

# FOX MARBLE

FOX MARBLE  
HOLDINGS PLC  
ANNUAL REPORT  
& ACCOUNTS

2014





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## 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 for 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 from Kosovo.

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 Highlights

- Over 14,000 tonnes of marble extracted during 2014.
- Strategic relationships entered into with Marmi E Graniti D'Italia S.r.l ("MGI"), Banyan Stone Limited ("Banyan") and Zhong Shengdestone Co.,Ltd ("ZSC") during Q4 2014, complementing existing Pisani offtake and distribution agreement and Royalstone distribution agreement from 2013.
- Sales agency agreement with ZSC signed in December 2014 with minimum quantity of 10,000 tonnes per annum.
- December 2014 offtake agreement with Banyan provides for a minimum commitment of €1.5 million of block marble over the next 18 months. Prepayment of €250k received in February 2015.
- Acquisition of a sub-lease over a new Sivec quarry in Prilep completed in August 2014
- Since the year end Fox Marble sold 900 sqm of polished slabs of Argento Grigio marble to St Georges plc the luxury homes division of Berkeley Homes plc.
- Product continues to be sold via the Company's office in Carrara and its distributors in London (Pisani) and New York (Royalstone). Confirmed or completed orders under the Pisani offtake agreement currently total over €250k.
- Factory building purchased and shipped to the Fox Marble site in Kosovo under budget during 2014. Construction of the factory building is almost complete and the company will shortly begin transportation and installation of the processing machinery.
- Order book as at 9 April 2015 of €2.8 million of which €2.0 million is expected to be realised in 2015.

## Financial Summary

- Revenue for the year of €0.15 million (2013 - €0.05 million) with much of the initial 2014 order book pushed into H1 2015.
- Operating loss for the year of €2.12 million (2013: loss of €2.17 million), net loss of €2.33 million (2013: €2.57 million) due to costs incurred in bringing the quarries up to full production.
- Net cash position at 31 December 2014 of €4.7 million (2013: €5.26 million).

## Chairman's statement

Dear Shareholder,

Whilst sales in 2014 have been below our expectations at the start of the year, your Company nevertheless has made further positive progress. Our quarries are now producing significant quantities of marble, we have added additional quarries to our portfolio and our factory at Lipjan is nearing completion. Importantly, we are beginning to see momentum build in generating sales revenues with an increasing order book and the signing of a number of key agreements from which we will start to realise value in the coming year.

Four quarries are now in operation at Cervenilla, Syrigane and Malesheva in Kosovo and Prilep in Macedonia. Over 14,000 tonnes of marble were extracted during 2014. The quality of marble from the Syrigane and Cervenilla quarries has been particularly encouraging and your Company has had notable success in the sale of Argento Grigio marble from Cervenilla into luxury developments in London. Marble extraction in 2015 is planned to exceed 25,000 tonnes.

During the year we acquired the rights to a new Sivec quarry, Prilep Omega, next to our existing Sivec quarry. Sivec is a highly sought after marble and key for the development of Fox Marble's portfolio. We have also secured the rights to a further site close to our Malesheva quarry and a possible second source of Bianco Illirico marble. This brings the total to five quarries under licence and a further four under operating agreements.

The factory at Lipjan is nearing completion. This has been delayed by unexpected adverse weather. However the frame and roof are now in place and more rapid progress is expected as the weather improves. The factory will open up a number of new sales channels and particularly the local market for cut and polished tiles. It will also reduce our reliance on our cutting and polishing operations in Carrara, Italy, with consequent cost benefits.

One of our key priorities for 2014 was sales and marketing. Sales for the year were €149,924, significantly below our expectations at the start of the year. This is largely due to the time it takes to build relationships and demonstrate that we can provide the consistent quality and quantities of marble our customers require. Encouragingly, as the year has progressed we have developed a growing number of relationships and have entered into a number of important agreements, including strategic offtake agreements with MGI and Banyan Stone. We have also entered into a sales agency agreement with ZSC, which will provide access to the very large Chinese market. To date we have confirmed orders for 2015 of €2.0 million and expect further progress over the next few months.

The results for the year reflect ongoing costs incurred in developing our quarries, quarry operating expenses and overhead expenditure. Costs are being managed tightly, particularly in this period before we have established a large, stable and recurring level of sales. The loss for 2014 was €2.3million, marginally less than the 2013 loss of €2.6million. Net cash at the year-end was €4.7million of which €1.0 million is allocated for spend on the factory at Lipjan.

Your Board is responsible for ensuring that the Company operates to high standards of corporate governance, ethical standards and integrity. Your non-executive directors bring a wealth of relevant experience and provide constructive and supportive challenge to the executive directors. Overall I believe your Board is working well.

I would also like to thank all our employees who work so hard on our behalf for their ongoing support and loyalty.

I believe 2015 will be a very important year. Our ambition is to become the leading supplier of premium marble from Kosovo and south east Europe. Building our sales revenues, whilst closely controlling our costs and cash flow, are critical to the achievement of that ambition.

**Andrew Allner**

Non-Executive Chairman

13 April 2015



## Strategic Report

### Business Activities

#### Quarry operations

The Group currently has five quarries under licence and operating agreements in place with a further four quarries. Four of Fox Marble's quarries are currently in operation at Cervenilla, Syrigane, Malesheva and Prilep. In total over 14,000 tonnes of marble have been extracted from these quarries in the year.

Fox Marble has invested in further quarrying equipment in the year to ensure increased levels of production are met and the Company is able to fulfil demand. The Company has also procured two large chain saws to be deployed to the quarries to substantially increase production in 2015. The first of these was delivered in January 2015 to our Prilep quarry.

#### Cervenilla

This site was the first of ours to be opened in November 2012. The quarry is being exploited across three separate locations (Cervenilla A, B & C) from which red, light and darker grey marble is being produced in significant quantities, with over 6,500 tonnes quarried in 2014. The quarry is producing large compact blocks which have been sold both as blocks and processed into polished slabs for sale.



**Figure 1 Operations at Cervenilla**

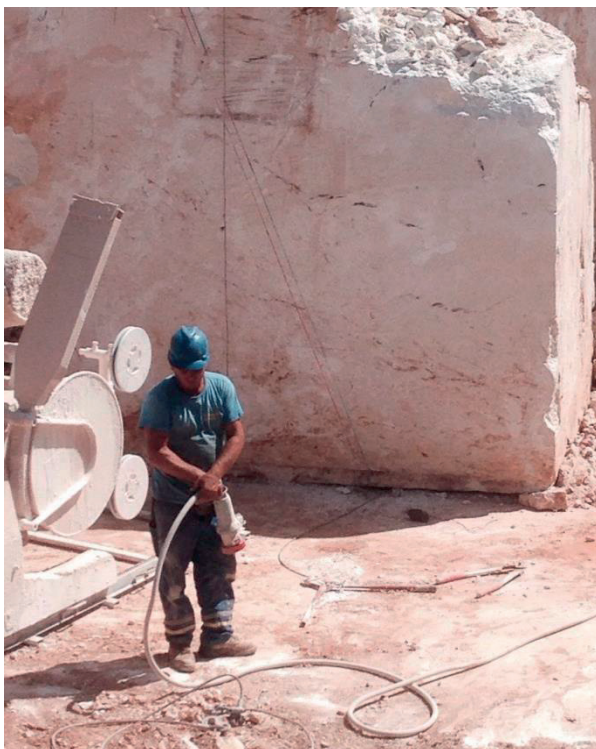
#### Malesheva

In July 2013 the Company acquired the rights to the Malesheva 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 revenue generated from the sale of block marble to the previous licence holder of the quarry.

The quarry contains a mixture of cream and Bianco Illirico marble.

Based on queries from distributors, the Company has found that demand for Bianco Illirico marble is strong, particularly in North American markets, and the Company believes that this marble could become the largest volume seller of its mid-priced marble range.

This quarry is now open with operations expected to reach full levels of commercial production this year.



**Figure 2 Operations at Malesheva opening Illyric White bench**

### Syrigane

The quarry at Syrigane (formerly SuhogerII) is open across two benches. The site contains a variety of breccia and callacatta type marble and has been producing significant volumes of breccia marble in large compact blocks, with over 6,000 tonnes of marble quarried in 2014.

**Figure 3 Recently quarried block of Breccia Paradisea being cleaned**



**Figure 4 Chainsaw at the bench in Prilep**

### Prilep

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

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 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 prices begin from €500 per metric tonne (unprocessed) representing the most expensive marble in the current Fox Marble portfolio.

The Prilep quarry is controlled by a local partner who has appointed Fox Marble to operate the quarry on its behalf. Fox Marble will receive 25% of the gross revenue from the sale of all block marble from this quarry, without having to fund the cost of equipping or investing in the reopening of the quarry. Fox Marble will be responsible for the costs associated with extracting the marble from the quarry.

This quarry is now open and producing, and operations are being ramped up to reach full levels of commercial production.



**Figure 5 Recently quarried blocks of Sivec**



**Figure 6 A block of Sivec being rinsed**



In August 2014 the Company entered into a sub-lease arrangement with New World Holdings (Malta) Limited to acquire the rights to a second Sivec marble quarry - the Omega Sivec 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 £1,000,000 and a subsequent 40 per cent. gross revenue royalty obligation. The sub-lease has an initial term of 20 years, which is extendable by the Company for a further 20 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. Fox Marble estimates that the quarry will require approximately £600,000 of capital expenditure investment to reach commercial production. Exploitation of this quarry is in the planning stages with a drilling programme being implemented.

#### **Other quarry sites**

The Company also holds exploitation licences for quarries at Antena, Verrezat and Peja and an operating agreement over a quarry at Drini. These sites are not currently being quarried, pending their further development.

The Company has further identified a 300 hectare site close to the Company's existing licence resource in Malesheva that the Directors believe contains a large deposit of Bianco Illirico which may provide the Company with a second source of this sought after marble. In order to continue to benefit from the significant interest in Bianco Illirico marble the Company has reserved the rights to this area by submitting applications for an exploration licence to the ICMM. As an existing licence holder in good standing the Company believes there will be no impediment to the grant of this licence. The formal award of the licence is pending the appointment of the new ICMM board in Kosovo.

<b>Licence area</b>	<b>Country</b>	<b>Status</b>	<b>Marble Type</b>	<b>Reserve Volume</b> (million m3)
<b>Cervenilla</b>	Kosovo	Operational – commercial levels of blocks extracted	Rosso Cait, Argento Grigio, Flora	16.83 <sup>(1)</sup>
<b>Verrezat</b>	Kosovo	Site opened – ready for extraction	Rosso Cait, Argento Grigio, Flora	32.51 <sup>(1)</sup>
<b>Antena</b>	Kosovo	Site not currently operational	Black	97.24 <sup>(2)</sup>
<b>Peja</b>	Kosovo	Site not currently operational	Honey Onyx	42.10 <sup>(1)</sup> & 101.17 <sup>(2)</sup>
<b>Drini</b>	Kosovo	Site not currently operational	Grey Emperador	Not available
<b>Syrigane</b>	Kosovo	Operational – commercial levels of blocks extracted	Breccia Paridisea, Etruscan Dorato	36.62 <sup>(2)</sup>
<b>Malesheva</b>	Kosovo	Operational	Bianco Illirico, Cremo Olta	4.75 <sup>(3)</sup>
<b>Prilep alpha</b>	Macedonia	Operational	Sivec	0.2 <sup>(4)</sup>
<b>Prilep omega</b>	Macedonia	Under development	Sivec	0.2 <sup>(4)</sup>

(1) Indicated resource – as indicated by the Competent Persons Report prepared by Dr Magne Martinsen of Golder Associates

(2) Inferred resource – as indicated by the Competent Persons Report prepared by Dr Magne Martinsen of Golder Associates

(3) 2005 US Aid report

(4) Internal surveys performed by the Company

### *Processing Factory*

A double skinned steel factory for the cutting and processing of blocks into polished tiles and slabs has been purchased and is being erected on a 10 hectare site the Company has acquired in Lipjan, close to Pristina airport.

The Company's factory has been under construction and, despite unexpected adverse weather conditions; the factory building is nearing completion and requires a further 5 days of work with uninterrupted good weather in Pristina at which time equipment will start to be shipped from Italy for installation in the building. The floor has been laid and work has commenced on completing the foundations for the gang saws and water channels.

This long-awaited factory will open up a number of important new sales channels for the Company and provide a further boost to the economics, given the high margin derived from the cutting and polishing industry for marble.



**Figure 7 Factory under construction**



**Figure 8 Polished slab of Rosso Cait from our Cervenilla quarry**



**Figure 9 Internal panelling on the factory structure**



**Figure 10 Polished slab of Argento Grigio from the Cervenilla quarry**



**Figure 8 Polished slab of Breccia Paridisea from our Syrigane quarry**

### **Sales and Marketing**

Sales and marketing has been the primary focus for the Company over the last twelve months. Sales for 2014 were lower than originally estimated as it has taken longer than anticipated to crystallise a number of potential transactions and offtakes. However, Q4 of 2014 saw significant progress with Fox Marble entering into a number of material contracts. In part this has been a result of Fox Marble now being able to provide a broad and varied inventory of good quality block and processed marble for potential customers to review.

In October 2014 the Company announced that it has entered into a long-term offtake agreement with Marmi E Graniti D'Italia S.r.l. (MGI) headquartered in Carrara, Italy.

MGI was founded in 1948 and is one of the largest and most distinguished marble companies in Italy with sales that span the globe with a particular focus on the North American market. MGI has entered into this Agreement under which it will extend its range of stone by taking a minimum quantity of 100 tonnes per month of Fox Marble's grey, red and breccia stones for the next two years starting in October 2014.

In December 2014 the Company entered into a long term offtake agreement with Banyan Stone Limited headquartered in Gibraltar. Banyan has agreed to purchase €1.5m worth of block marble from Fox Marble in three tranches over the next eighteen months with €500,000 worth of stone being purchased every six months. Under the terms of the agreement Banyan made a prepayment on the first instalment of €250,000 to Fox Marble in February 2015.

Banyan's market is largely focused on the Far East with particular reference to Singapore and the surrounding region.

Further in December 2014 the Company signed a sales agency agreement with Zhong Shengdestone Co.,Ltd. a procurement company for Hong Xing Stone Group (Beijing). The Beijing branch alone of Hong Xing Stone Group annually processes 1.5 million square metres of stone for sale to the Chinese and international market. This agency agreement specifies minimum quantity of 10,000 tonnes per annum and the Company hopes that this agreement will help secure access to the large Chinese market.



**Figure 9 Chris Gilbert meeting with the Chairman of ZSC, Mr Li in a storage facility for the Hong Xing Stone Group**



**Figure 13 Honed slab of Argento Grigio from our Cervenilla quarry**

Early in 2015 the Company announced that it had supplied 900 sqm of polished slabs of its grey Argento Grigio marble to St George plc, which is the prestige home division of Berkeley Homes plc.

Since completing the above order, the Company has received additional orders via Pisani, and its offtake agreement with the Company, from the St Georges plc for two different types of marble (white and grey) to be supplied to its Chelsea Creek development throughout the rest of 2015. This order has a total value of €570,000 of cut and polished slabs.

The order with Berkeley Homes plc is a testament to the quality of our marble, and in particular the attractiveness of our grey Argento Grigio stone. We look forward to developing a long term relationship with this prestigious house builder.

The Company has distributed samples and marketing materials across over 20 countries across the Middle East, Europe and Asia.



## MATERIALS



### Sivec – various grades

Source Quarry: Prilep (Macedonia)

Sivec boasts a homogenous form and a microgranular structure which contributes to a high demand for Sivec marble. The colour varies from pure white to white with dappled streaks of soft grey, depending on the grade.



### Breccia Paridisea

Source Quarry: Syrigane

Breccia is a popular material with a rich history in architecture and the arts. This playful and charming example includes many colours and highlights the true versatility of marble.



### Argento Grigio

Source Quarry: Cervenilla

This striking marble is an excellent choice for a statement finish. It has cool, blueish tones and an impressive dense finish.



### Flora

Source Quarry: Cervenilla

The combination of the classic grey tones and the extravagance of the red that infuses this marble make it a great choice for those who are looking for something a bit different.

# FOX MARBLE



### Bianco Illirico

Source Quarry: Malesheva

This is a classic and bright marble. It gives a clean, stylish finish, combining all the historical opulence of marble with modern freshness.



### Cremo Olta

Source Quarry: Malesheva

Luxurious cream and white tones make this marble a soft and elegant choice for developers from all over the world.



### Rosso Cait

Source Quarry: Cervenilla

This is a bold and exotic material. The red marbles are particularly popular in the flamboyant and historically rich developments in the middle eastern market.

## Results and Dividends

<i>Key Performance Indicators</i>	<b>2014</b>	<b>2013</b>
Number of quarries operational	4	4
Quarry production (tonne)	14,188	2,217
Revenue	€149,924	€46,208
Average recorded selling price (per tonne)	€340	€856
Loss for the year	€2,325,489	€2,569,338

The Group recorded revenues in the year of €149,924 (2013 - €46,208). The Group incurred an operating loss of €2,116,259 for the year ended 31 December 2014 (2013 - €2,168,244). The decrease in operating loss reflects the increased efficiency of our quarrying operations and the progression of the Company into its operational phase.

The Group incurred a loss after tax for the year ended 31 December 2014 of €2,325,489 (2013 - €2,569,338).

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.

## 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, is 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 was 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 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 Groups 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 mined 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 under construction. Completion and commissioning of the factory and its operations could be subject to delays and capital assets may exceed planned cost. 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***

To date the Group has not commenced full commercial production at all of its quarries. There can be no assurance that losses will not occur in the near future or that the Group will be profitable in 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.

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.

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. There can be no assurance however that sales will be realised, that the Group will generate sufficient revenues or achieve profitability.

#### ***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 help 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 help 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 succession planning is being developed to ensure skills development and retention and proactive recruitment processes are in place.

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 23 to these financial statements.

## **The Future**

In the coming year we hope to fulfil a number of key milestones for the Company, including completion of the factory and increasing levels of production in Prilep and Malesheva. In addition and most significantly we expect to see the Company winning significant orders for its product as our branding, marketing and sales focus continues to develop. We anticipate revenue climbing as more customers purchase our stone and this momentum will not only increase throughout the year but continue into 2016. Already we are seeing the results of our efforts in establishing our product in key marketplaces throughout the world and the benefit of having our marble actually installed in developments. We have added to our sales team and we have sufficient lines of enquiry to be confident of sustainable income from a diverse range of customers for both our block and slab product around the world.

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

13 April 2015

## Directors



***Andrew Allner, Non-Executive Chairman***

Andrew is currently Non-Executive Chairman of The Go-Ahead Group plc and Marshalls plc. He is Non-Executive Director and Chairman of the Audit Committee 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 Price Waterhouse 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.



***Dr Etrur Albani, Managing Director***

Etrur developed his career at PTK, the Kosovo national telecoms company where he became Managing Director and where he increased the number of subscribers by 40% and profit by 85% following initiatives to develop the telecom infrastructure according to developed world standards. Etrur received his PhD from London South Bank University, with an emphasis in 'High Speed Communication Devices Using Microstrips'. Prior to this, he received a Bachelor of Electronic Engineering from North London University, with an emphasis on Electronic and Telecommunication Engineering.



***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 FREng, 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. Sir Colin is currently the Non-Executive Chairman of Meggitt plc, a position he has held since 2004, and AviaMediaTech Ltd and is a Non-Executive Director of Aveillant Ltd. He is also Chairman of the UK MOD Military Aviation Safety Advisory Committee, 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.



***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 has investing Chairmanships 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.



***Dr Paul Jourdan, Non-Executive Director***

CEO of Amati Global Investors Limited, a fund management company based in Edinburgh and London. Paul has been involved in managing equity funds for 16 years, initially with Stewart Ivory and then with First State Investments. He specialised early on in UK smaller companies, running what is now called the TB Amati UK Smaller Companies Fund from September 2000 on. He launched Amati VCT plc (originally First State AIM VCT) in 2005 and founded Amati Global Investors with Douglas Lawson in 2010. In addition to serving as a Director of Amati Global Investors, Dr Paul Jourdan is a Director of Sistema Scotland, a music education charity, and a governor of the Royal Conservatoire of Scotland.

## Advisers

***Company Secretary***

**Lorraine Young**

Lorraine Young Company Secretarial Services  
190 High Street  
Tonbridge, Kent, TN9 1BE

***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**

61 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 2014.

### 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 5-13.

### Results and Dividends

The Group's results are set out in the consolidated income statement and statement of comprehensive income on page 26. The audited financial statements for the year ended 31 December 2014 are set out on pages 26 to 52.

The Group incurred an operating loss of €2,116,259 (2013 - €2,168,244) for the year ended 31 December 2014. The Group incurred a loss after tax for the year ended 31 December 2014 of €2,325,489 (2013 - €2,569,338).

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 5-13.

### Fundraising and capital

On the 8 August 2013 the Company completed a fundraising to raise an additional €2,919,772 (£2,514,877) through a placing and subscription. €2,818,327 (£2,427,499) before expenses was raised through Fox Davies Capital Limited. Admission was effected through a two stage equity placing of 14,712,116 new ordinary shares at a price of 16.5 pence per share. In addition, two funds managed by Amati Global Investors agreed to subscribe €101,445 (£87,378) for 529,563 ordinary shares and agreed to amend the terms of the loan note held by them such that the first years capitalised interest on the loan note was payable in cash.

On the 5 August 2014 the Company completed a fundraising for an additional €5,956,641 (£4,750,000) through a placing and subscription through Fox Davies Capital Limited. Admission was effected through a placing of 26,388,883 new ordinary shares at a price of 18 pence per share.

### 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

Chris Gilbert

Fiona Hadfield

Roy Harrison OBE

Dr Paul Jourdan

Sir Colin Terry KBE CB DL

### Substantial Shareholders

Fox Marble Holdings plc has been notified as of 13 April 2015 of the following interests in excess of 3% of its issued share capital:



	Number of ordinary shares	%of issued share capital
Dr Etrur Albani	19,757,500	13.20%
Chris Gilbert	19,306,250	12.90%
Dominic Redfern	12,038,888	8.03%
Majedie Asset Management	10,277,777	6.86%
Standard Life Investments Ltd	8,838,383	5.90%
Artemis Investment Management	8,622,222	5.75%
Amati Global Investors	7,546,734	5.04%

## 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 seven directors, four 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 with the exception of Dr Paul Jourdan. Dr Paul Jourdan is the CEO of Amati Global Investors Limited, which manages a significant shareholding in the Company of 7,546,734 shares and all of the outstanding convertible loan notes issued by the Company, on behalf of its clients.

The following table shows the directors' attendance at scheduled Board meetings which they were eligible to attend during the 2014 financial year:

<i>Director</i>	<i>Attendance at Board Meetings</i>
Dr Etrur Albani	7/9
Andrew Allner	9/9
Chris Gilbert	9/9
Fiona Hadfield	9/9
Roy Harrison OBE	8/9
Dr Paul Jourdan	9/9
Sir Colin Terry KBE CB DL	9/9

### Board Committees

The terms of reference of the board committees are reviewed regularly and available on the Company's website [www.foxmarble.net](http://www.foxmarble.net).

### Remuneration Committee

The Remuneration Committee consists of Andrew Allner, Sir Colin Terry, Dr Paul Jourdan 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, Dr Paul Jourdan and Sir Colin Terry.

### Audit Committee

The Audit Committee consists of three non-executive Directors; Roy Harrison, Dr Paul Jourdan 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 accounts 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 to 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 sensitivities of forecasts 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.

The Company is subject to a number of risks and uncertainties which may impact on the forecast financial performance on the company. The following risk factors, which are not exhaustive, are considered particularly relevant to the Group's ability to function as a going concern.

(a) The Malesheva and Prilep quarries are not currently at full level of commercial production. The amount of marble quarried at these sites will increase significantly over the next twelve months. Levels of production can be impacted by unforeseen delays due to inclement weather, equipment failure or the need to re-site the quarry bench. Delays in reaching anticipated levels of production may impact the Group's ability to generate revenues or achieve profitability.

(b) The Group's marble processing factory is under construction. Once completed machinery will need to be installed and tested, and a workforce recruited and trained. Completion of the factory could be subject to delays or cost overruns. This would impact the ability of the company to process marble at its own site and impact the profitability of the Company's future operations.

(c) The Group's level of historical sales is low and the volume of sales is anticipated to grow over the next twelve months. There can be no assurance however that sales will be realised, that the Group will generate sufficient revenues or achieve profitability.

In the event that the cash receipts from sales are lower than anticipated the company has available to it a number of contingent actions it can take to mitigate the impact of potential downside scenarios. These include reviewing planned capital expenditure, redeploying company resources to more profitable resources, reducing overhead, renegotiating terms on its existing loan notes and seeking additional financing.

Under the terms of the Company's loan note arranged with Amati Global Investors Limited, from the 31 August 2015 the interest on the loan note may be raised by the loan note holder from 8% per annum to 25% per annum. In the event of this occurrence the loan note is repayable without penalty at the option of the Company. The Company is in the process of negotiating an extension to this deadline, in order to provide the Company with additional flexibility and headroom. However the Company's going concern assessment is not dependent on the outcome of these negotiations.

In conclusion having regard to the existing 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 12 months.

Signed on behalf of the Board of Directors

**Chris Gilbert,**

Director

13 April 2015

## 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 17. 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 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.

### 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 vest after a 3 year period starting 31 August 2012, subject to service conditions and performance criteria based on the financial performance of the Group. Further details on the plan are set out in note 20.

There have been no variations to the terms and conditions or performance criteria for share options during the year. The share-based payment expense recognised in the income statement under IFRS 2 that relates to directors' share options amounts to €1,393 (2013: €1,124).

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 2014	Salary	Consultancy Fees	Benefits in kind	Share based payment charge	Total
	€	€	€	€	€
<b>Executive directors</b>					
Chris Gilbert	155,048	-	12,651	-	167,699
Dr Etrur Albani	155,048	-	12,651	-	167,699
Fiona Hadfield	99,145	-	-	1,393	100,538
	<b>409,241</b>	<b>-</b>	<b>25,302</b>	<b>1,393</b>	<b>435,936</b>
<b>Non-Executive directors</b>					
Andrew Allner	74,423	-	-	-	74,423
Sir Colin Terry	37,212	-	-	-	37,212
Roy Harrison	37,212	3,720	-	-	40,932
Dr Paul Jourdan <sup>(1)</sup>	-	37,212	-	-	37,212
	<b>148,847</b>	<b>40,932</b>	<b>-</b>	<b>-</b>	<b>189,779</b>
	<b>558,088</b>	<b>40,932</b>	<b>25,302</b>	<b>1,393</b>	<b>625,715</b>
<b>Year ended 31 December 2013</b>					
	€	€	€	€	€
<b>Executive directors</b>					
Chris Gilbert	124,216	-	12,012	-	136,228
Dr Etrur Albani	163,976	-	12,012	-	175,988
Fiona Hadfield	106,590	-	-	1,124	107,714
	<b>394,782</b>	<b>-</b>	<b>24,024</b>	<b>1,124</b>	<b>419,930</b>
<b>Non-Executive directors</b>					
Andrew Allner	70,620	-	-	-	70,620
Sir Colin Terry	35,310	-	-	-	35,310
Roy Harrison	35,310	-	-	-	35,310
Dr Paul Jourdan <sup>(1)</sup>	-	35,310	-	-	35,310
	<b>141,240</b>	<b>35,310</b>	<b>-</b>	<b>-</b>	<b>176,550</b>
	<b>536,022</b>	<b>35,310</b>	<b>24,024</b>	<b>1,124</b>	<b>596,480</b>

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

Of the amounts paid to non-executive directors in the year ended 31 December 2013 €88,275 was used to subscribe for shares in the Company as per their appointment terms. The subscriptions were made at the prevailing market rate.

The executive directors' remunerations included a contingent deferred element whereby €47,904 (£40,000) of their annual salary was deferred for 12 months from the date of listing. The deferred element was released in the year ended 31 December 2013. Chris Gilbert waived €39,760 of his deferred entitlement.



## Directors' interests in the share capital of the Company

The interests of the directors who held office during the year ended 31 December 2014 in the shares of the Company are given below. There has been no change in the interest of any director between 31 December 2014 and the date of this report.

<i>Director</i>	<i>Interest in shares</i>
Dr Etrur Albani	19,757,500
Andrew Allner	772,190
Chris Gilbert	19,306,250
Fiona Hadfield	-
Roy Harrison OBE	667,656
Dr Paul Jourdan <sup>(1)</sup>	-
Sir Colin Terry KBE CB DL	46,444

(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 7,546,734 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

13 April 2015

## Directors' Responsibilities

### In respect of the preparation of financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent 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 the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Fox Marble Holdings plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent Auditors' Report to the Members of Fox Marble Holdings plc

## Report on the financial statements

### Our opinion

In our opinion:

- The financial statements, defined below, give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's loss and of the Group's and 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 Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

### What we have audited

The Group financial statements and Parent Company financial statements (the "financial statements"), which are prepared by Fox Marble Holdings plc, comprise:

- the Group and Parent Company statements of financial position as at 31 December 2014;
- the Group statement of comprehensive income for the year then ended;
- the Group and Parent Company statements of changes in equity and statements of cash flows 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 their preparation comprises applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

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.

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (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 Parent 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.

In addition, we read all the financial and non-financial information in the *Annual Report and Accounts* (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.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;

## 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 and the part of the Directors' Remuneration Report to be audited 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 if, in our opinion, certain disclosures of directors' remuneration specified by law have not been 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 set out on page 23, the Directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group and Parent Company financial statements in accordance with applicable law and 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 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.

### Alison Baker (Senior Statutory Auditor)

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

13 April 2015

## Consolidated Statement of Comprehensive Income

### For the year ended 31 December 2014

	Note	Year to 31 December 2014 €	Year to 31 December 2013 €
<b>Revenue</b>		149,924	46,208
Cost of sales		(84,480)	(44,918)
<b>Gross profit</b>		65,444	1,290
Administrative expenses		(2,181,703)	(2,169,534)
<b>Operating loss</b>	6	(2,116,259)	(2,168,244)
Finance income	8	-	84
Finance costs	9	(209,230)	(400,873)
<b>Loss before taxation</b>		(2,325,489)	(2,569,033)
Taxation	10	-	(305)
<b>Loss for the year</b>		(2,325,489)	(2,569,338)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year attributable to owners of the parent company</b>		(2,325,489)	(2,569,338)
<b>Loss per share</b>			
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 2014 Registered number: 7811256

	Note	2014	2013
		€	€
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	1,345,546	91,210
Property, plant and equipment	13	3,314,889	1,921,961
Receivables	15	63,886	59,882
<b>Total non-current assets</b>		<b>4,724,321</b>	<b>2,073,053</b>
<b>Current assets</b>			
Trade and other receivables	15	917,442	926,381
Inventories	14	1,570,446	348,851
Cash and cash equivalents	22	4,700,742	5,258,972
<b>Total current assets</b>		<b>7,188,630</b>	<b>6,534,204</b>
<b>Total assets</b>		<b>11,912,951</b>	<b>8,607,257</b>
<b>Current liabilities</b>			
Trade and other payables	16	377,537	461,961
<b>Total current liabilities</b>		<b>377,537</b>	<b>461,961</b>
<b>Non current liabilities</b>			
Convertible loan notes	17	1,479,681	1,297,273
<b>Total non current liabilities</b>		<b>1,479,681</b>	<b>1,297,273</b>
<b>Total liabilities</b>		<b>1,857,218</b>	<b>1,759,234</b>
<b>Net assets</b>		<b>10,055,733</b>	<b>6,848,023</b>
<b>Equity</b>			
Share capital	18	1,870,785	1,539,860
Share premium		21,662,497	16,485,926
Accumulated losses	19	(13,595,292)	(11,269,803)
Share based payment reserve	20	82,200	56,497
Other reserve		35,543	35,543
<b>Total equity attributable to owners of the parent company</b>		<b>10,055,733</b>	<b>6,848,023</b>

The financial statements on pages 26 to 52 were approved and authorised for issue by the Board on 13 April 2015 and are signed on its behalf.

**Chris Gilbert,**

Director

13 April 2015

## Consolidated Statement of Cash Flows

### For the year ended 31 December 2014

	Note	Year ended 31 December 2014 €	Year ended 31 December 2013 €
<b>Cash flows from operating activities</b>			
<b>Loss before taxation</b>		(2,325,489)	(2,569,033)
Adjustment for:			
Finance income	8	-	(84)
Finance costs	9	209,230	400,873
<b>Operating loss for the year</b>	6	(2,116,259)	(2,168,244)
Adjustment for:			
Amortisation	12	2,040	1,656
Depreciation	13	393,455	103,449
Exchange gains on cash and cash equivalents		(94,801)	-
Equity settled transactions	20	25,703	41,164
Decrease/(increase) in trade and other receivables	15	4,935	(804,328)
Increase in inventories		(1,221,595)	(348,851)
(Decrease)/increase in accruals	16	(80,818)	232,026
(Decrease)/increase in trade and other payables	16	(3,607)	32,084
<b>Net cash used in operating activities</b>		(3,090,947)	(2,911,044)
<b>Cash flow from investing activities</b>			
Expenditure on acquisition of mining rights and licences	12	(1,256,376)	-
Expenditure on property, plant & equipment	13	(1,786,383)	(1,406,454)
<b>Net cash used in investing activities</b>		(3,042,759)	(1,406,454)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of issue costs)	18	5,507,495	2,730,558
Interest cost		(26,820)	(104,647)
Finance cost on retirement of Convertible loan note facility		-	(193,323)
Interest on bank deposits	8	-	84
<b>Net cash inflow from financing activities</b>		5,480,675	2,432,672
<b>Net decrease in cash and cash equivalents</b>		(653,031)	(1,884,826)
Cash and cash equivalents at beginning of year		5,258,972	7,144,100
Exchange gains/(losses) on cash and cash equivalents		94,801	(302)
<b>Cash and cash equivalents at end of year</b>	22	4,700,742	5,258,972

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share Capital	Share Premium	Share based payment reserve	Other Reserve	Converti- ble loan note option reserve	Accumulated losses	Total equity
Note	18		20		17	19	
	€	€	€	€	€	€	€
Balance at 1 January 2013	1,359,507	13,935,721	15,333	35,543	63,873	(8,700,465)	6,709,512
Loss and total comprehensive loss for the year	-	-	-	-	-	(2,569,338)	(2,569,338)
<b>Transactions with owners</b>							
Share capital issued	180,353	2,550,205	-	-	-	-	2,730,558
Reclassification	-	-	-	-	(63,873)	-	(63,873)
Equity settled transaction	-	-	41,164	-	-	-	41,164
Balance at 31 December 2013	1,539,860	16,485,926	56,497	35,543	-	(11,269,803)	6,848,023
Loss and total comprehensive loss for the year	-	-	-	-	-	(2,325,489)	(2,325,489)
<b>Transactions with owners</b>							
Share capital issued	330,925	5,176,571	-	-	-	-	5,507,496
Equity settled transaction	-	-	25,703	-	-	-	25,703
Reclassification	-	-	-	-	-	-	-
Balance at 31 December 2014	1,870,785	21,662,497	82,200	35,543	-	(13,595,292)	10,055,733

## Statement of Financial Position of the parent company

As at 31 December 2014

	Note	2014 €	2013 €
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	26	2,028,195	2,028,195
Receivables	15	63,886	59,882
<b>Total non-current assets</b>		<b>2,092,081</b>	<b>2,088,077</b>
<b>Current assets</b>			
Trade and other receivables	15	10,805,710	5,111,928
Cash and cash equivalents		4,518,051	4,952,809
<b>Total current assets</b>		<b>15,323,761</b>	<b>10,064,737</b>
<b>Total assets</b>		<b>17,415,842</b>	<b>12,152,814</b>
<b>Current liabilities</b>			
Trade and other payables	16	148,663	144,818
<b>Total current liabilities</b>		<b>148,663</b>	<b>144,818</b>
<b>Non current liabilities</b>			
Convertible loan notes	17	1,479,681	1,297,273
<b>Total non current liabilities</b>		<b>1,479,681</b>	<b>1,297,273</b>
<b>Total liabilities</b>		<b>1,628,344</b>	<b>1,442,091</b>
<b>Net assets</b>		<b>15,787,498</b>	<b>10,710,723</b>
<b>Equity</b>			
Share capital	18	1,870,785	1,539,860
Share premium		21,662,497	16,485,926
Accumulated losses	19	(7,827,984)	(7,371,560)
Share based payment reserve	20	82,200	56,497
<b>Total equity attributable to owners of the Company</b>		<b>15,787,498</b>	<b>10,710,723</b>

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 financial statements on pages 26 to 52 were approved and authorised for issue by the Board on 13 April 2015, and signed on its behalf.

**Chris Gilbert,**

Director

13 April 2015

## Statement of Changes in Equity of the parent company

Year ended 31 December 2014

	Share Capital	Share Premium	Share based payment reserve	Convertible loan note option reserve	Accumulated losses	Total equity
Note	18		20	17	21	
	€	€	€	€	€	€
Balance at 1 January 2013	1,359,507	13,935,721	15,333	63,873	(6,526,125)	8,848,309
Loss and total comprehensive loss for the year	-	-	-	-	(845,435)	(845,435)
<b>Transactions with owners</b>						
Share capital issued	180,353	2,550,205	-	-	-	2,730,558
Reclassification	-	-	-	(63,873)	-	(63,873)
Share based payment charge	-	-	41,164	-	-	41,164
Balance at 31 December 2013	1,539,860	16,485,926	56,497	-	(7,371,560)	10,710,723
Loss and total comprehensive loss for the year	-	-	-	-	(456,424)	(456,424)
<b>Transactions with owners</b>						
Share capital issued	330,925	5,176,571	-	-	-	5,507,496
Share based payment charge	-	-	25,703	-	-	25,703
Balance at 31 December 2014	1,870,785	21,662,497	82,200	-	(7,827,984)	<b>15,787,498</b>

## Statement of Cash Flows of the parent company

Year ended 31 December 2014

	Note	Year ended 31 December 2014	Year ended 31 December 2013
		€	€
<b>Loss before taxation</b>		(456,424)	(845,435)
Adjustment for:			
Finance income		-	(84)
Finance costs		209,230	400,873
<b>Operating loss for the year</b>		<b>(247,194)</b>	<b>(444,646)</b>
Adjustment for:			
Exchange gains on cash and cash equivalents		(94,801)	-
Share based payment charge		25,703	41,164
Increase in receivables	15	(5,697,786)	(4,240,881)
(Increase)/decrease in accruals	16	(13,832)	79,733
Increase in trade and other payables	16	17,677	25,941
<b>Net cash outflow from operating activities</b>		<b>(6,010,233)</b>	<b>(4,538,689)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of issue costs)	18	5,507,495	2,730,558
Interest paid		(26,820)	(104,647)
Finance cost on retirement of loan note		-	(193,323)
Interest on bank deposits		-	84
<b>Net cash inflow from financing activities</b>		<b>5,480,675</b>	<b>2,432,672</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(529,558)</b>	<b>(2,106,017)</b>
Cash and cash equivalents at beginning of year		4,952,809	7,057,608
Exchange gains on cash and cash equivalents		94,800	1,218
<b>Cash and cash equivalents at end of year</b>		<b>4,518,051</b>	<b>4,952,809</b>



## 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 and parent company financial statements (together "the financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRS) in issue as endorsed 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).

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 consolidated and parent company financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with EU adopted 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.

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. and Rex Marble Sh.P.K.

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.

### ***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 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

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 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.

#### ***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 2014 was 1.2777 (2013 – 1.1976). The average Euro/Sterling exchange rate for the year ended 31 December 2014 was 1.2404 (2013 – 1.1767).

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***

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

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

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

The Company has fair valued the identified embedded derivatives included within the contract using a Black Scholes methodology, which has resulted in the recording of a liability of €30,838 at 31 December 2014 (2013 - €87,548).

#### ***New standards 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 2014, and have not been applied in preparing these consolidated financial statement.

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants. Effective for annual periods beginning on or after 1 January 2016.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. Effective for annual periods beginning on or after 1 January 2016.

- IFRS 14, 'Regulatory deferral accounts'. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 27, 'Separate financial statements' on the equity method. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. Effective for annual periods beginning on or after 1 January 2016.
- IFRS 15 'Revenue from contracts with customers'. Effective for annual periods beginning on or after 1 January 2017.
- IFRS 9 'Financial instruments'. Effective for annual periods beginning on or after 1 January 2018.

Adoption of the above is not considered 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

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 sensitivities of forecasts 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.

The Company is subject to a number of risks and uncertainties which may impact on the forecast financial performance on the company. The following risk factors, which are not exhaustive, are considered particularly relevant to the Group's ability to function as a going concern.

(a) The Malesheva and Prilep quarries are not currently at full level of commercial production. The amount of marble quarried at these sites will increase significantly over the next twelve months. Levels of production can be impacted by unforeseen delays due to inclement weather, equipment failure or the need to re-site the quarry bench. Delays in reaching anticipated levels of production may impact the Group's ability to generate revenues or achieve profitability.

(b) The Group's marble processing factory is under construction. Once completed machinery will need to be installed and tested, and a workforce recruited and trained. Completion of the factory could be subject to delays or cost overruns. This would impact the ability of the Group to process marble at its own site and impact the profitability of the Company's future operations.

(c) The Group's level of historical sales is low and the volume of sales is anticipated to grow over the next twelve months. There can be no assurance however that sales will be realised, that the Group will generate sufficient revenues or achieve profitability.

In the event that the cash receipts from sales are lower than anticipated the company has available to it a number of contingent actions it can take to mitigate the impact of potential downside scenarios. These include reviewing planned capital expenditure, redeploying company resources to more profitable resources, reducing overhead, renegotiating terms on its existing loan notes and seeking additional financing.

Under the terms of the Company's loan note arranged with Amati Global Investors Limited, from the 31 August 2015 the interest on the loan note may be raised by the loan note holder from 8% per annum to 25% per annum. In the event of this occurrence the loan note is repayable without penalty at the option of the Company. The Company is in the process of negotiating an extension to this deadline, in order to provide the Company with additional flexibility and headroom. However the Company's going concern assessment is not dependent on the outcome of these negotiations.

In conclusion having regard to the existing 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 12 months.

#### 5) Segmental information

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 assets of €4,724,321, €3,309,222 relates to Property, Plant and Machinery acquired for the exploitation of assets in Kosovo and Macedonia and €1,345,546 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 €2,181,703 were costs incurred in the United Kingdom of €1,342,488 (2013 – €1,316,412).

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.

## 6) Operating loss

	Year ended 31 December 2014	Year ended 31 December 2013
	€	€
Operating loss is stated after charging/(crediting):		
Fees payable to the Company's auditors	55,817	48,286
Legal & professional fees	148,249	344,828
Consultancy fees	109,914	86,506
Staff costs	949,309	746,307
Operating lease rental	43,177	38,598
Other head office costs	114,599	84,060
Travelling, entertainment & subsistence costs	88,120	105,163
Depreciation	10,249	15,269
Amortisation	2,040	1,656
Quarry operating costs	442,741	482,130
Foreign exchange gain	(118,024)	(2,719)
Share based payment charge	25,703	41,164
Marketing & PR	108,381	68,480
Testing, storage, sampling and transportation of materials	150,928	45,132
Sundry	50,500	64,674
<b>Administrative expenses</b>	<b>2,181,703</b>	<b>2,169,534</b>

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

	Year ended 31 December 2014	Year ended 31 December 2013
	€	€
Fees payable to the Company's auditors and its associated for the audit of the parent company and consolidated annual accounts	18,606	17,666
Fees payable to the Company's auditors and its associates for other services		
- The audit of the Company's subsidiaries	37,211	30,620
	<b>55,817</b>	<b>48,286</b>

PricewaterhouseCoopers LLP were appointed as the Company's auditors for the years ending 31 December 2013 and 31 December 2014.



## 7) Directors and Employees

The employee benefit expenses during the year were as follows:

	2014 €	2013 €
Wages and salaries	817,488	728,887
Social security costs	94,547	63,134
Share based payments	1,393	1,124
	<b>913,428</b>	<b>793,145</b>

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

	2014	2013
Directors	7	7
Administration	6	7
Quarry side	53	26
	<b>66</b>	<b>40</b>

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. The aggregate amount of Directors remuneration for the year was as follows:

	2014 €	2013 €
Salary	558,058	536,022
Consultancy fees	40,932	35,310
Short term employee benefits	25,302	24,024
<b>Aggregate emoluments payable to directors</b>	<b>624,322</b>	<b>595,356</b>
Share based payments	1,393	1,124
	<b>625,715</b>	<b>596,480</b>

None of the Company's directors exercised share options during the years ended 31 December 2014 and 2013, respectively.

## 8) Finance income

	2014 €	2013 €
Interest on bank deposits	-	84

## 9) Finance costs

	2014 €	2013 €
Interest expense on convertible loan notes	142,689	152,595
Amortisation of costs incurred	34,517	78,267
Movement in the fair value of derivative	(56,710)	-
Finance cost on termination of loan arrangement	-	193,323
Foreign exchange loss/(gain)	88,734	(23,312)
	<b>209,230</b>	<b>400,873</b>

On the 31 August 2012 the Company issued €1,336,455 (£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 accrues on the loan notes at 8% per annum from the date of issue due quarterly in arrears. Further detail on the instrument can be found in note 17.

On the 23 August 2013 the Series 2 Loan Note arrangement with AGMH Limited was terminated, without funds having been drawn down. Costs incurred by AGMH Limited in the provision of loan note arrangement through its loan with Optimus Capital LLP of €193,323 were paid by the Company in the year to 31 December 2013.

## 10) Taxation

	2014 €	2013 €
Current tax on profits for the year	-	(305)

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

	2014 €	2013 €
<b>Reconciliation of effective tax rate</b>		
Loss before income tax	(2,325,489)	(2,569,033)
Tax calculated at domestic tax rates applicable to profits in the respective countries at a weighted average rate of 17.2 % (2013 - 19.3 %)	400,284	497,747
Tax effect of expense that are not deductible in determining taxable profit	(29,659)	(17,867)
Timing differences	-	168,124
Deferred tax asset not recognised in respect of losses	(370,625)	(647,699)
<b>Total tax expense for the year</b>	-	305

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 21.5% (2013 23.25%).

The tax computations of Fox Marble Holdings plc show it has tax losses carried forward of €1,134,396. However due to the uncertainty of the timing of future profits, no deferred tax asset has been recognised in these financial statements.

## 11) Loss per share

	2014 €	2013 €
Loss for the year used for the calculation of basic LPS	(2,325,489)	(2,569,338)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic LPS	134,188,929	113,649,908
Effect of potentially dilutive ordinary shares	-	-
Weighted average number of ordinary shares for the purpose of diluted LPS	134,188,929	113,649,908

**Loss per share:**

Basic	(0.02)	(0.02)
Diluted	(0.02)	(0.02)

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

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

The following potentially dilutive instruments have been excluded from the calculation of weighted average number of ordinary shares for the year ended 31 December 2014 for the purpose of calculating diluted loss per share on the basis that the instruments would be anti-dilutive.

- A warrant instrument entered into by the Company dated 24 August 2012, pursuant to which the Company issued Warrants to subscribe for an aggregate of 1,188,250 Ordinary Shares to Fox-Davies Capital Limited. (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
	€	€	€
<b>Cost</b>			
As at 1 January 2013	-	92,866	92,866
<b>As at 31 December 2013</b>	-	<b>92,866</b>	<b>92,866</b>
Additions	1,256,376	-	1,256,376
<b>As at 31 December 2014</b>	<b>1,256,376</b>	<b>92,866</b>	<b>1,349,242</b>
<b>Accumulated amortisation</b>			
As at 01 January 2013	-	-	-
Charge for the year	-	1,656	1,656
<b>As at 31 December 2013</b>	-	<b>1,656</b>	<b>1,656</b>
Charge for the year	-	2,040	2,040
<b>As at 31 December 2014</b>	-	<b>3,696</b>	<b>3,696</b>
<b>Net Book Value</b>			
<b>As at 31 December 2014</b>	<b>1,256,376</b>	<b>89,170</b>	<b>1,345,546</b>
As at 31 December 2013	-	91,210	91,210
As at 1 January 2013	-	92,866	92,866

Capitalised exploration and evaluation expenditure represents rights for the mining of decorative stone reserves in the Peja, Syrigane (formerly Suhogerll) and Rahovec quarries.

The Group has been granted rights of use by the local municipality for twenty years over land in the Syrigane and Rahovec region through acquisition of the issued share capital of Rex Marble SH.P.K and H&P SH.P.K.

The Group was granted exploration licences over the Syrigane, Rahovec and Peja sites by the Independent Commission for Mines and Minerals (ICMM), expiring between February and May 2013. Costs of €45,000 associated with the acquisition of these licences were capitalised.

Subsequently the Group was granted exploitation (mining) licences over the Syrigane, Rahovec and Peja sites by the Independent Commission for Mines and Minerals (ICMM), expiring between October 2025 and October 2026. Costs of €47,865 associated with the acquisition of these licences have been capitalised.

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 20 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.

### 13) Property, plant and equipment

Group:	Construction in Progress	Plant & Machinery	Land	Office Equipment and Leasehold improvements	Total
	€	€	€	€	€
<b>Cost</b>					
As at 1 January 2013	-	619,277	-	10,220	629,497
Additions	-	1,241,974	160,000	4,480	1,406,454
<b>As at 31 December 2013</b>	-	<b>1,861,251</b>	<b>160,000</b>	<b>14,700</b>	<b>2,035,951</b>
Reclassifications	132,870	(132,870)	-	-	-
Additions	1,133,330	649,427	-	3,626	1,786,383
<b>As at 31 December 2014</b>	<b>1,266,200</b>	<b>2,377,808</b>	<b>160,000</b>	<b>18,326</b>	<b>3,822,334</b>
<b>Accumulated depreciation</b>					
As at 1 January 2013	-	<b>10,027</b>	-	<b>514</b>	<b>10,541</b>
Charge for the year	-	98,084	-	5,365	103,449
<b>As at 31 December 2013</b>	-	<b>108,111</b>	-	<b>5,879</b>	<b>113,990</b>
Charge for the year	-	386,675	-	6,780	393,455
<b>As at 31 December 2014</b>	-	<b>494,786</b>	-	<b>12,659</b>	<b>507,445</b>
<b>Net Book Value</b>					
<b>As at 31 December 2014</b>	<b>1,266,200</b>	<b>1,883,022</b>	<b>160,000</b>	<b>5,667</b>	<b>3,314,889</b>
As at 31 December 2013		1,753,140	160,000	8,821	1,921,961
As at 1 January 2013		609,250	-	9,706	618,956

### 14) Inventories

Group:	2014 €	2013 €
Finished goods	1,570,446	348,851

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to €84,480 (2013-€44,918).

**15) Receivables**

Group:	2014 €	2013 €
<b>Non-current assets</b>		
Other receivables	63,886 <b>63,886</b>	59,882 <b>59,882</b>
<b>Current assets</b>		
Trade receivables	138,330	32,644
Deposits on capital equipment	273,750	534,855
Other receivables	4,452	125,631
Prepayments	162,232	90,411
VAT recoverable	338,678	142,840
	<b>917,442</b>	<b>926,381</b>
Company:	2014 €	2013 €
<b>Non-current assets</b>		
Other receivables	63,886 <b>63,886</b>	59,882 <b>59,882</b>
<b>Current assets</b>		
Prepayments	46,074	13,017
Amounts due from subsidiary undertaking	10,742,003	5,095,956
VAT recoverable	17,633	2,955
	<b>10,805,710</b>	<b>5,111,928</b>

Included in non-current receivables at 31 December 2014 are non-current receivables of €63,886 (2013 - €59,882) due on 31 August 2016 relating to the issue of share capital made by the Company on the 31 August 2011. The shareholders have provided an undertaking to the Company that such amounts would be settled in cash on 31 August 2016. Included in this balance are amounts due from directors of €57,974 (2013 - €54,370).

No receivables are past due or impaired. Included in receivables for the Group are receivables denominated in GBP of €188,009 (2013 - €105,109) and receivables denominated in USD of €12,978 (2013 - nil). Included in receivables for the Company are receivables denominated in GBP of €127,593 (2013 - €79,854). All GBP and USD denominated receivables have been translated to Euro at the exchange rate prevailing at 31 December 2014. All other receivables are Euro denominated. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

**16) Trade and other payables**

Group:	2014 €	2013 €
Trade payables	116,266	140,755
Amounts due to related parties	2,961	4,786
Other payables	15,614	11,785
Accruals	211,249	292,067
Other tax and social security payable	31,447	12,569
	<b>377,537</b>	<b>461,961</b>

Company:	2014 €	2013 €
Trade payables	56,285	38,608
Accruals	92,378	106,210
	<b>148,663</b>	<b>144,818</b>

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

Included in trade and other payables of the Group are Euro denominated payables of €150,386 (2013 - €90,287). All other trade and other payables are GBP denominated and have been translated to Euro at the exchange rate prevailing at 31 December 2014.

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 2014.

All trade and other payables at 31 December 2014 are due within one year and 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:	2014 €	2013 €
Financial liability at amortised cost	1,471,854	1,267,252
Derivative over own equity at fair value	30,838	87,548
Capitalised transaction costs	(23,011)	(57,527)
	<b>1,479,681</b>	<b>1,297,273</b>

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

Interest accrues on the Series 1 Loan Note at 8% per annum from the date of issue due quarterly in arrears. On the third anniversary of issue, or in the event of a default, the interest rate may be raised by the loan note holder to 25%. In the event that the interest rate rises to 25% the loan note becomes repayable at the option of the Company.

On the 29 August 2013 the Company paid interest of €104,643, being the interest that had accrued between 24 August 2012 and 31 August 2013. These funds were used by Amati Global Investors Limited to subscribe for shares in the Company as part of the secondary placing in 2013 (See note 18). The Company elected to capitalise the remaining interest due until 31 August 2014. The accrued capitalised interest of €117,855 was repaid by the Company on the 28 February 2015.

At any time prior to repayment of the Series 1 Loan Note, a Stockholder may issue a conversion notice. The Stockholder will 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.

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. The Series 1 Loan Notes may be repaid earlier in the event the interest rate rises to 25%.

As at 31 December 2014 the loan note held at amortised cost had a balance of €1,471,854 (2013 - €1,267,252). The Stockholders option to convert the loan has been treated as an embedded derivative and measured at fair value. As at 31 December 2014 the derivative had a value of €30,838 (2013 - €87,548). 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 2014.

On the 24 August 2012 the Company entered into a loan note arrangement to issue €2,443,792 (£2,000,000) fixed rate convertible loan notes due 2017 to AGMH Limited ("Series 2 Loan Note"). AGMH Limited, a company registered and incorporated in England and Wales with company number 08160250, is owned by Chris Gilbert and Dr Etrur Albani, founders of the Group and Directors of the Company. The funds to be subscribed by AGMH Limited were provided by a loan to AGMH Limited from Optimus Capital LLP.

On the 23 August 2013 the Series 2 Loan Note arrangement with AGMH Limited was terminated, without funds having been drawn down. Costs incurred by AGMH Limited in the provision of the loan note arrangement through its loan with Optimus Capital LLP of €193,323 were paid by the Company in the year to 31 December 2013. No further obligations exist under this arrangement.

Costs of €147,330 were incurred in connection with the issue of these Series 1 and Series 2 loan notes. Costs are amortised over the period of the loan. As at 31 December 2014 the balance of these costs amounted to €23,011 (2013 - €57,527).

### 18) Share capital

Group and Company:	2014 Number	2013 Number	2014 €	2013 €
Issued, called up and fully paid Ordinary shares of £0.01 each				
At 1 January	123,459,383	107,950,000	<b>1,539,860</b>	<b>1,359,507</b>
Issued in the year	26,388,883	15,509,383	<b>330,925</b>	<b>180,353</b>
At 31 December	149,848,266	123,459,383	<b>1,870,785</b>	<b>1,539,860</b>

The Company has one class of ordinary share capital.

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

On the 30 April 2013 the Company issued 132,404 ordinary shares in the Company at a price of 18.02p per share, being the 30 day weighted average volume price at 20 April 2013 to Non-executive Directors of the Company. As part of their remuneration package the Non-Executive Directors of the Company agreed to utilise their first year's fees (net of tax) to subscribe for Ordinary Shares in the Company at the Company's request. This issue of Ordinary Shares is in respect of the remuneration for the period from 1 January 2013 to 31 March 2013.

On the 11 July 2013 the Company issued 135,300 ordinary shares in the Company at a price of 17.52p per share, being the 30 day weighted average volume price at 7 July 2013 to Non-executive Directors of the Company. This issue of Ordinary Shares is in respect of the remuneration for the period from 1 April 2013 to 30 June 2013.

On the 13 August 2013 the Company issued 10,469,694 shares at a price of 16.5p 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 29 August 2013 the Company placed a further 4,242,422 shares at a price of 16.5p per share following shareholder approval at a general meeting.



In addition 529,563 shares were issued to two funds managed by Amati Global Investors for £87,378 and have agreed to amend the terms of the loan note held by them such that the first year's capitalised interest on the loan note will be payable in cash.

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.

The Company has recognised transaction costs of €449,146 in relation to the issue of share capital within share premium in the year to 31 December 2014 (2013 - €249,262).

### 19) Accumulated losses

Group:	Year ended 31 December 2014 €	Year ended 31 December 2013 €
At start of year	(11,269,803)	(8,700,465)
Loss for the year	(2,325,489)	(2,569,338)
<b>As at 31 December</b>	<b>(13,595,292)</b>	<b>(11,269,803)</b>

Company:	Year ended 31 December 2014 €	Year ended 31 December 2013 €
At start of year	(7,371,560)	(6,526,125)
Loss for the year	(456,424)	(845,435)
<b>As at 31 December</b>	<b>(7,827,984)</b>	<b>(7,371,560)</b>

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 payments reserve

Group and Company:	Year ended 31 December 2014 €	Year ended 31 December 2013 €
At start of year	56,497	15,333
Equity settled share based payment charge	25,703	41,164
<b>As at 31 December</b>	<b>82,200</b>	<b>56,497</b>

	Date of Issue	Exercise price	Granted	Outstanding
<b>Warrants</b>				
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
<b>Share options</b>				
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 a 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 the 31 August 2012. The options vest after three years subject to service conditions and performance criteria based on the financial performance of the Group.

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

## 21) Leases and municipal rights of use

Area		Area m <sup>2</sup> '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
Syrigane (formerly Suhogerll)	Municipal rights of use	540	18/03/2011	20 years	€0.5 per cubic metre extracted

The Group has operating lease commitments as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	€	€
Expiring within one year	-	22,313
Expiring within two to five years	55,490	-

## 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 2014 and 31 December 2013 are as follows:

	Year ended 31 December 2014 €	Year ended 31 December 2013 €
Total borrowings (note 17)	1,479,681	1,297,273
Less cash and cash equivalents	(4,700,742)	(5,258,972)
<b>Net cash</b>	<b>(3,221,061)</b>	<b>(3,961,699)</b>
Total equity	10,055,733	6,848,023
Total capital	11,535,414	8,145,296
<b>Gearing ratio</b>	<b>12.83%</b>	<b>15.93%</b>

### 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 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 €5,199,077 (2013 - €6,011,986). No financial assets are past due or impaired.

As at 31 December 2014 the Group holds €4,700,742 in cash and cash equivalents (2013- €5,258,972). The Group 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.

	31 December 2014	31 December 2013
	€	€
Cash denominated in EUR	2,337,504	3,070,106
Cash denominated in GBP	2,363,238	1,882,703
	<b>4,700,742</b>	<b>4,952,809</b>

As at 31 December 2014 if the currency has weakened/strengthened by 10% against the GBP with all other variables constant, post tax profit would have been €44,034 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 (2013 - €45,057). Similarly the Group has calculated the impact of a 10% increase or decrease in the GBP/EUR exchange rate would have a €32,591 (2013 - €18,901) 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 in 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 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 as at 31 December 2014 based upon contractual cash flows:

<b>31 December 2014</b>	Carrying Amount	Contractual cash flows	6 months or less	6 -12 months	1-2 years	2-5 years
	€	€	€	€	€	€
Convertible loan notes	1,479,681	1,459,553	168,010	1,291,543	-	-
Trade and other payables	377,537	377,537	377,537	-	-	-
	<b>1,857,218</b>	<b>1,837,090</b>	<b>545,547</b>	<b>1,291,543</b>	-	-

<b>31 December 2013</b>	Carrying Amount	Contractual cash flows	6 months or less	6 -12 months	1-2 years	2-5 years
	€	€	€	€	€	€
Convertible loan notes	1,297,273	1,599,324	-	37,614	1,561,710	-
Trade and other payables	461,961	461,961	461,961	-	-	-
	<b>1,759,234</b>	<b>2,061,285</b>	<b>461,961</b>	<b>37,614</b>	<b>1,561,710</b>	<b>-</b>

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 2014 and 2013.

### **23) Subsidiary undertakings**

	% ownership	Date acquired/ incorporated	Place of incorporation	Principal activity
Fox Marble Limited	100%	3 August 2012	England & Wales	Operating Company
Fox Marble Kosova Sh.P.K	100%	11 December 2012	Kosovo	Operating Company
Rex Marble Sh.P.K	100%	3 August 2012	Kosovo	Holding of licences & rights
H&P Sh.P.K	100%	3 August 2012	Kosovo	Holding of licences & rights
Granit Shala Sh.P.K	100%	3 August 2012	Kosovo	Holding of licences & rights

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**

Fox Marble Limited is 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 €949 (2013 - €7,252) was paid to RN Media Limited, and a balance of €1,250 was receivable at 31 December 2014 (2013 - €1,198).

As at 31 December 2014 a balance of €2,961 (2013 - €4,786) was due to directors of the Company as repayment for corporate and travel expenses incurred on behalf of the Company.

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.

The Company only financial statements of Fox Marble Holdings plc include amounts due from its subsidiary undertaking Fox Marble Limited of €9,485,627 (2013 – €5,095,956). Amounts provided to Fox Marble Limited relate to the provision of funding for operations and capital expenditure.

### 25) Capital Commitments

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

Group:	2014 €	2013 €
Property plant and equipment	152,250	390,180

In addition to the above committed spending, the Group has planned expenditure in respect of the construction of its processing factory of €946,410.

### 26) Investments

Company:	2014 €	2013 €
Investments in Fox Marble Limited	2,028,195	2,028,195
	<b>2,028,195</b>	<b>2,028,195</b>

### 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 13 April 2015 control 26.10 % of the share capital of the Company.

### 28) Events after the reporting period

There were no events after the reporting period requiring disclosure.



## Notice of Annual General Meeting

NOTICE IS GIVEN that the Annual General Meeting of Fox Marble Holdings plc will be held at Nabarro LLP, 125 London Wall, London EC2Y 5AL on Thursday 14 May 2015 at 11.00am to consider the following resolutions; of which numbers 1 to 5 will be proposed as ordinary resolutions and number 6 as a special resolution.

1. To receive the report of the directors and the audited financial statements for the year ended 31 December 2014
2. To re-appoint Chris Gilbert as a director of the Company
3. To re-appoint Dr Paul Jourdan as a director of the Company
4. To re-appoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the directors to determine their remuneration
5. THAT the directors of the Company be generally and unconditionally authorised, under and 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 grant rights to subscribe for or convert any security into shares in the Company ("equity securities") up to an aggregate amount of £499,494 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 30 June 2016 or the conclusion of the Company's Annual General Meeting in 2016 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities under such offer or agreement as if the authority 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 upon the directors.

### Special Resolution

6. THAT, subject to and conditional upon the passing of resolution 10 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 6 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 £149,848.

and this authority shall expire on the earlier of 30 June 2016 or the conclusion of the Company's Annual General Meeting in 2016 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

13 April 2015

## 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 11.00am on 12 May 2015. 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 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's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

### 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 and signed and received by Computershare Investor Services no later than 48 hours before the meeting (excluding non-working days). Any proxy forms (including any amended proxy appointments) received after the deadline will be disregarded.

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

- Sending or delivering it to Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.
- Sending it by fax to +44 (0) 870 703 6101
- Scanning it and sending it by email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.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 appointment using the methods set out above. The amended instructions must be received by the registrars 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's registrars on telephone number +44 (0) 871 495 2031. 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 Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Alternatively you may send the notice by fax to +44 (0) 870 703 6101. 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's registrars 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 Computershare Investor Services on +44 (0) 871 495 2031 (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 13 April 2015, the Company's issued share capital comprised 149,848,266 ordinary shares of 1p each. Each ordinary share carries the right to one vote at 13 April 2015 is 149,848,266.

# Explanation of Resolutions

The Company's annual general meeting will be held at 11.00am on Thursday 14 May 2014 at Nabarro LLP, 125 London Wall, London, EC2Y 5AL. The notice of meeting is set out on page 53 of this document and a form of proxy is enclosed.

Details of resolutions to be considered at the meeting are given below.

### ***Directors' appointment (resolutions 2 to 3)***

In accordance with the Company's articles, Chris Gilbert and Dr Paul Jourdan are standing for re-election by shareholders. Brief biographical details of the directors can be found on pages 14 and 15 of the annual report.

### ***Auditors' appointment (resolution 4)***

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 will be proposed at the forthcoming Annual General Meeting.

### ***Authority to allot shares (resolutions 5 and 6)***

In accordance with current guidelines, the Directors seek authority to allot up to a maximum of 49,949,422 relevant securities. This represents approximately 33% of the issued ordinary share capital as at 13 April 2015. Further, in order to retain some flexibility, the Directors seek power to allot 14,984,827 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 13 April 2015. These authorities will continue in force until the AGM to be held in 2016 or 30 June 2016, 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 & Accounts  
2014



Fox Marble Holdings Plc  
15 Kings Terrace,  
London, NW1 0JP

Tel: +44 (0) 207 380 0999  
[www.foxmarble.net](http://www.foxmarble.net)