

FOX MARBLE

FOX MARBLE
HOLDINGS PLC
ANNUAL REPORT
& FINANCIAL STATEMENTS

2016

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Operations at Maleshevë Quarry



Quarry workers preparing blocks for export

Introduction

Fox Marble Holdings plc is a marble company focused on the extraction and processing of dimensional stone from quarries in Kosovo and South East Europe. Established in 2011, Fox Marble has acquired the rights to over 300 million cubic metres of a range of premium quality marble. Fox Marble is the first UK quoted company investing and operating primarily in Kosovo, and the first to be producing and marketing high quality marble.

Fox Marble's long term goal is to expand its portfolio of quarries and production capacity, and to create a premium marble brand through which Kosovo and the region is established as a major centre of marble production.

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.
- 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 have 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.

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).

Chairman's statement

Dear Shareholder,

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 T 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 Kosovo 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



Sivec bathroom installed in riverside apartment

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 the 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.



Chelsea Creek London: Grigio Argento bathroom

Processing Factory



External gantry crane, polishing line being installed and gang saw

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 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.



The first block cut at Lipjan, December 2016, and first two gang saws

Quarry operations

Maleshevë



Maleshevë quarry April 2017

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.



Quarrying operations at Maleshevë quarry, May 2017, and a quarried block of Illirico Selene

Prilep



Operations at Prilep Alpha, Macedonia

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).



Sivec Cinero bathroom installed in Kensington and a 30cm Sivec Albo statue of Lord Ganesh carved to display the fine sculpture characteristics of Sivec

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.



Block of Grigio Argento and a honed slab of Grigio Argento awaiting installation

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).



Syriganë Quarry

<i>Licence area</i>	<i>Country</i>	<i>Status</i>	<i>Marble Type</i>	<i>Reserve Volume</i> (million m ³)	<i>Production Volume</i> ⁽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⁾	–
Syrganë	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 U.S. 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.

MATERIALS

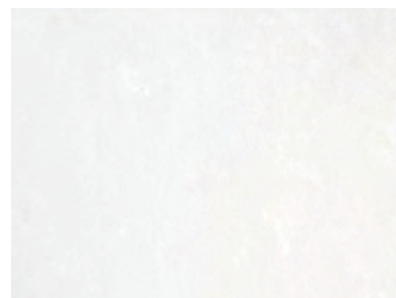
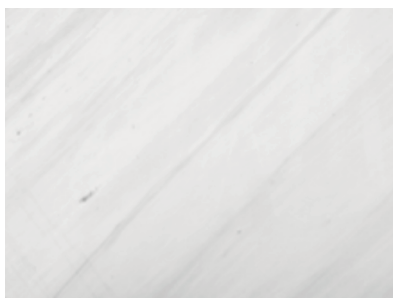
The White Collection



Sivec – various grades

Source Quarries: Prilep, Macedonia

Sivec is a dolomitic marble which varies in colour and patterning according to grade. Our finest Sivec Albo is white with occasional grey dappling whilst slightly more grey or grey veins define our Sivec Cinero. Sivec Tigre is a particular cross cut version of Cinero which occasionally adds warmer tones to the veining mix.



Illirico Bianco

Source Quarry: Maleshevë, Kosovo

This is our standard compact white Kosovo marble. Colour variation is from a cream to white. The highest grade Illirico Bianco which has limited patterning is sold as Illirico Superiore

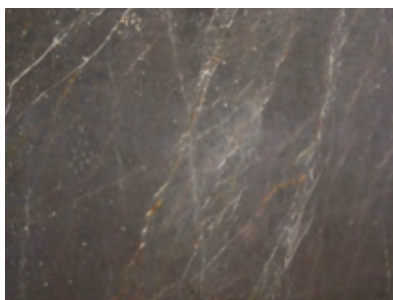
The Grey Collection



Illirico Selene

Source Quarry: Maleshevë

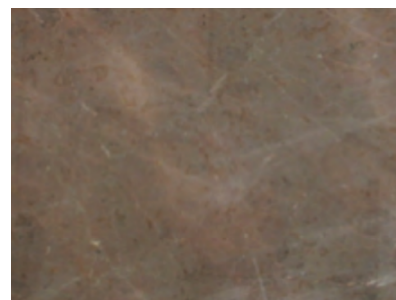
Silver-grey Selene occurs in alternate bands many metres thick with its twin, Illirico Bianco. Similar in composition and patterning to the Bianco, this stone works equally well on its own or paired with its twin.



Grigio Argento

Source Quarry: Cervenillë

This outstanding grey marble ranges in colour from blue to a slightly warmer grey. It has an impressive dense quality, attractive veining and fossils. It can be quarried and cut to order to maximise the presence and effect of the fossils.

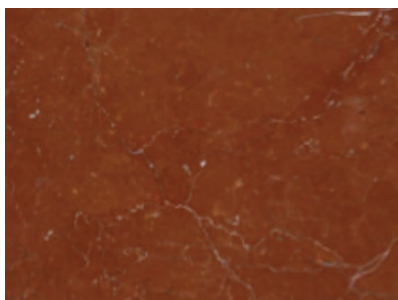


Flora

Source Quarry: Cervenillë

From the same quarry as the Grigio Argento and Rosso Cait, this is both technically similar to both and between them in colour. We characterise this unusual stone as warm grey with an attractive and unusual red 'misting' effect.

The Colour Collection



Rosso Cait

Source Quarry: Cervenillë

Rosso Cait is the red complement to Grigio Argento and Flora and comes from the same quarry. This stone works well as a highlight colour but is also being used as a bold statement colour.



Etrusco Dorato

Source Quarry: Syrganë

Syrganë gives us two multi-coloured breccias. With a dominant gold colour over a grey and white field, complemented by the pinks and reds of our Breccia Paradisea, Etrusco Dorato is a most unusual and striking stone. Shown here book-matched for greatest visual impact.



Breccia Paradisea

Source Quarry: Syrganë

The second of the two Syrganë multi-coloured Breccias. This is has pinks and reds as the highlight colours over the grey and white field. The gold of the Etrusco Dorato creeps in as a complement colour. Shown here book-matched for greatest visual impact.

Results and Dividends

<i>Key Performance Indicators</i>	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 market following significant progress made in 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

Directors



Andrew Allner, Non-Executive Chairman

Andrew is currently Non-Executive Chairman of The Go-Ahead Group plc and Marshalls plc. He is a Non-Executive Director of Northgate plc. He was a Non-Executive Director and Chairman of the Audit Committee of CSR plc until 31 December 2013 and Senior Independent Director and Chairman of the Audit Committee of AZ Electronic Materials SA until 2 May 2014. Previously Andrew was Group Finance Director of RHM plc, taking a lead role in its flotation on the London Stock Exchange in 2005 and subsequent sale to Premier Foods plc in 2007. He was CEO of Enodis plc and also served in senior executive positions with Dalgety plc, Amersham International plc and Guinness plc. He was a partner at PriceWaterhouseCoopers and is a graduate of Oxford University.



Chris Gilbert, CEO

In 1992, Chris co-founded Infectious Records, an independent record company which grew to be one of the most successful independent record companies in the UK. Following this he founded Auriga Networks, a satellite transmission company which numbers amongst its clients NATO, the British and US Army, BBC, Fox Television and CBS News. In addition, Chris co-founded DarkStar Technologies, a high tech start up providing internet security and data management services to the entertainment industry. In 2005, Chris co-founded Crosstown Songs, a buy and build music publishing venture funded by Cargill which became a major independent music publishing company which was sold to KKR/Bertelsmann in 2009.



Fiona Hadfield, Finance Director

Fiona Hadfield is a chartered accountant. She previously worked with Deloitte LLP and qualified in 2005. In 2009, Fiona joined Crosstown Songs as Chief Financial Officer, overseeing all financial aspects of the company's disposal of assets to KKR and Bertelsmann. Fiona is a graduate of Oxford University.



Sir Colin Terry KBE CB DL FEng, Non-Executive Director

Sir Colin spent 37 years in the Royal Air Force reaching the rank of Air Marshal. He was Director-General of Support Management in 1993, Chief of Staff at RAF Logistics Command in 1995, Chief Engineer (RAF) in 1996 and Air Officer Commanding-in-Chief at RAF Logistics Command in 1997 and RAF Board member for logistics before retiring in 1999. He was Group Managing Director at Inflight Engineering from 1999 to 2001 and Chair of the Engineering Council (UK) for 3 years in addition to being a senior advisor to both Safran and Alenia Aermacchi for several years. In addition, Sir Colin was Non-Executive Chairman of Meggit plc for 11 years until 2015, and AviaMediaTech Ltd until February 2016. Sir Colin is currently a Non-Executive Chairman of Boxarr Ltd and the Executive Chairman of Centronic Group Ltd and Non-Executive Chairman of Centronic Ltd and a non-executive director of Aveillant Ltd. He is also a Fellow of the Royal Academy of Engineering and of Imperial College, and President of the Soldiers, Sailors, Airmen and Families Association Forces Help in Buckinghamshire where he is also a Deputy Lieutenant. Until recently, Sir Colin was the Chairman of the UK MOD Military Aviation Safety Advisory Committee.



Roy Harrison OBE, Non-Executive Director

A former Chief Executive of the Tarmac Group, Senior Non-Executive Director at the BSS Group and President of the Construction Products Association, Roy is currently Non-Executive Chairman of the AIM listed Renew Holdings plc and Non-Executive roles in a number of private construction products companies. Roy is Chairman and governor of a number of City Academies having spent 20 years in establishing and running new or rescued Schools under the Thomas Telford Banner.

Advisers

Company Secretary

Lorraine Young
Shakespeare Martineau
60 Gracechurch Street,
London, EC3V 0HR

Broker

Brandon Hill Capital Ltd
1 Tudor Street,
London EC4Y 0AH

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
1 Embankment Place, London,
WC2N 6RH

Nominated advisor

Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
London EC2V 6AX

Principal Bankers

HSBC Bank plc
70 Pall Mall,
London SW1Y 5EZ

Registrars

Computershare
The Pavilions,
Bridgwater Road,
Bristol BS13 8AE

Report of the Directors

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2016.

Principal Activities

The principal activity of Fox Marble Holdings plc ("Fox Marble" or "Company") and its subsidiary companies Fox Marble Limited, H&P Sh.P.K, Granit Shala Sh.P.K, Rex Marble Sh.P.K and Fox Marble Kosova Sh.P.K (collectively "Fox Marble Group" or "Group") is the exploitation of marble quarry reserves in the Republic of Kosovo and Republic of Macedonia.

A detailed business review of the year and future developments is included in the Chairman's statement and Strategic Report on pages 5-17.

Results and Dividends

The Group's results are set out in the consolidated income statement and statement of comprehensive income on page 31. The audited financial statements for the year ended 31 December 2016 are set out on pages 31 to 59.

The Group incurred an operating loss of €3,044,915 (2015 – €2,401,864) for the year ended 31 December 2016. 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. Further detail is included in the Strategic Report on pages 5-17.

Fundraising and capital

On 13 May 2016, the Company announced that it had conditionally raised £2,000,000 (before expenses) by way of a firm placing of 18,700,000 new Ordinary Shares at 10 pence per share and a conditional placing of 1,300,000 new Ordinary Shares at 10 pence per share, subject to shareholder approval of the resolutions at the General Meeting to be held on 1 June 2016. At the General Meeting held on 1 June 2016, all resolutions were duly passed. The Firm Placing Shares were admitted to trading on AIM on 2 June 2016 and the Conditional Placing Shares were admitted to AIM on the 30 June 2016.

On 15 May 2015 the Company completed a fundraising for an additional €2,760,480 (£2,000,000) before expenses through a placing and subscription through Brandon Hill Capital Ltd of 10,000,000 new ordinary shares at a price of 20 pence per share.

On 31 August 2012 the Company issued €1,295,278 (£1,060,000) fixed rate convertible loan note 2017 under the terms of the agreement signed 24 August 2012 with Amati Global Investors Limited (note 17). 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 term by one year in return for a reduction in conversion price from 10p to the lower of 9p 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.

The Company must notify Amati Global Investors Limited by 31 July 2017 if it wishes to exercise the option. The Company has entered into a facility arrangement of £1,000,000 at an interest rate of 9 per cent. per annum arranged by Brandon Hill Capital Limited, which may be drawn down at the Company's request.

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 per cent. for working capital purposes. The liability is repayable on 10 August 2017, but may be extended at the Company's discretion until 31 October 2018.

Future development

Refer to the Strategic Report on pages 5-17.

Directors

The Directors of Fox Marble Holdings plc who served during the year and up to the date of signing the financial statements were:

Andrew Allner
 Dr Etrur Albani (resigned 20 September 2016)
 Chris Gilbert
 Fiona Hadfield (appointed 20 September 2016)
 Candice Sutherland (resigned 20 September 2016)
 Roy Harrison OBE
 Dr Paul Jourdan (resigned 20 September 2016)
 Sir Colin Terry KBE CB DL
 Richard Round (appointed 20 September 2016, resigned 4 May 2017)

Substantial Shareholders

Fox Marble Holdings plc has been notified as of 04 June 2017 of the following interests in excess of 3% of its issued share capital:

	Number of ordinary shares	% of issued share capital
Dr Etrur Albani	19,972,254	11.03%
Mr Chris Gilbert	19,497,663	10.77%
Miton Group Plc	12,055,555	6.66%
Mr Dominic Redfern	12,038,888	6.65%
Artemis Investment Management LLP	9,722,222	5.37%
Amati Global Investors Limited ⁽¹⁾	8,846,734	4.89%

- (1) Dr Paul Jourdan, a former director of the Company, is responsible for managing the investment in the Company on behalf of Amati Global Investors Limited, which is held beneficially by Amati VCT plc and Amati VCT 2 plc.

Corporate Governance

Although Fox Marble Holdings plc, as an AIM quoted company, is not required to comply with the UK Corporate Governance Code as issued by the Financial Reporting Council, the Board of directors is committed, where practicable, to developing and applying high standards of corporate governance appropriate to the Company's size.

Board Structure

The Board has five directors, three of whom are non-executive.

The Board is responsible for the management of the business of the Company, setting its strategic direction and establishing appropriate policies. It is the directors' responsibility to oversee the financial position of the Company and monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and risk management.

The non-executive directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence of each non-executive director is assessed at least annually, and all of the non-executive directors are considered to be independent at the date of this report.

The following table shows the directors' attendance at scheduled Board meetings, which they were eligible to attend during the 2016 financial year:

<i>Director</i>	<i>Attendance at Board Meetings</i>
Dr Etrur Albani ⁽¹⁾	6/8
Andrew Allner	11/11
Chris Gilbert	11/11
Fiona Hadfield ⁽²⁾	3/3
Roy Harrison OBE	10/11
Dr Paul Jourdan ⁽¹⁾	7/8
Candice Sutherland ⁽¹⁾	8/8
Sir Colin Terry KBE CB DL	10/11
Richard Round ⁽²⁾⁽³⁾	2/3

(1) Resigned 20 September 2016

(2) Appointed 20 September 2016

(3) Resigned 4 May 2017

Board Committees

The terms of reference of the board committees are reviewed regularly and available on the Company's website www.foxmarble.net.

Remuneration Committee

The Remuneration Committee consists of Andrew Allner, Sir Colin Terry and Roy Harrison (Committee Chairman). It is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration. The Committee makes recommendations to the Board, within agreed terms of reference regarding the levels of remuneration and benefits including participation in the Company's share plan.

Nomination Committee

The Nomination Committee meets as required to consider the composition of and succession planning for the Board, and to lead the process of appointments to the Board. The Committee Chairman is Andrew Allner. The other members of the Committee are Chris Gilbert, Roy Harrison and Sir Colin Terry.

Audit Committee

The Audit Committee consisted of three non-executive Directors; Roy Harrison, Richard Round and Sir Colin Terry (Committee Chairman). Andrew Allner attends the committee meetings by invitation. The Audit Committee meets at least twice a year to consider the annual and interim financial statements and the audit plan. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the financial statements and internal control systems.

Internal control and financial risk management

The Board acknowledges its responsibility for maintaining appropriate internal controls systems and procedures to safeguard the Company's assets, employees and the business of the Group. The directors have recognised the changing requirements of the Group as it has developed from a private company start-up through re-registration as a public company and admission to trading on AIM, to a growing multi-asset operating Group.

The Board has established and operates a policy of continuous review and development of appropriate financial, operational, compliance and risk management controls, which cover expenditure approval, authorisation and treasury management, together with operating procedures consistent with the accounting policies of the Group.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

The Board has approved the Group's current operating and capital budget and performance against budget is monitored and reported to the Board on a monthly basis. The directors confirm that the effectiveness of the internal control system during the accounting period has been reviewed by the Board. Steps are underway to reinforce as needed all processes and systems as the Company grows. The Board does not consider it necessary to establish an internal audit function considering the current size of the Group.

Environmental policy

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it complies with all local regulatory requirements and seeks to implement a best practice approach to managing environmental aspects based on ISO 14001.

Health and Safety

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group provides training and support to employees and sets demanding standards for workplace safety.

Independent Auditors

Each of the directors at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PricewaterhouseCoopers LLP were appointed as auditors in 2013 and have indicated their willingness to be reappointed at the Annual General Meeting.

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; delays 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 (see note 17 for further detail). 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 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 till 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 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, 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.

Chris Gilbert,

Director

06 June 2017

Directors' Remuneration Report

The Company discloses certain information relating to directors' remuneration in this report.

Remuneration Committee

The Company established a Remuneration Committee in August 2012, as set out in the Corporate Governance Report on page 21. The Remuneration Committee advises the Board on Group compensation policy and may obtain advice from independent remuneration consultants appointed by the Company. The Remuneration Committee meets as required and executive directors do not vote on their own remuneration or incentives.

Remuneration policy

The Company's policy is to maintain levels of compensation for the Group that are comparable and competitive with peer group companies, so as to attract and retain individuals of the highest calibre, by rewarding them as appropriate for their contribution to the Group's performance. The Company may take independent advice in structuring remuneration packages of directors and employees.

Terms of appointment

The terms of each director's appointment are set out in their service agreements which are effective for an indefinite period but may be terminated in accordance with specified notice periods. Each service agreement sets out details of basic salary, fees, benefits-in-kind and share option grants. The directors do not participate in any group pension scheme and their remuneration is not pensionable.

The executive directors are eligible to participate in discretionary bonus arrangements. Bonuses are payable in cash and are awarded by the Board, upon recommendations by the Remuneration Committee. Details of directors' compensation are set out below.

Basic salaries

The basic salary of each executive director is established by reference to their responsibilities and individual performance.

Fees

The fees paid to non-executive directors are determined by the Board and reviewed periodically to reflect current rates and practice commensurate with the size of the Company and their roles.

The Non-Executive Directors of the Company agreed from 1 January 2016 to utilise their fees (net of tax) to subscribe for Ordinary Shares in the Company. In addition, Executive Directors Chris Gilbert and Dr Etrur Albani agreed to utilise fifty per cent of their remuneration (net of tax) to subscribe for Ordinary Shares in the Company at the Company's request from 01 March 2016. The volume of Ordinary Shares subscribed for is calculated quarterly in arrears and with reference to the 30-day volume weighted average price per Ordinary Share as at the time of issue.

Share options

The Company granted options on 31 August 2012 over an aggregate of 120,000 Ordinary Shares at an exercise price of 20p per share to the Finance Director, Fiona Hadfield under the terms of its Discretionary Share Option Plan 2011. The options vested on the 31 August 2015 and have not been exercised. Further details on the plan are set out in note 20.

No other share options were granted to the directors in the current or previous year. The Company does not operate any other long term incentive plans or share-based payment.

Annual Remuneration of Directors

Remuneration in respect of Directors was as follows:

Year ended 31 December 2016	Salary	Consultancy Fees	Benefits in kind	Share based payment charge	Total
	€	€	€	€	€
Executive directors					
Chris Gilbert	94,316	68,999	1,997	-	165,512
Dr Etrur Albani ⁽²⁾	79,802	39,092	1,997	-	120,891
Fiona Hadfield ⁽⁵⁾	34,047	-	-	-	34,047
Candice Sutherland ⁽⁵⁾	96,573	-	-	-	96,573
	304,939	108,091	3,994	-	417,024
Non-Executive directors					
Andrew Allner	70,497	-	-	-	70,497
Sir Colin Terry	35,249	-	-	-	35,249
Roy Harrison	35,249	-	-	-	35,249
Dr Paul Jourdan ⁽¹⁾⁽²⁾	-	26,436	-	-	26,436
Richard Round ⁽³⁾⁽⁴⁾	8,812	-	-	-	8,812
	149,807	26,436	-	-	176,243
	454,746	134,527	3,994	-	593,267
Year ended 31 December 2015					
Year ended 31 December 2015	Salary	Consultancy Fees	Benefits in kind	Share based payment charge	Total
	€	€	€	€	€
Executive directors					
Chris Gilbert	172,138	-	14,046	-	186,184
Dr Etrur Albani	172,138	-	14,046	-	186,184
Fiona Hadfield ⁽⁵⁾	89,389	-	-	1,011	90,400
Candice Sutherland ⁽⁵⁾	68,858	-	-	-	68,858
	502,523	-	28,092	1,011	531,626
Non-Executive directors					
Andrew Allner	82,626	-	-	-	82,626
Sir Colin Terry	41,313	-	-	-	41,313
Roy Harrison	41,313	4,131	-	-	45,444
Dr Paul Jourdan ⁽¹⁾	-	41,313	-	-	41,313
	165,252	45,444	-	-	210,696
	667,775	45,444	28,092	1,011	742,322

(1) Fees in respect of the services provided by Dr Paul Jourdan are paid to Amati Global Partners LLP.

(2) Resigned 20 September 2016

(3) Appointed 20 September 2016

(4) Resigned 4 May 2017

(5) On the 1 August 2015 Fiona Hadfield resigned and Candice Sutherland was appointed to the board. On the 20 September 2016 Candice Sutherland resigned and Fiona Hadfield was reappointed to the board.

The Board of Directors' remuneration is settled in GBP and is therefore subject to foreign exchange movements upon translation to EUR.

Directors' interests in the share capital of the Company

The interests of the directors who held office during the year ended 31 December 2016 in the shares of the Company are given below. There has been no change in the interest of any director between 31 December 2016 and the date of this report.

<i>Director</i>	<i>Interest in shares</i>
Dr Etrur Albani	19,972,254
Andrew Allner	1,008,350
Chris Gilbert	19,497,663
Fiona Hadfield	-
Roy Harrison OBE	789,408
Dr Paul Jourdan ⁽¹⁾	-
Richard Round	-
Candice Sutherland	-
Sir Colin Terry KBE CB DL	179,264

- (1) Amati Global Partners LLP, of which Dr Paul Jourdan is a managing partner and a significant owner holds 84,444 shares in Fox Marble Holdings plc. On behalf of Amati Global Investors Limited, Dr Paul Jourdan is also responsible for managing the investment in the Company of 8,846,734 shares and all of the outstanding convertible loan notes issued by the Company, which are held beneficially by Amati VCT plc and Amati VCT 2 plc.

This report was approved by the Board of Directors and signed on its behalf by:

Roy Harrison OBE

Chairman of the Remuneration Committee

6 June 2017

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

Independent auditors' report to the members of Fox Marble Holdings Plc

Report on the financial statements

Our opinion

In our opinion:

- Fox Marble Holdings Plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss and the group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Consolidated and parent company Statements of Financial Position as at 31 December 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated and parent company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the group financial statements is IFRSs as adopted by the European Union, and applicable law. The Financial reporting framework that has been applied in the preparation of the company financial statements is United Kingdom Accounting Standards comprising FRS101 "Reduced Disclosure Framework" and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether these reports include the disclosures required by applicable legal requirements.

Timothy McAllister (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 June 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 December

	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	6	(3,044,915)	(2,401,864)
Fair value adjustment of convertible loan notes	8	246,006	(379,476)
Net finance income/(costs)	9	42,492	(252,744)
Loss before taxation		(2,756,417)	(3,034,084)
Taxation	10	-	-
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	11	(0.02)	(0.02)
Diluted loss per share	11	(0.02)	(0.02)

Consolidated Statement of Financial Position

As at 31 December

	Note	2016 €	2015 €
Assets			
Non-current assets			
Intangible assets	12	1,193,801	1,259,112
Property, plant and equipment	13	4,662,570	3,597,117
Trade and other receivables	15	–	488,400
Total non-current assets		5,856,371	5,344,629
Current assets			
Trade and other receivables	15	1,568,007	1,013,145
Inventories	14	3,231,916	2,991,618
Cash and cash equivalents	22	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	16	890,343	674,837
Convertible loan notes	17	1,290,001	–
Total current liabilities		2,180,344	674,837
Non-current liabilities			
Convertible loan notes	17	–	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	18	2,281,345	2,008,809
Share premium		26,399,156	24,146,362
Accumulated losses	19	(19,385,793)	(16,629,376)
Share based payment reserve	20	83,211	83,211
Other reserve		35,543	35,543
Total equity		9,413,462	9,644,549

The financial statements on pages 31 to 59 were approved and authorised for issue by the Board on 6 June 2017 and are signed on its behalf.

Chris Gilbert,

Director

6 June 2017

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:			
Net finance (income)/costs	9	(42,492)	252,744
Fair value adjustment	8	(246,006)	379,476
Operating loss for the year		(3,044,915)	(2,401,864)
Adjustment for:			
Amortisation	12	65,311	86,434
Depreciation	13	241,652	311,945
Foreign exchange losses/ (gains) on operating activities		351,663	(162,678)
Equity settled transactions	20	-	1,011
Decrease/(Increase) in trade and other receivables	15	52,747	(378,469)
Barter transaction ⁽¹⁾		(250,957)	-
Increase in inventories		(240,299)	(1,421,172)
Increase in accruals	16	55,745	50,101
Increase in trade and other payables	16	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	13	(1,056,148)	(594,173)
Deposits paid on property, plant & equipment	15	(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)	18	2,525,330	2,621,889
Interest paid on loan note instrument		(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	22	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

Note	Share Capital	Share Premium	Share based payment reserve	Other Reserve	Accumulated losses	Total equity
	18		20		19	
	€	€	€	€	€	€
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

Statement of Financial Position of the parent company

As at 31 December 2016

	Note	2016 €	2015 €
Assets			
Non-current assets			
Investments	26	2,028,195	2,028,195
Total non-current assets		2,028,195	2,028,195
Current assets			
Trade and other receivables	15	18,056,938	14,799,265
Cash and cash equivalents		899,015	2,621,395
Total current assets		18,955,953	17,420,660
Total assets		20,984,148	19,448,855
Current liabilities			
Trade and other payables	16	223,130	115,938
Convertible loan notes	17	1,290,001	-
Total current liabilities		1,513,131	115,938
Non-current liabilities			
Convertible loan notes	17	-	1,849,786
Total non-current liabilities		-	1,849,786
Total liabilities		1,513,131	1,965,724
Net assets		19,471,017	17,483,131
Equity			
Share capital	18	2,281,345	2,008,809
Share premium		26,399,156	24,146,362
Accumulated losses	19	(9,292,695)	(8,755,251)
Share based payment reserve	20	83,211	83,211
Total equity		19,471,017	17,483,131

The Company has elected to take advantage of the exemption under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the year for the Company is €537,444 (2015 – €927,207).

The financial statements on pages 31 to 59 were approved and authorised for issue by the Board on 6 June 2017, and signed on its behalf.

Chris Gilbert,

Director

6 June 2017

Company number: 07811256

Statement of Changes in Equity of the parent company

Year ended 31 December 2016

Note	Share Capital	Share Premium	Share based payment reserve	Accumulated losses	Total equity
	€	€	€	€	€
	18		20	19	
Balance at 1 January 2015	1,870,785	21,662,497	82,200	(7,827,984)	15,787,498
Loss and total comprehensive loss for the year	-	-	-	(927,267)	(927,267)
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	(8,755,251)	17,483,131
Loss and total comprehensive loss for the year	-	-	-	(537,444)	(537,444)
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	(9,292,695)	19,471,017

Notes to the consolidated and parent company 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 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

These consolidated financial statements 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.

In publishing the parent company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The parent company financial statements of Fox Marble Holdings Plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of the parent company's financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements': 10(d), (statement of cash flows) 16 (statement of compliance with all IFRS), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 111 (cash flow statement information), and 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The accounting policies set out below have been applied consistently across the Group and to all periods presented in these financial statements.

3) Significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of Fox Marble Holdings plc (the Company) and its subsidiaries (together referred to as the Group). The parent company financial statements present information about the Company as a separate entity and not about its group.

The consolidated financial statements incorporate the financial information of Fox Marble Limited and its subsidiaries Fox Marble Limited, Fox Marble Kosova Sh.P.K., H&P Sh.P.K., Granit Shala Sh.P.K., Rex Marble Sh.P.K., Fox Marble Asia Limited and Stone Alliance LLC.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Further to this subsidiaries are entities over which the group has the power to govern the financial and operating policies of the subsidiary and consistent accounting policies have been adopted across the group. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue Recognition

Revenue is derived from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

Barter transactions are recognised at the fair value of the consideration received or rendered. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/services provided or received, adjusted by the amount of cash or cash equivalent transferred.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation of quarrying equipment and infrastructure for quarries under development is calculated using the Hours of Use ("HOU") method to write off the cost of the assets proportionately to their use in the development of the quarry site.

Depreciation of quarrying equipment and infrastructure for fully developed quarries is calculated using the Units of Production ("UOP") method to write off the cost of the assets proportionately to the extraction of material from the

quarries. Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Depreciation of items of property, plant and equipment, other than quarrying equipment and infrastructure, is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life.

The estimated useful lives of property, plant and equipment are as follows:

- Plant and machinery 5–15 years
- Leasehold improvements – Period of the lease
- Office equipment 3-5 years
- Land – indefinite

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Land is not depreciated.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight-line basis over the lease terms.

Intangible exploration and evaluation assets

All costs associated with mineral exploration and evaluation including the costs of acquiring exploration and exploitation licences, annual licence fees, rights to explore, topographical, geological and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a dimensional stone resource, are capitalised as intangible exploration and evaluation assets and subsequently measured at cost.

The costs are allocated to quarry locations within a licence area. Each area is treated as a cash-generating unit ("CGU") because the underlying geology and risks and rewards of exploration within a quarry are considered to be similar.

If an exploration project is successful, the related expenditures will be depreciated over the estimated life of the reserves or life of the licence whichever is less on a straight line basis. The amortisation is included within operating loss on the statement of comprehensive income. Where a project does not lead to the discovery of commercially viable quantities of dimensional stone resources and is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off to profit or loss.

The recoverability of capitalised exploration costs is dependent upon the discovery of economically viable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the extraction thereof.

Impairment of exploration and evaluation assets and property, plant and equipment

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in profit or loss.

Impairment reviews for intangible exploration and evaluation assets and property, plant and equipment are carried out on the basis of quarry sites with each area representing a single CGU. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resources uneconomic;
- title to the asset is compromised;

- variations in dimensional stone prices that render the project uneconomic;
- variations in foreign currency rates; or
- the Group determines that it no longer wishes to continue to evaluate or develop the field.

Non-financial assets which have suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

Investments

Investments in subsidiaries, associates and joint ventures are recorded at cost in the Company's statement of financial position. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the period they occur.

Financial instruments

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument.

Financial assets

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate including the expected costs to dispose of the asset. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Financial liabilities and equity

Convertible loan notes

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Interest-bearing loans (including loan notes) are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement, redemption or conversion, are recognised in profit or loss over the term of the instrument using the effective rate of interest.

Instruments where the holder has the option to redeem for a variable amount of cash a pre-determined quantity of equity instruments are classified as a derivative liability. The derivative element is fair valued at each period and any changes in fair value are recognised in profit or loss.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

Trade and other payables

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

Fair value hierarchy

Assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Equity settled transactions

The Group has applied the requirements of IFRS 2 Share-Based Payments for all grants of equity instruments.

The Group has entered into equity settled share based payments as consideration for services received. Equity settled share based payments are measured at fair value at the date of issue.

The Group have measured the fair value by reference to the equity instruments issued as it is not possible to reliably measure the fair value of the services received. In the absence of market prices, fair value has been based on the Directors valuation of the Company as at the issue date.

Income tax

The tax expense represents the sum of the tax payable for the period and deferred tax.

The tax payable is based on taxable profit for the year. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euros (€) which is the Company's functional and the group's presentation currency. The Euro/Sterling exchange rate at 31 December 2016 was 1.1674 (2015 – 1.3566). The average Euro/Sterling exchange rate for the year ended 31 December 2016 was 1.2248 (2015 – 1.3771).

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are transferred to the Group's translation reserve, except to the extent that they relate to non-controlling interests, and are recognised as income or as expenses in the period in which the operation is disposed of, or when control, significant influence or joint control is lost.

Share capital

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

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 repaying a GBP denominated liability 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 are 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.

New standards and interpretations not yet adopted

(a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the group or parent company.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the group or parent company, except the following, set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different from that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. The impact of IFRS 9 is being assessed by management, but adoption of the above is not expected to have a material impact on the Group financial statements.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to EU endorsement.

The adoption of the above being assessed by management but is not expected to have a material impact on the Group financial statements.

- IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The full impact of IFRS 16 has not yet been assessed.

Adoption of the above is not expected to have a material impact on the Group financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4) Going concern

Fox Marble draft going concern disclosure

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.

These 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; delays 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 (see note 17 for further detail). 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 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 a share, 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 per cent. 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 cent. 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) Segmental information

The chief operating decision maker is the Board of Directors. The Board of directors reviews management accounts prepared for the Group as a whole when assessing performance.

All of the operations of Fox Marble Holdings plc are located in the Republic of Kosovo and Republic of Macedonia. All sales of the Group are as a result of the extraction and processing of marble. It is the opinion of the directors that the operations of the Company represent one segment, and are treated as such when evaluating its performance.

All intangible assets held by the Group relate to intangible assets acquired in relation to mining rights and licences in Macedonia and exploration and evaluation expenditure incurred in Kosovo. Of the non-current assets held by the Group of €5,856,371 (2015 – €5,344,629), €4,662,570 (2015 – €3,507,006) relates to Property, Plant and Machinery acquired for the exploitation of assets in Kosovo and Macedonia and €1,193,801 (2015 – €1,259,112) relates to mining rights and licences and capitalised costs of exploration and licencing.

The Group incurs certain costs in the United Kingdom in relation to head office expenses. In the year under review included in the operating costs for the year of €3,343,329 (2015 – €2,506,844) were costs incurred in the United Kingdom of €1,437,627 (2015 – €1,649,036).

The group has a branch operation situated in Carrara, Italy.

All revenue, which represents turnover, arises solely within Kosovo and relates to external parties. Revenues include barter revenue of €250,957 (2015 – nil).

6) Expenses by nature

Group	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	75,464
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	273,870
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

The analysis of auditors' remunerations is as follows:

Group	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

7) Directors and Employees

The employee benefit expenses during the year were as follows:

Group	2016 €	2015 €
Wages and salaries	851,644	962,637
Social security costs	95,428	125,714
Share based payments	-	1,011
	947,072	1,089,362

The monthly average number employed by the Group during the year, including the Executive Directors, was:

Group	2016	2015
Directors	7	7
Administration	10	9
Quarry side	55	52
	72	68

Key management personnel, as defined by IAS 24 "Related Party Disclosures", have been identified as the Board of Directors. Detailed disclosures of directors' individual remuneration, directors' transactions and directors' interests and share options, for those directors who served during the year, are given in the Directors' Remuneration Report on page 25. The aggregate amount of Directors remuneration for the year was as follows:

Group	2016 €	2015 €
Salary	454,746	667,775
Consultancy fees	134,527	45,444
Short term employee benefits & benefits in kind	3,994	28,092
Aggregate emoluments payable to directors	593,267	741,311
Share based payments	-	1,011
	593,267	742,322

The Board of Directors' remuneration is settled in GBP and is therefore subject to foreign exchange movements upon translation to EUR. None of the Company's directors exercised share options during the years ended 31 December 2016 and 2015, respectively.

The highest paid director's emoluments were as follows

Group	2016 €	2015 €
Total amount of emoluments payable	165,512	186,184

8) 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 convertible loan note instrument using the reduced interest rate of 8% per annum (2015 – 25% per annum). Further detail on this can be found in notes 17 and 28.

9) Net finance income/(costs)

	2016 €	2015 €
Interest expense on convertible loan notes	(147,545)	(147,811)
Net foreign exchange gain/(loss) on loan note instrument	244,900	(89,117)
Amortisation of costs incurred	-	(23,011)
Movement in the fair value of derivative (note 17)	(44,758)	5,065
Interest income on bank deposits	2,674	2,130
Other interest expense	(12,779)	-
	42,492	(252,744)

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. 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%.

10) Taxation

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Group as follows:

	2016 €	2015 €
Reconciliation of effective tax rate		
Loss before income tax	(2,756,417)	(3,034,084)
Tax calculated at domestic tax rates applicable to profits in the respective countries at a weighted average rate of 16.7% (2015 – 16.8%)	460,322	509,726
Tax effect of expenses that are not deductible in determining taxable profit	(9,474)	(3,240)
Capital allowances in excess of depreciation and amortisation	(90)	11,485
Deferred tax asset not recognised in respect of losses	(450,758)	(517,971)
Total tax expense for the year	-	-

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 20% (2015 – 20.3%). The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017.

The tax computations of Fox Marble Holdings plc group show it has tax losses carried forward of €12,691,479 (2015 – €9,992,327). However due to the uncertainty of the timing of future profits, no deferred tax asset has been recognised in these financial statements.

The deferred tax asset not recognised by the group at 31 December 2016 is €1,962,921 (2015 – €1,652,441).

11) 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 the 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 FoxDavies Capital Limited. (See note 20 for further details)
- 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. (See note 20 for further details)
- 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. (See note 20 for further details)
- A grant of 120,000 options granted under the DSOP. (See note 20 for further details)
- Shares issuable under unsecured convertible loan notes issued by the Company. (See note 17 for further details)

12) Intangible assets

Group:	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 1 January 2016	1,256,376	92,866	1,349,242
Additions	–	–	–
As at 31 December 2016	1,256,376	92,866	1,349,242
Accumulated amortisation			
As at 01 January 2015	–	3,696	3,696
Amortisation charge	84,275	2,159	86,434
As at 31 December 2015 and as at 1 January 2016	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, Syrganë (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 Syrganë 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.

13) Property, plant and equipment

Group:	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. Additions to construction in progress include €250,957 of block marble paid in partial consideration for the acquisition of plant and equipment for the factory site (2015 – nil).

14) Inventories

Group:	2016 €	2015 €
Finished goods	3,231,916	2,991,618

The cost of inventories recognised as an expense and included in cost of sales amounted to €502,626 (2015 – €124,262).

15) Trade and other receivables

Group:	2016 €	2015 €
Non-current assets		
Other receivables	-	488,400
	-	488,400
Current assets		
Trade receivables	146,707	146,671
Deposits on capital equipment	283,750	415,498
Other receivables	362,542	182,585
Prepayments	117,981	220,024
VAT recoverable	657,027	48,367
	1,568,007	1,013,145

Company:	2016 €	2015 €
Current assets		
Prepayments	44,745	40,164
Amounts due from subsidiary undertaking	17,910,036	14,677,991
Other receivables	91,406	67,831
VAT recoverable	10,751	13,279
	18,056,938	14,799,265

Included in VAT recoverable at 31 December 2016 is €619,681 relating to a Value Added Tax Receivable from the Tax Administration of Kosovo (2015 – €488,400, included in Non-current other assets). On the 9 March 2017 the company received €612,118 in settlement of this outstanding VAT recoverable from the Tax Administration of Kosovo.

Included in other receivables at 31 December 2016 are other receivables of €58,638 (2015 – €67,831) relating to the issue of share capital made by the Company on the 31 August 2011. Included in this balance are amounts due from directors of €50,706 (2015 – €61,726).

Trade receivables are disclosed net of a provision for bad and doubtful debts. The provision for bad and doubtful debts is based on specific risk assessment and reference to past default experience. The group recognises a provision for 50% of trade receivables over one year. A bad debt expense of €51,601 has been recognised in the year (2015 – €55,782) resulting in a cumulative provision of €107,383 included in trade receivables (2015 – €55,782).

Included in receivables for the Group are receivables denominated in GBP of €257,815 (2015 – €315,665). There are nil receivables denominated in USD (2015 – nil). Included in receivables for the Company are receivables denominated in GBP of €193,649 (2015 – €121,274). All GBP denominated receivables have been translated to Euro at the exchange rate prevailing at 31 December 2016. All other receivables are Euro denominated. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The amount due from the subsidiary undertaking is due from Fox Marble Limited, and is non-interest bearing and repayable on demand; management believe this amount is recoverable.

16) Trade and other payables

Group:	2016 €	2015 €
Trade payables	266,897	177,955
Advances received from customers	265,778	206,347
Amounts due to related parties	66,666	2,789
Other payables	21,639	810
Accruals	257,747	261,350
Other tax and social security payable	11,616	25,586
	890,343	674,837
Company:		
	2016 €	2015 €
Trade payables	128,153	27,323
Amounts due related parties	43,776	-
Accruals	51,201	88,615
	223,130	115,938

Amounts due to related parties are considered further in note 24.

Included in trade and other payables of the Group are GBP denominated payables of €526,875 (2015 – €189,828). All other trade and other payables are Euro denominated. All GBP denominated payables have been translated to Euro at the exchange rate prevailing at 31 December 2016.

All trade and other payables of the Company are GBP denominated and have been translated to Euro at the exchange rate prevailing at 31 December 2016. All trade and other payables at 31 December 2016 are due within one year and are non-interest bearing. The directors consider that the carrying amount of trade and other payables approximates their fair value.

17) Convertible loan notes

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.

18) Share capital

Group and Company:	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	21,218,758	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.

- 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.
- All ordinary shares rank equally in the right to participate in any approved dividend distribution applicable to this class of share.
- Except as otherwise provided below, all dividends must be
 - Declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
 - 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.
- 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.
- In the event of any winding up all shares will rank equally in relation to distribution of capital.
- 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 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 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 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 January 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).

19) Accumulated losses

Group:	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)
Company:	Year ended 31 December 2016 €	Year ended 31 December 2015 €
At start of year	(8,755,251)	(7,827,984)
Loss for the year	(537,444)	(927,267)
As at 31 December	(9,292,695)	(8,755,251)

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.

20) Share based payment reserve

Group and Company:	Year ended 31 December 2016 €	Year ended 31 December 2015 €
At start of year	83,211	82,200
Equity settled share based payment charge	–	1,011
As at 31 December	83,211	83,211

	Date of Issue	Exercise price	Granted	Outstanding
Warrants				
Fox-Davies Capital (Jersey) Limited	24 August 2012	20p	1,188,250	1,188,250
Merchant Securities Limited	24 August 2012	20p	369,250	369,250
Fox-Davies Capital (Jersey) Limited	08 August 2013	16.5p	190,006	190,006
Fox-Davies Capital (Jersey) Limited	28 August 2013	16.5p	692,721	692,721
Share options				
DSOP Share scheme	31 August 2012	20p	120,000	120,000

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. The Warrants are exercisable at the IPO placing price of 20p per share at any time between the first and the fourth anniversaries of Admission of the Group to AIM on 31 August 2012.

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. The Warrants are exercisable at the IPO placing price of 20p per share at any time between the first and the fourth anniversaries of Admission of the Group to AIM on 31 August 2012.

Warrant instruments were 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 Fox-Davies Capital Limited. The Warrants are exercisable at the Secondary Placing Price of 16.5p at any time between the first and the fourth anniversaries of the date of issue.

All warrants issued to Fox-Davies Capital Limited were transferred to Fox-Davies Capital (Jersey) Limited with effect from 21 May 2014.

The Company has set up a Discretionary Share Option Plan (DSOP) for the benefit of employees. The Company granted options over an aggregate of 120,000 Ordinary Shares at the IPO Placing Price of 20p to Fiona Hadfield under the terms of the DSOP on 31 August 2012. The options vested after three years.

Fair value of the options has been evaluated using a Black Scholes model.

21) Leases and municipal rights of use

Area		Area m ² '000	Lease start date	Period	Payment
Peja	Lease	1,780	10/03/2011	20 years	20% of profits associated with activities carried out on leased land
Rahovec	Municipal rights of use	2,000	04/02/2011	10 years	€0.5 per cubic metre extracted
Syriganë	Municipal rights of use	540	18/03/2011	20 years	€0.5 per cubic metre extracted

Leases and municipal rights of use relate to the Group's rights over land on which the quarry sites are located.

22) Capital and financial risk management**Capital risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders comprising issued share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

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 and net debt/cash. This ratio is calculated as total borrowings divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus total borrowings.

The gearing ratios at 31 December 2016 and 31 December 2015 are as follows:

Group	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Total borrowings (note 17)	(1,290,001)	(1,849,786)
Less cash and cash equivalents	937,512	2,819,780
(Net debt)/net cash	(352,489)	969,994
Total equity	9,413,462	9,644,549
Total capital	10,703,462	11,494,335
Gearing ratio	12.05%	16.09%
Company	Year ended 31 December 2016 €	Year ended 31 December 2015 €
Total borrowings (note 17)	(1,290,001)	(1,849,786)
Less cash and cash equivalents	899,015	2,621,395
(Net debt)/net cash	(390,986)	771,609
Total equity	19,471,018	17,483,131
Total capital	20,761,019	19,332,917
Gearing ratio	6.20%	9.57%

Financial risk management

The Group is exposed to a number of financial risks through its normal operations, the most significant of which are credit, foreign exchange and liquidity risks.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. Risk management is carried out by the board of directors. The board has established policies and principles for overall risk management covering specific areas such as foreign exchange risk, credit risk and investment of excess liquidity.

Credit risk

Credit risk is managed on a group basis. The Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash. Management does not expect any losses from non-performance by these counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was €2,387,538 (2015 – €3,905,827). Financial assets are assessed for impairment annually and a provision for bad debt of €51,601 has been recognised in 2016 (2015 – €55,782).

As at 31 December 2016 the Group holds €937,512 in cash and cash equivalents (2015 – €2,819,780). The Group mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

As at 31 December 2016 the Company holds €899,015 in cash and cash equivalents (2015 – €2,621,395). The Company mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

There is exposure to movements in the GBP/EUR exchange rate as a portion of the cash held by the group is denominated in GBP and the Group's borrowing facilities are GBP denominated.

Group	31 December 2016 €	31 December 2015 €
Cash denominated in EUR	102,980	1,020,025
Cash denominated in GBP	831,231	1,799,755
Cash denominated in USD	3,301	-
	937,512	2,819,780
Company		
Cash denominated in EUR	95,000	907,235
Cash denominated in GBP	804,015	1,714,160
	899,015	2,621,395

As at 31 December 2016 if the currency has weakened/strengthened by 10% against the GBP with all other variables constant, post-tax profit would have been €77,868 higher/lower, mainly as a result of the foreign exchange gains/losses on translation of the GBP denominated convertible loan note and GBP denominated receivables and payables (2015 – €44,034). Similarly the Group has calculated the impact of a 10% increase or decrease in the GBP/EUR exchange rate would have a €77,868 (2015 – €58,105) impact on the net assets of the Group, with all other variables held constant. A 10% variation in the foreign exchange rate is considered appropriate as it reflects a maximum volatility in the exchange rates over the given period.

For the Company, as at 31 December 2016 if the currency has weakened/strengthened by 10% against the GBP with all other variables constant, post-tax profit would have been €51,429 higher/lower, mainly as a result of the foreign exchange gains/losses on translation of the GBP denominated convertible loan note and GBP denominated receivables and payables (2015 – €45,643). Similarly the Group has calculated the impact of a 10% increase or decrease in the GBP/EUR exchange rate would have a €51,429 (2015 – €36,381) impact on the net assets of the Group, with all other variables held constant. A 10% variation in the foreign exchange rate is considered appropriate as it reflects a maximum volatility in the exchange rates over the given period.

The Group manages foreign exchange risk through natural hedging of its cash deposits against existing GBP/EUR commitments and by monitoring exchange rate fluctuations and forecast cash flows to examine the need for any formal hedging arrangement.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the group treasury.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

The following are the contractual maturities of financial liabilities for the Group as at 31 December 2016 based upon contractual cash flows:

31 December 2016	Carrying Amount €	Contractual cash flows €	6 months or less €	6 -12 months €	1-2 years €	2-5 years €
Convertible loan notes	1,290,001	1,303,199	49,689	1,253,510	-	-
Trade and other payables	890,343	890,343	890,343	-	-	-
	2,180,344	2,193,542	940,032	1,253,510	-	-
31 December 2015	Carrying Amount €	Contractual cash flows €	6 months or less €	6 -12 months €	1-2 years €	2-5 years €
Convertible loan notes	1,849,786	2,147,734	189,880	189,880	1,767,974	-
Trade and other payables	674,837	674,837	674,837	-	-	-
	2,524,623	2,822,571	864,717	189,880	1,767,974	-

For the Company as at 31 December 2016 and 2015, contractual liabilities with regards to convertible loan notes are the same as for the Group. Trade and other payables' contractual cash flows payable in 6 months or less as at 31 December 2016 are €231,300 (2015 – €115,938).

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium-, long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Fair Values

The directors have reviewed the financial statements and have concluded that, there are no significant differences between the book values and the fair values of the financial assets and financial liabilities of the Group and Company as at 31 December 2016 and 2015.

23) Subsidiary undertakings

	% Ownership	Date acquired/ incorporated	Registered Office	Place of incorporation	Principal activity
Fox Marble Limited	100%	3 August 2012	15 Kings Terrace, London, NW1 0JP	England & Wales	Operating Company
Fox Marble Kosova Sh.P.K	100%	11 December 2012	Garibaldi 1/2, Pristina;	Kosovo	Operating Company
Rex Marble Sh.P.K	100%	3 August 2012	Bulevardi Ddshmoret e Kombit, Nr.72IA-7, Pristina	Kosovo	Holding of licences & rights
H&P Sh.P.K	100%	3 August 2012	Bill Klinton n36, Pristina	Kosovo	Holding of licences & rights
Granit Shala Sh.P.K	100%	3 August 2012	Banje, Istog	Kosovo	Holding of licences & rights
Fox Marble Asia Limited	51%	7 November 2016	15 Kings Terrace, London, NW1 0JP	England & Wales	Dormant
Stone Alliance LLC	59%	13 April 2015	1209 Orange street, Wilmington, Delaware 19801	United States	Dormant

All the shareholdings in subsidiary undertakings comprise ordinary shares. Fox Marble Kosova Sh.P.K, Rex Marble Sh.P.K, H&P Sh.P.K and Granit Shala Sh.P.K are held via the Company's shareholding in Fox Marble Limited.

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the group, to transfer cash or assets from other entities within the group or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group.

24) Related party transactions

During 2014, Fox Marble Limited was recharged operating costs from RN Media Limited, a company under the common control of Chris Gilbert, a director of the Company, in relation to certain operating costs for the operation of the Company's head office. All transactions are recharged at cost, and at an arm's length basis.

In the year under review no payment (2015 – nil) was made to RN Media Limited, and a balance of €1,167 was receivable at 31 December 2016 (2015 – €1,356).

The executive directors are also considered key management as defined by IAS 24 'Related Party Disclosures (revised 2009)'. The remuneration of key management is considered in note 7.

As at 31 December 2016 a balance of €2,560(2015 – €2,789) was due to directors of the Company as repayment for corporate and travel expenses incurred on behalf of the Company. Further a balance of €64,105 was due to Etrur Albani in relation to remuneration and fees earned in the year.

The Company and Group have loan notes outstanding amounting to €1,290,001 (2015 – €1,849,786) with Amati Global Investors Limited, a related party. Please refer to note 17 for further detail.

The Company only financial statements of Fox Marble Holdings plc include amounts due from its subsidiary undertaking Fox Marble Limited of €17,910,036 (2015 – €14,677,991). Amounts provided to Fox Marble Limited relate to the provision of funding for operations and capital expenditure.

The Company and Group have loan notes outstanding amounting to €1,290,001 (2015 – €1,849,786) with Amati Global Investors Limited, a related party. Please refer to note 17 for further detail.

The Company and Group have a receivable due from directors and former directors of the Company of €50,706 (2015 €61,726) relating to the issue of share capital on the 31 August 2011. Please refer to note 11 for further detail.

25) Commitments

(a) Capital commitments

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

Group:	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.

(a) 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

26) Investments

Company:	2016 €	2015 €
Investments in Fox Marble Limited	2,028,195	2,028,195
	2,028,195	2,028,195

27) Controlling Parties

There is considered to be no controlling party. Chris Gilbert and Dr Etrur Albani are deemed to be acting in concert for the purposes of the City Code, and who as at 5 June 2017 control 21.80 % of the share capital of the Company.

28) 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 per cent. for working capital purposes. The liability is repayable on the 10 August 2017, but may be extended at the Company's discretion until 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 cent. per annum arranged by Brandon Hill Capital Limited, which may be drawn down at the Company's request.

On 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 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 a share, and the provision of security over the factory building and equipment.

Notice of Annual General Meeting

NOTICE IS GIVEN that the Annual General Meeting of Fox Marble Holdings plc will be held at CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF on Friday 30 June at 10.00 am to consider the following resolutions; of which numbers 1 to 6 will be proposed as ordinary resolutions and number 7 as a special resolution.

1. To receive the annual report and accounts for the year ended 31 December 2016
2. To elect Fiona Hadfield as a director of the Company
3. To re-elect Andrew Allner as a director of the Company
4. To re-elect Roy Harrison as a director of the Company
5. To reappoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the directors to determine their remuneration
6. THAT the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £603,556 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company or on 30 June 2018, whichever is earlier, and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

Special Resolution

7. THAT, subject to and conditional upon the passing of resolution 7 above, the directors of the Company be empowered under section 570 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) for cash and/or to sell or transfer shares held by the Company in treasury (as the directors shall deem appropriate) under the authority conferred on them under section 551 of the Act by resolution 7 above as if section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with any rights issue or other pro-rata offer in favour of the holders of ordinary shares of 1p each in the Company where the equity securities respectively attributable to the interests of all such holders of shares are proportionate (as nearly as may be) to the respective numbers of shares held by them, provided that the directors of the Company may make such arrangements in respect of overseas holders of shares and/or to deal with fractional entitlements as they consider necessary or convenient; and
 - b. the allotment (otherwise than under sub-paragraph (a) above) of equity securities and/or the sale or transfer of shares held by the Company in treasury (as the directors shall deem appropriate) up to an aggregate nominal amount of £181,067.

and this authority shall expire on the earlier of 30 June 2018 or the conclusion of the Company's Annual General Meeting in 2018 provided that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities under such offers or agreements as if the power conferred by this resolution had not expired and provided further that this authority shall be in substitution for, and to the exclusion of, any existing authority conferred on the directors.

By order of the board

Lorraine Young

Company Secretary

7 June 2017

Notes

1. Right to attend, speak and vote

If you want to attend, speak and vote at the AGM you must be on the Company's register of members at 10.00 am on Wednesday 28 June 2017. This will allow us to confirm how many votes you have on a poll. Changes to the entries in the register of members after that time, or, if the AGM is adjourned, 48 hours (excluding non-working days) before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.

2. Appointment of proxies

If you are a member of the Company you may appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting. You may only appoint a proxy using the procedures set out in these notes and in the notes on the proxy form, which you should have received with this notice of meeting.

A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes on the form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares which you hold. If you wish to appoint more than one proxy you may photocopy the proxy form or alternatively you may contact the Company Secretary, Lorraine Young, 60 Gracechurch Street, London EC3V 0HR.

3. Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you do not indicate on the proxy form how your proxy should vote, they will vote or abstain from voting at their discretion. They will also vote (or abstain from voting) at they think fit in relation to any other matter which is put before the meeting.

To appoint a proxy using the proxy form, the form must be completed, signed and received by the Company Secretary no later than 48 hours (excluding non-working days) before the meeting. Any proxy forms (including any amended proxy forms) received after the deadline will be disregarded.

The completed form may be returned by any of the following methods:

- Sending or delivering it to Lorraine Young at 60 Gracechurch Street, London EC3V 0HR
- Sending it by fax to +44 (0) 207 264 4440
- Scanning it and sending it by email to lorraine.young@shma.co.uk

If the shareholder is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

4. Appointment of proxy by joint members

In the case of joint holders, where more than one joint holder purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. Changing your instructions

To change your proxy instructions simply submit a new proxy form using the methods set out above. The amended instructions must be received by the Company Secretary by the same cut-off time noted above. Where you have appointed a proxy using a hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company Secretary on telephone number +44 (0) 207 264 4405. If you submit more than one valid proxy form, the one received last before the latest time for the receipt of proxies will take precedence.

6. Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Lorraine Young, 60 Gracechurch Street, London EC3V 0HR. Alternatively you may send the notice by fax to +44 (0) 207 264 4440 or by email to lorraine.young@shma.co.uk. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, your revocation notice must be received by the Company Secretary no later than 48 hours (excluding non-working days) before the meeting. If your revocation is received after the deadline, your proxy appointment will remain valid. However, the appointment of a proxy does not prevent you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7. Communications with the Company

Except as provided above, members who have general queries about the meeting should telephone the Company Secretary on +44 (0) 207 264 4405 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

8. Issued shares and total voting rights

As at 5.00pm, on the day immediately prior to the date of posting of this notice of meeting, the Company's issued share capital comprised of 181,067,074 ordinary shares of 1p each. Each ordinary share carries the right to one vote and therefore, the total number of voting rights in the Company at that time was 181,067,074.

Explanation of Resolutions

The Company's annual general meeting will be held at 10.00 am on Friday 30 June 2017 at CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF. The notice of meeting is set out on page 60 of this document. Details of resolutions to be considered at the meeting are given below.

Annual report and accounts (resolution 1)

Company law requires that the annual report and accounts are laid before members.

Directors' election and re-election (resolutions 2 to 4)

In accordance with the Company's articles, Fiona Hadfield is standing for election having been appointed to the board during the year. Andrew Allner and Roy Harrison are standing for re-election. Biographical details of all of the directors can be found on pages 18 and 19 of the annual report.

Auditors' appointment and determination of their fees (resolution 5)

Company law requires shareholders to reappoint the auditors each year. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them and to authorise the directors to set their fees will be proposed at the Annual General Meeting.

Authority to allot shares (resolutions 6 and 7)

In accordance with current guidelines, the Directors seek authority to allot up to a maximum of 60,355,691 ordinary shares. This represents approximately 33% of the issued ordinary share capital as at 5 June 2017. Further, in order to retain some flexibility, the Directors seek power to allot 18,106,707 equity securities wholly for cash other than on a pre-emptive basis to current shareholders pro-rata to their existing holdings. This amount represents 10% of the issued ordinary share capital as at 5 June 2017. These authorities will continue in force until the AGM to be held in 2018 or 30 June 2018, whichever is the earlier.

It is intended to renew each of the above authorities at each annual general meeting.

FOX --- MARBLE

Fox Marble Holdings Plc Annual Report
& Financial Statements
2016

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