to exercise this option. The extension of the term will be granted in return for a reduction in the conversion price from 10p to the lower of 9p a share or a 15 per cent. discount to the volume weighted average price for the 10 business days trading prior to a conversion notice being served, and the provision of security over the factory building and equipment.

On 10 February 2017 the Company entered into a short term finance arrangement with Peers Hardy (UK) Ltd of £500,000 at an interest rate of 15% for working capital purposes. The liability is repayable on the 10 August 2017, but may be extended at the Company's discretion up until 31 October 2018.

On 2 June 2017 the Company entered into a facility arrangement of £1,000,000 at an interest rate of 9% per annum arranged by Brandon Hill Capital Limited, which may be drawn down at the Company's request.

In the event that the cash receipts from sales are lower than anticipated the Company has identified that it has available to it a number of other contingent actions, in addition to those noted above, that it can take to mitigate the impact of potential downside scenarios. These include seeking additional financing, leveraging existing sale agreements, reviewing planned capital expenditure, reducing overheads, and further renegotiation of the terms on its existing debt obligations.

In conclusion having regard to the existing and future working capital position and projected sales, the Directors are of the opinion that the Group has adequate resources to enable it to undertake its planned activities for the next twelve months.

5. Expenses by nature

	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Operating loss is stated after charging/(crediting):		

Cost of materials sold	502,626	124,262
Stock provision	236,723	-
Fees payable to the Company's auditors	92,057	89,163
Legal & professional fees	349,324	315,115
Consultancy fees and commissions	213,564	152,052
Staff costs	947,072	1,088,351
Operating lease rental	62,973	40,460
Other head office costs	117,770	176,626
Travelling, entertainment & subsistence costs	84,229	91,935
Depreciation	128,689	20,199
Amortisation	65,311	86,434
Quarry operating costs	313,987	349,334
Foreign exchange gain/(loss)	351,663	(199,989)
Share based payment charge	-	1,011
Marketing & PR	124,001	138,992
Testing, storage, sampling and transportation of materials	168,628	53,569
Provision for bad debts	51,601	55,782
Sundry expenses	35,737	47,810
Cost of sales, administrative and other operational expenses	**3,845,955**	**2,631,106**

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

	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Fees payable to the Company's auditors and its associates for services to the group		
Audit of UK parent company	12,200	13,566
Audit of consolidated financial statements	56,317	51,101
Audit of overseas subsidiaries	15,000	15,000
Total audit services	**83,517**	**79,667**
Other Services	8,540	9,496
	92,057	**89,163**

6. Fair value adjustment

The fair value adjustment of €246,006 for the year ended 31 December 2016 is as a result of a revision to the fair value of the instrument using the reduced interest rate of 8% (2015 – 25%). Further detail on this can be found in notes 7 and 11.

7. Net finance income/(costs)

	2016	2015
	€	€
Interest income on bank deposits	2,674	2,130
Interest expense on convertible loan notes	(147,545)	(147,811)
Amortisation of costs incurred	-	(23,011)
Movement in the fair value of derivative	(44,758)	5,065
Net foreign exchange gain/(loss) on loan note instrument	244,900	(89,117)
Other interest expense	(12,779)	-
	42,492	**(252,744)**

On the 31 August 2012 the Company issued €1,295,278 (£1,060,000) fixed rate convertible unsecured loan note 2017 under the terms of the agreement signed 24 August 2012 with Amati Global Investors Limited. Interest accrued on the loan notes at 8% per annum from the date of issue due quarterly in arrears until 31 August 2015. From 1 September 2015, the interest rate increased to 25% per annum, payable quarterly in arrears. From the 7 June 2016 the interest rate was reduced to 8%.

8. Loss per share

	2016	2015
	€	€
Loss for the year used for the calculation of basic LPS	(2,756,417)	(3,034,084)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic LPS	171,797,179	155,315,299
Effect of potentially dilutive ordinary shares		-
Weighted average number of ordinary shares for the purpose of diluted LPS	171,797,179	155,315,299
Loss per share:		
Basic	(0.02)	(0.02)
Diluted	(0.02)	(0.02)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of the Ordinary Shares which would be in issue if all the options granted other than those which are anti-dilutive, were exercised.

The following potentially dilutive instruments have been excluded from the calculation of weighted average number of ordinary shares for the year ended 31 December 2016 for the purpose of calculating diluted loss per share on the basis that the instruments would be anti-dilutive.

- A warrant instrument entered into by the Company dated 24 August 2012, pursuant to which the Company issued Warrants to subscribe for an aggregate of 1,188,250 Ordinary Shares to Fox-Davies Capital Limited.
- A warrant instrument entered into by the Company dated 24 August 2012, pursuant to which the Company issued Warrants to subscribe for an aggregate of 369,250 Ordinary Shares to Merchant Securities Limited.
- Warrant instruments entered into by the Company dated 8 August 2013 and 28 August 2013, pursuant to which the Company issued Warrants to subscribe for an aggregate of 882,727 Ordinary Shares to Merchant Securities Limited.
- A grant of 120,000 options granted under the DSOP.
- Shares issuable under unsecured convertible loan notes issued by the Company.

9. Intangible assets

	Mining rights and licences €	Capitalised exploration and evaluation expenditure €	Total €
Cost			
As at 1 January 2015	1,256,376	92,866	1,349,242
Additions	-	-	-
As at 31 December 2015 and 2016	**1,256,376**	**92,866**	**1,349,242**
Accumulated amortisation			
As at 01 January 2015	-	3,696	3,696
Charge for the year	84,275	2,159	86,434
As at 31 December 2015	**84,275**	**5,855**	**90,130**
Charge for the year	62,947	2,364	65,311
As at 31 December 2016	**147,222**	**8,219**	**155,441**
Net Book Value			
As at 1 January 2015	1,256,376	89,170	1,345,546
As at 31 December 2015	1,172,101	87,011	1,259,112
As at 31 December 2016	1,109,154	84,647	1,193,801

Capitalised exploration and evaluation expenditure represents rights to the mining of decorative stone reserves in the Pejë, Syriganë (formerly Suhogerll) and Rahovec quarries in Kosovo. The Group was granted in 2011 rights of use by the local municipality for twenty years over land in the Syriganë and Rahovec region through acquisition of the issued share capital of Rex Marble SH.P.K and H&P SH.P.K.

On the 16 August 2014 the Company entered into a sub-lease arrangement with New World Holdings (Malta) Limited in relation to the Omega Sivec marble quarry at Prilep in Macedonia. This new quarry site is adjacent to the Company's existing operations in Prilep. The consideration for the sub-lease was €1,256,376 (£1,000,000) and a subsequent 40% gross revenue royalty obligation. The sub-lease has an initial term of 20 years, which is extendable by the Company for a further twenty years. The sub-lease grants the Company the exclusive right to quarry, process, remove and sell marble from the quarry. The Company will pay for and provide all the equipment and staff required to operate this quarry.

Intangible assets relating to quarries not yet in operation are treated as exploration and evaluation assets and assessed for impairment in accordance with IFRS 6. The Company has assessed intangible assets for indicators of impairment and concluded there are no indicators of impairment arising in the current period.

10. Property, plant and equipment

	Construction in Progress	Plant & Machinery	Land	Office Equipment and Leasehold improvements	Total
	€	€	€	€	€
Cost					
As at 1 January 2015	1,266,200	2,377,808	160,000	18,326	3,822,334
Reclassifications					
Additions	506,112	78,404	-	9,657	594,173
As at 31 December 2015 and as at 1 January 2016	**1,772,312**	**2,456,212**	**160,000**	**27,983**	**4,416,507**
Additions	1,014,463	290,524	-	2,118	1,307,105
As at 31 December 2016	**2,786,775**	**2,746,736**	**160,000**	**30,101**	**5,723,612**
Accumulated depreciation					
As at 1 January 2015	-	494,786	-	12,659	507,445
Depreciation charge	-	306,731	-	5,214	311,945
As at 31 December 2015 and as at 1 January 2016	**-**	**801,517**	**-**	**17,873**	**819,390**
Depreciation charge	-	236,682	**-**	4,970	241,652
As at 31 December 2016	**-**	**1,038,199**	**-**	**22,843**	**1,061,042**
Net Book Value					
As at 1 January 2015	1,266,200	1,883,022	160,000	5,667	3,314,889
As at 31 December 2015	1,772,312	1,654,695	160,000	10,110	3,597,117
As at 31 December 2016	**2,786,775**	**1,708,537**	**160,000**	**7,258**	**4,662,570**

The Company has assessed property, plant and equipment for indicators of impairment and concluded there are no indicators of impairment arising in the current period. Property, plant and equipment acquisitions include €250,957 of block marble paid in partial consideration for the acquisition of plant and equipment for the factory site (2015 – nil).

11. Convertible loan note

Group and Company:	2016	2015
	€	€
Financial liability at amortised cost [1]	1,219,471	1,824,012
Derivative over own equity at fair value	70,530	25,774
	1,290,001	**1,849,786**

[1] The liability includes a fair value gain of €246,006 for the year ended 31 December 2016 (2015 fair value loss of €379,476 as a result of a revision to the fair value of the loan note instrument using the decreased interest rate of 8% per annum (2015 – 25% per annum). The fair value of the loan note was assessed by reference to discounted value of cash flows.

On 31 August 2012 the Company issued a €1,295,278 (£1,060,000) fixed rate convertible unsecured loan note 2017 under the terms of the agreement signed 24 August 2012 with Amati Global Investors Limited ("Series 1 Loan Note").

At any time prior to repayment of the Series 1 Loan Note, a stockholder is able to issue a conversion notice. Under the initial terms, the stockholder would receive such number of fully paid ordinary shares as satisfied by the formula: 1 ordinary share for every y pence nominal of stock converted, where y is the lesser of: 20 + (number of whole months which have lapsed between the date of issue of the stock held by the stockholder and the date of receipt of by the Company of a conversion notice multiplied by 0.1666); and 26.

Under the initial terms of the loan note interest accrued on the Series 1 Loan Note at 8% per annum from the date of issue due quarterly in arrears, until 31 August 2015. On the third anniversary of issue, 31 August 2015, the interest rate was raised by the loan note holder to 25% per annum.

On the 7 June 2016 the company renegotiated the terms of the loan note. As a result the interest rate reverted to 8% per annum. Further the conversion price was reduced to 10 pence. If the Series 1 Loan Note is not converted at the stockholders request it must be repaid in full on the 5th anniversary of the instrument date on the 31 August 2017.

As at 31 December 2016 the loan note held at amortised cost had a balance of €1,219,471 (2015 - €1,824,012). The Stockholders option to convert the loan has been treated as an embedded derivative and measured at fair value. As at 31 December 2016 the derivative had a value of €70,530 (2015 - €25,774). The fair value has been assessed using a Black Scholes methodology.

The directors consider that the carrying amount of borrowings approximates their fair value at 31 December 2016.

12. Share capital

	2016 Number	2015 Number	2016 €	2015 €
Issued, called up and fully paid				
Ordinary shares of £0.01 each				
At 1 January	159,848,266	149,848,266	**2,008,809**	**1,870,785**
Issued in the year	21,218,578	10,000,000	**272,536**	**138,024**
At 31 December	181,067,024	159,848,266	**2,281,345**	**2,008,809**

The Company has one class of ordinary share capital.

a. On a resolution at a general meeting, every member (whether present in person, by proxy or authorised representative) has one vote in respect of each ordinary share held by him.
b. All ordinary shares rank equally in the right to participate in any approved dividend distribution applicable to this class of share.
c. Except as otherwise provided below, all dividends must be
    i. Declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
    ii. Apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.
d. If any share is issued in terms of providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
e. In the event of any winding up all shares will rank equally in relation to distribution of capital.
f. All shares are non-redeemable.

On the 4 August 2014 the Company issued 26,388,883 shares at a price of 18p per share as part of the Secondary Placing on AIM, following shareholder approval at a general meeting.

On the 15 May 2015 the Company issued of 10,000,000 shares at a price of 20p per share as part of a Secondary Placing on AIM. The shares placed were within existing authorities held by the Board of Directors.

On the 02 June 2016 the Company issued of 18,700,000 shares at a price of 10p per share as part of a Secondary Placing on AIM, following shareholder approval at a general meeting.

On the 30 June 2016 the Company issued of 1,300,000 shares at a price of 10p per share as a deferred element of the Secondary Placing on AIM referred to above.

On the 15 June 2016 the Company issued 296,176 shares at a price of 10.7p per share in lieu of directors' fees for the period from 1 March 2016 to 31 March 2016.

On the 27 July 2016 the Company issued 462,271 shares at a price of 10.0p per share in lieu of directors' fees for the period from 1 April 2016 to 30 June 2016.

On the 4 November 2016 the Company issued 460,311 shares at a price of 9.9p per share in lieu of directors' fees for the period from 1 July 2016 to 30 September 2016.

The Company has recognised transaction costs of €201,805 in relation to the issue of share capital within share premium in the year to 31 December 2016 (2015 - €138,591).

13. Accumulated losses

	Year ended 31 December 2016 €	Year ended 31 December 2015 €
At 1 January	(16,629,376)	(13,595,292)
Loss for the year	(2,756,417)	(3,034,084)
At 31 December	**(19,385,793)**	**(16,629,376)**

Accumulated losses for the Group and Company include a charge of £6,035,228 incurred in the year ended 31 December 2012.

Between 25 August 2011 and 29 September 2011 Fox Marble Limited issued €1,508,807 (£1,195,000) of unsecured convertible loan notes due 2016 ("Pre IPO loan note"). In the event of admission of the Company and its parent to AIM these loan notes were to convert to a variable number of ordinary shares of the Company to provide a conversion value of 5:1. On the 24 August 2012, following the acquisition of Fox Marble Limited by Fox Marble Holdings plc the loan notes were novated from Fox Marble Limited to Fox Marble Holdings plc.

Following the admission of the Company to AIM on the 31 August 2012 the loan notes with a carrying value of €1,508,807 (£1,195,000) were converted into 29,875,000 shares at an issue price of 20p, with a total value of €7,544,035 (£5,975,000) resulting in a non-cash accounting charge of €6,035,228 being recognised in the statement of comprehensive income.

14. Commitments

(a) Capital commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting year is as follows:

	2016 €	2015 €
Property plant and equipment	74,685	16,250

In addition to the above committed spending, the Group has planned expenditure in respect of the completion of its processing factory of €328,950 (2015: €1,061,914).

As at 31 December 2016 the Group had capital equipment deposits receivable of €283,750 (2015 - €415,498) which are expected to capitalised into property plant and equipment in 2017.

(b) Operating lease commitments

The Group leases office space and warehousing showroom space under non-cancellable operating lease agreements. Lease terms are between one and five years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
	€	€
Expiring within one year	20,525	25,475
Expiring within two to five years	78,566	-
	99,091	**25,475**

15. Events after the reporting period

On the 10 February 2017 the Company entered into a short term finance arrangement with Peers Hardy (UK) Ltd of £500,000 at an interest rate of 15% for provide working capital purposes. The liability is repayable on the 10 August 2017, but may be extended at the Company's discretion till 31 October 2018.

On the 2 June 2017 the Company has entered into a facility arrangement of £1,000,000 at an interest rate of 9% per annum arranged by Brandon Hill Capital Limited, which may be drawn down at the Company's request.

On the 5 June 2017 the Company was granted an option to extend the €1,295,278 (£1,060,000) fixed rate convertible unsecured loan note 2017 with Amati Global Investors by one year. The Company must notify Amati Global Investors Limited by 31 July 2017 if it wishes to exercise this option. The extension of the term will be granted in return for a reduction in the conversion price from 10p to the lower of 9p a share or a 15 per cent. discount to the volume weighted average price for the 10 business days trading prior to a conversion notice being served, and the provision of security over the factory building and equipment.

16. Information

Copies of the Annual Report and Financial Statements will be posted to shareholders. Further copies will be available from Fox Marble Holding plc's registered office at 15 Kings Terrace, London, NW1 OJP or on the company's website at www.foxmarble.net.