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Fox Marble Holdings plc Annual Report and Accounts 2012



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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. Established in 2011, Fox Marble has acquired rights over 300 million cubic metres of a range of premium quality marble.

Fox Marble is the first UK quoted company investing and operating solely in Kosovo, and the first to be producing and marketing high quality marble from the region.

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



First extracted block of Cervenilla red marble



Hauler and Loader on site at Cervenilla

Highlights

Year to 31 December 2012:

- ✚ IPO on London Stock Exchange's AIM market completed in August 2012 raising £9.65m
- ✚ Operating loss for the year to 31 December 2012 of €1.23m (317 day period to 31 December 2011: €1.16m)
- ✚ Net cash position at 31 December 2012 of €7.14m (At 31 December 2011: €0.69m)
- ✚ Net loss of €7.44m including a one off non cash accounting charge of €6.04m relating to the conversion of pre-IPO loan notes (317 day period to 31 December 2011: €1.27m)
- ✚ Detailed quarry development plans completed
- ✚ Quarry machinery sourced and delivered to site
- ✚ First quarry opened in Cervenilla in Rahovec in November 2012 and blocks extracted and sent to Italy for processing

Since the year end 31 December 2012:

- ✚ Agreement signed to exploit new quarry site at Drini
- ✚ Two further quarry sites opened at Verrezat in February 2013 and Peja in March 2013
- ✚ First cut and polished samples from Cervenilla produced and tested
- ✚ Processing plant progressing - the site has been sourced and permits and consents are being finalised

Chairman's statement



Andrew Allner

Non Executive Chairman

"Following the fundraising of £9.65 million your Company has made good progress."

This is my first statement to you as Chairman of Fox Marble following the Company's admission on to the London Stock Exchange AIM market on 31 August 2012. I would like to thank our investors for the confidence they have shown in Fox Marble and its management.

Following the fundraising of £9.65 million your Company has made good progress. Our first quarry was opened in Cervenilla in November 2012 and marble blocks have been extracted and sent to Italy for processing. The quality of the first cut and polished samples processed from Cervenilla in Italy is very encouraging. We have signed an agreement which provides rights to quarry a new site at Drini. Since the year end we have opened two further quarry sites at Verrezat and Peja, and the sites at Antenna and Suhogerll are under development. We expect to see the first blocks produced from Verrezat and Peja within the next month.

The results for 2012 reflect our pre IPO expenditure, initial capital expenditure in quarrying equipment, and operating costs for the year to 31 December 2012 as we have mobilised resources to commence operations. Our net cash balance at the period end was €7.14 million and is, we believe, sufficient to cover operating costs and capital expenditure for the period before we generate sales revenue.

Our immediate priorities are to open a further site at Suhogerll, to achieve our first commercial sales of marble, which are anticipated in the next few months, and to construct and open our processing plant in Kosovo. In the long term our objective is to expand our portfolio of quarries and production capacity and to create a premium marble brand through which Kosovo can be established as a major centre of marble production. We believe this will achieve attractive returns and dividends for shareholders and also provide a significant benefit to the Kosovo people and economy.

Investment in Kosovo is not without risks and these cannot always be foreseen. It is important that the Company responds appropriately to these adverse events as they arise. On 2 December 2012, without warning, we received notice that four of our five mining licences had been annulled. Management, determinedly led by Chris Gilbert, our CEO, and Etrur Albani, our Managing Director, responded promptly through both legal and political channels. With the help of both Kosovan and British Government officials the licences were restored on 24 January 2013. Fox Marble is the first UK listed company investing and operating solely in Kosovo and it is important for Kosovo to attract further inward investment that our business is not unreasonably impeded.

Of course your Board carefully considers risk as part of its routine business. Particular areas for focus during 2012 have been establishing best practice in terms of health and safety in our operations and compliance with the Bribery Act 2010.

Your Company has a strong Board and I am especially grateful for the support and wise counsel of our two long standing Non-Executive Directors, Sir Colin Terry and Roy Harrison, both in the periods before and after the listing. I am also pleased to welcome Dr Paul Jourdan to the Board as a Non-Executive Director with effect from 9 January 2013, and who is already providing a valuable contribution. I would also, on behalf of the Board, like to thank all our employees and supporters for their commitment and hard work.

I look forward to being able to report further progress as the year advances.

Andrew Allner

Non-Executive Chairman

28 March 2013

Operating Review



Chris Gilbert

Chief Executive Officer

"Having moved from a start up to an operational company we look forward to developing our business to maturity in the coming years"

Progress to date

- Fox Marble was formed in 2011 to exploit untapped marble resources in Kosovo. Following research in the area, the Group acquired surface rights to five quarries at Rahovec (Cervenilla, Antenna and Verrezat), Peja and Suhogerll.
- A maiden JORC resource estimate was commissioned from Golder Associates (UK) Limited, indicating an in-situ valuation of approximately €16.5 billion.
- The Group subsequently acquired 25 year mining licences in respect of these quarries from the Independent Commission for Mines and Minerals ("ICMM") in Kosovo.
- On the 31 August 2012 the Company raised £9.65 million via a placing on the London Stock Exchange AIM market and issue of unsecured convertible loan notes to commence quarrying operations initially at two of the Group's quarries and to build a processing plant.
- In November 2012, Fox Marble opened its first quarry in the district of Rahovec in which three of its quarry sites are located. The quarry site opened is the Cervenilla quarry containing red and grey marble.
- In December 2012, the local quarry staff, led by the Italian quarry master Bruno Lorenzoni (recruited from Carrara), opened the first bench and successfully extracted three blocks of high quality red marble from its Cervenilla quarry in Kosovo. These were shipped to Carrara in Italy to be processed and cut into polished sample slabs.
- In January 2013, Fox Marble announced that it had signed an agreement to acquire rights to extract marble from a quarry in the west of Kosovo, close to the Company's red marble quarry at Cervenilla. The agreement has been signed with Drini Company Sh.p.k., a Kosovan business that has been using the Drini quarry for aggregates extraction. Under the terms of the agreement, Fox Marble has the rights to extract marble from the 2.5 hectare site for a 20 year period.

Business Activities



Cut slabs of Cervenilla marble

Fox Marble has hit the ground running following its admission to AIM on at the end of August. Quarry equipment has been sourced, purchased and delivered, detailed quarry development plans have been drafted, and following the opening of our first quarry site in Cervenilla in November 2012, we have opened further sites at Verrezat and Peja.

We have seen our first blocks of marble from Cervenilla processed and polished. The process of cutting marble into slabs places a high degree of stress on the marble and can result in some damage. However, the red marble from the Cervenilla quarry has withstood these stresses with minimal damage and wastage, despite the fact that as a surface block it will have been exposed to greater weathering pressures, highlighting the quality and durability of Cervenilla marble. The marble has been subject to geophysical testing in Italy with the objective of achieving its CE certification. We expect to extract our first blocks from Verrezat and Peja within the next month.

In January 2013 we announced that we had signed an agreement to extract marble from a further quarry site near Rahovec from Drini Company Sh.p.k. This quarry - a source of grey marble - expands Fox Marble's portfolio, and we believe will prove to be a valuable asset to the Company.

Quarry site	Status	Marble
Cervenilla	Operational, blocks extracted and tested	Red & Grey
Verrezat	Operational	Grey
Peja	Operational	Honey Onyx
Suhogerll	Under Development	White, Rose and Red Marble
Antenna	Under Development	Black
Drini	Under Development	Grey

Plans for the processing plant which will turn unprocessed marble blocks into polished slabs are progressing. We have sourced and agreed the site from the local Municipality of Deqan in Kosovo with whom we are concluding all the permits and consents required to build our processing plant. Further the engineers that the Company has engaged have completed the detailed technical specifications for the factory layout. We expect the construction contract to be awarded in the next few months and the plant to be operational by the end of this year. Once operational the processing plant will operate year round to process marble blocks into polished slabs.

With operations progressing, the Company is now turning its focus to sales and marketing, to turn its substantial resources into revenues for the Group. Our first quarried blocks have been cut and polished, and tested, and are now being distributed to our database of potential buyers.

We had initially expected to achieve early sales of block marble in the first quarter of 2013. However Fox Marble now expects its first sales to take place in Q2 of this year in part due to the severe winter in Kosovo which has led to a recommencement of operations in mid-March rather than earlier. Fox Marble is in negotiations with sales and distributor channels in Italy, the UK, the Middle East and in China from which it is confident of achieving off-take agreements now that it has physical marble samples to distribute.

Results and Dividends

The results of the Group include the results of Fox Marble Limited for the year ended 31 December 2012 which was acquired by Fox Marble Holdings plc on the 3 August 2012. The acquisition of Fox Marble Limited by Fox Marble Holdings plc in a share for share exchange has been accounted for as a capital reorganisation, meaning the results of the Group for the year ended 31 December 2012 and 31 December 2011 have been retroactively adjusted as if the acquisition had occurred on 17 February 2011.

The Group incurred an operating loss of €1,230,320 for the year ended 31 December 2012. The operating loss includes expenses of €545,330 incurred by Fox Marble Limited prior to its acquisition by Fox Marble Holdings plc and admission to AIM, which related primarily to costs of fundraising and the sourcing and evaluation of quarry assets. In the period from 3 August 2012 the Group made an operating loss of €684,990 which represents the investment made by the Company in bringing our operations on line.

The Group incurred a loss after tax for the year ended 31 December 2012 of €7,435,375. This loss includes a one off non-cash accounting charge which arose in respect of conversion of pre IPO loan notes of €6,035,228. Between 25 August 2011 and 29 September 2011 the Group issued €1,508,807 (£1,195,000) of unsecured convertible loan notes due 2016. On admission to AIM the loan notes were converted into 29,875,000 shares at an issue price of 20p, resulting in a charge of €6,035,228 being recognised in the income statement.

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

Exploration and quarrying have an inevitable impact on landscape and habitats. These impacts can occur in many ways and our policy is to follow international best practice in minimising impacts.

Fox Marble is committed to protecting the environment of Kosovo and to protecting the quality of life for Kosovan people both now and in the future. The Company's aim is to minimise harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner. The Group promotes a

precautionary approach to environmental challenges, greater environmental responsibility, and encourages the use of environmentally friendly technologies within its operations

Fox Marble aims to actively contribute to the communities in which we operate. We look to engage with local communities, going beyond being responsible employers, and respect those social partnerships to cement long term relationships with these communities

Risk

We are always trying to identify and address areas of future risk and the two that were given priority in the year were health and safety and ensuring systems were in place to comply with the UK Bribery Act in the UK

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 Future

We have made a solid start to 2013 with the restoration of our licences and the opening of two further quarries in Verrezat and Peja. Over the course of the coming year we will continue to deploy the funds raised by the Company to open and equip further quarries and to open our planned processing plant. We have seen significant progress on all fronts and anticipate that 2013 will see our first sales of both marble blocks and processed slabs

Our work will help Kosovo take its place as a recognised centre for decorative stone, with Fox Marble situated at the centre

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

28 March 2013

Directors



Andrew Allner, Non-Executive Chairman

Andrew is currently Non-Executive Chairman of Marshalls plc. He is Senior Independent Director and Chairman of the Audit Committee of The Go-Ahead Group plc and is due to take over as Non-Executive Chairman on 25 April 2013. He is also Senior Independent Director and Chairman of the Audit Committee of AZ Electronic Materials SA, and Non-Executive Director and Chairman of the Audit Committee at CSR plc and Northgate plc. Previously Andrew was Group Finance Director of RHM plc, taking a lead role in its flotation on the London Stock Exchange in 2005. He was CEO of Enodis plc and also served in senior executive positions with Dalgety plc, Amersham International plc and Guinness plc. He was a Partner at PriceWaterhouseCoopers and is a graduate of Oxford University.



Christopher 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 & 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 Ph D 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 as a chartered accountant in 2005. In 2009, Fiona joined Crosstown Songs as chief financial officer, overseeing all financial aspects of the company's disposal of assets to KKR and Bertelsmann. Fiona is a graduate of Oxford University.



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

Sir Colin spent 37 years in the Royal Air Force, where he reached 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. He is also Chairman of the UK MOD Military Aviation Safety Advisory Committee, advisor to Horton International 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 Tarmac plc, Roy completed the sale of Tarmac to the Anglo American Mining Group in 2000. He is currently the Chairman of AIM listed Renew Holdings plc, and has investing Directorships in a number of private companies in the Construction Products sector. Previously, he was a Senior Independent Director of the BSS Group plc. Roy is Chairman of two City Academies having spent some 20 years in the establishment or rescue of a number of secondary schools under the Thomas Telford School 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 14 years, and specialised early on in UK smaller companies, running the TB Amati UK Smaller Companies Fund from September 2000 on. He launched Amati VCT plc in 2005 and founded Amati Global Investors with Douglas Lawson in 2010. In addition to serving as a Director of Amati Global Investors, Dr Jourdan is a director of two UK charities: Sistema Scotland and the Hebrides Ensemble. He also serves as Governor of the Royal Conservatoire of Scotland.

Advisors

Company Secretary

Lorraine Young
Lorraine Young Company Secretarial Services
190 High Street
Tonbridge, Kent, TN91BE

Auditor

Baker Tilly UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Principal Bankers

HSBC Bank plc
70 Pall Mall,
London SW1Y 5EZ

Nominated advisor and Joint Broker

Fox Davies Capital Ltd
1 Tudor Street,
London EC4Y 0AH

Joint Broker

Sanlam Securities UK Limited
51-55 Gresham Street
London, EC2V 7EL

Registrars

Computershare
The Pavilions, Bridgwater Road,
Bristol BS13 8AE

Report of the Directors

The Directors submit their Annual Report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 31 December 2012

Principal Activity

The principal activity of Fox Marble Holdings plc ("Fox Marble" or "Company") and its subsidiary companies Fox Marble Limited, H&P Sh pk, 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

Fox Marble Holdings plc was incorporated on the 14 October 2011, registered in England and Wales with the company number 7811256 The registered office is 15 Kings Terrace, London, NW1 0JP The Company was admitted to trading on the London Stock Exchange's AIM Market on the 31 August 2012

A detailed business review of the year and future development is included in the Chairman's statement and Operating Review on pages 4-7 The business review is incorporated in this Report of the Directors by reference

Results and Dividends

The Group's results are set out in the consolidated income statement on page 17 The audited financial statements for the year ended 31 December 2012 are set out on pages 17 to 40

The Group incurred an operating loss of €1,230,320 for the year ended 31 December 2012 The operating loss includes expenses of €545,330 incurred by Fox Marble Limited prior to its acquisition by Fox Marble Holdings plc and admission to AIM, which related primarily to costs of fundraising and the sourcing and evaluation of quarry assets In the period from 3 August 2012 the Group made an operating loss of €684,990 which represents the investment made by the Company in bringing our operations on line

The Group incurred a loss after tax for the year ended 31 December 2012 of €7,435,375 This loss includes a one off non-cash accounting charge which arose in respect of conversion of pre IPO loan notes of €6,035,228 Between 25 August 2011 and 29 September 2011 the Group issued €1,508,807 (£1,195,000) of unsecured convertible loan notes due 2016 On admission to AIM the loan notes were converted into 29,875,000 shares at an issue price of 20p, resulting in a charge of €6,035,228 being recognised in the income statement

The Company is prohibited from paying dividends until any interest which the Company has elected to capitalise in respect of the unsecured convertible notes in issue has been repaid

Fundraising and capital

On the 3 August 2012 Fox Marble Holdings plc acquired 100% of the issued share capital of Fox Marble Limited from its existing shareholders as part of a group reorganisation Fox Marble Limited was the holding company at that date of H&P Sh pk, Granit Shala Sh p k and Rex Marble Sh p k Consideration for the acquisition was the issue of 40,125,000 ordinary shares of the Company

During the period the Company raised €12,062,250 (£9,650,000) through a combination of the issue of 32,950,000 ordinary shares at 20p and agreements to subscribe for unsecured convertible loan notes amounting to €3,825,000 (£3,060,000) Further the Company issued 29,875,000 ordinary shares to satisfy the conversion of €1,508,807 (£1,195,000) in unsecured convertible loan notes issued between 25 August 2011 and 29 September 2011 by Fox Marble Limited, which converted on admission of the Company to AIM Further information on these transactions is included in notes 18 and 19 to the financial statements

Directors

The directors of Fox Marble Holdings plc who served during the period and subsequently were

Andrew Allner (appointed 11 November 2011)

Chris Gilbert (appointed 11 October 2011)

Dr Etrur Albani (appointed 11 October 2011)

Fiona Hadfield (appointed 23 August 2012)

Sir Colin Terry KBE CB DL (appointed 11 November 2011)

Roy Harrison OBE (appointed 11 November 2011)

Dr Paul Jourdan (appointed 9 January 2013)

Substantial Shareholders

Fox Marble Holdings plc has been notified as of 25 March 2013 of the following interest in excess of 3% of its issue share capital

	Number of ordinary shares	% of issued share capital
Dr Etrur Albani	20,757,500	19.23%
Christopher Gilbert	20,306,250	18.81%
Dominic Redfern	10,650,000	9.87%
Majedie Asset Management	7,500,000	6.98%
Amati Global Investors	5,300,000	4.91%
Mr William P S Richards	5,300,000	4.91%

Corporate Governance

The Company complies, so far as is practicable and appropriate for a company of its size and nature, with the provisions of the UK Corporate Governance Code, as modified by the recommendations of the Quoted Companies Alliance (QCA)

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 to the Company. 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.

Board Committees

Audit Committee

The Audit Committee consists of four non-executive Directors, Roy Harrison, Andrew Allner, Dr Paul Jourdan and Sir Colin Terry (Committee Chairman). The Audit Committee meets at least twice a year to consider the annual and interim financial statements and the audit programme. The Terms of Reference of the Audit Committee are reviewed by the Board at least once a year and are available on the Company's website, or on request from the Company. The Audit Committee is responsible for ensuring that the 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.

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, which the Board review at least annually, regarding the levels of remuneration and benefits including participation in the Company's share plan The Committee's terms are reviewed at least annually

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

BUSINESS RISKS

Operating risks

The activities of the Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects These risks and uncertainties include, but are not limited to environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in rock formation characteristics and mineral recovery, encountering unanticipated ground or water conditions, land slips, flooding, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses

Should any of these risks and hazards affect the Group's exploration, development or mining activities, 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

Quarrying development risks

The quarries are at a very 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 samples currently available to the Group In addition, the mineralogical and chemical composition, bulk density, hardness, water absorption and mechanical properties of marble ultimately quarried may differ from those indicated by drilling results 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

Production and sales risk

To date the Group has not recorded any revenues from quarrying operations and nor has the group commenced commercial production at any of its quarries There can be no assurance that losses will not occur in the near future nor 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 There can be no assurance that the Group will generate any revenues or achieve profitability

Environmental risks and hazards

All phases of the Group's operations are subject to environmental regulation in Kosovo 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

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, prospecting, 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

Internal control and financial risk management

The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. The Group maintains systems which are designed to provide reasonable but not absolute assurance against material loss and to manage rather than eliminate risk

The key features of the Group's systems of internal control are as follows

- management structure with clearly identified responsibilities
- production of timely and comprehensive historical management information
- detailed budgeting and forecasting
- risk assessment and analysis reviewed by the Board
- day to day hands on involvement of the Executive Directors

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

Charitable and political donations

During the period the Group made no charitable or political contributions

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

Creditor Payment Policy

The Group's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of terms of payment and abide to them. It is usual for suppliers to be paid within 30 days of receipt of invoice. Trade creditors at period end were equivalent to 33 days of costs

Auditor

Each of the persons who is a director 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 auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Baker Tilly UK Audit LLP was appointed auditor in the period and has indicated its willingness to be reappointed for another term at the Annual General Meeting

Going Concern

The Directors are of the opinion that ongoing evaluation of the Group's interests indicates that preparation of the Group's financial statements on a going concern basis is appropriate. The Group has substantial cash reserves, and has undrawn facilities of €2,442,793 (£2,000,000) available to it, as disclosed in note 18. The directors have prepared detailed projected cash flow information for the period ended 30 April 2014, taking into account forecast sales and expenditure. Having regards to the existing working capital position, 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

A handwritten signature in black ink, appearing to read 'CG', with a long horizontal stroke extending to the right.

Chris Gilbert, Director

28 March 2013

Directors' Responsibilities

In respect of the preparation of Financial Statements

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

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.

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 group for that period.

In preparing the group and company 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 they have been prepared in accordance with IFRSs adopted by the EU,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Auditor's Report

We have audited the group and parent company financial statements ("the financial statements") on pages 17 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



PAUL WATTS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

28 March 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Note	Year to 31 December 2012 €	317 day period ended 31 December 2011 €
Administrative expenses		(1,230,320)	(1,160,701)
Operating loss	6	(1,230,320)	(1,160,701)
Income from investments	8	2,028	190
Finance costs	9	(171,855)	(104,579)
Charge on conversion of pre IPO loan instrument	10	(6,035,228)	-
Loss before taxation		(7,435,375)	(1,265,090)
Taxation	11	-	-
Loss for the period attributable to equity holders of the parent company		(7,435,375)	(1,265,090)
Total comprehensive loss for the period attributable to equity holders of the parent company	20	(7,435,375)	(1,265,090)
Loss per share			
Basic loss per share	12	(0.18)	(1.31)
Diluted loss per share	12	(0.18)	(1.31)

Consolidated Statement of Financial Position

As at 31 December 2012

Registered number: 7811256

	Note	2012	2011
		€	€
Assets			
Non-current assets			
Intangible assets - Capitalised mining costs	14	92,866	89,366
Property, plant and equipment	15	618,956	-
Receivables	16	63,598	-
Total non-current assets		775,420	89,366
Current assets			
Trade and other receivables	16	118,338	44,977
Cash and cash equivalents	23	7,144,100	685,246
Total current assets		7,262,438	730,223
Total assets		8,037,858	819,589
Current liabilities			
Trade and other payables	17	197,851	200,465
Total current liabilities		197,851	200,465
Non current liabilities			
Convertible loan notes	18	1,130,495	1,396,496
Total non current liabilities		1,130,495	1,396,496
Total liabilities		1,328,346	1,596,961
Net assets/(liabilities)		6,709,512	(777,372)
Equity			
Share capital	19	1,359,507	566,781
Share premium		13,935,721	-
Retained loss	20	(8,700,465)	(1,265,090)
Convertible loan note option reserve	18	63,873	-
Share based payment reserve	21	15,333	-
Other reserve		35,543	(79,063)
Total equity attributable to equity holders of the parent company		6,709,512	(777,372)

These financial statements were approved and authorised for issue by the Board on 28 March 2013 and are signed on its behalf



Chris Gilbert, Director
28 March 2013

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 €	317 Day period ended 31 December 2011 €
Loss before taxation	20	(7,435,375)	(1,265,090)
Adjustment for			
Income from investments	8	(2,028)	(190)
Finance costs	9	171,855	104,579
Charge on conversion of pre IPO loan notes	10	6,035,228	-
Operating loss for the period	6	(1,230,320)	(1,160,701)
Adjustment for			
Depreciation	15	10,541	-
Equity settled transactions	21	15,333	307,800
Costs settled via issue of shares		94,620	-
Contributions from equity participants		-	179,803
Increase in trade and other receivables	16	(73,361)	(44,977)
(Decrease)/Increase in accruals	17	(45,280)	105,321
Increase in trade and other payables	17	42,666	95,144
Net cash outflow from operating activities		(1,185,801)	(517,610)
Investing activities			
Expenditure on acquisition of mining rights and licences	14	(6,000)	(89,366)
Expenditure on property, plant & equipment	15	(629,497)	-
Net cash outflow from investing activities		(635,497)	(89,366)
Cash flows from financing activities			
Proceeds from issue of shares (net of issue costs)	19	7,089,795	115
Proceeds on issue of convertible loan notes (net of issue costs)	18	1,189,155	1,291,917
Interest on bank deposits	8	2,028	190
Net cash inflow from financing activities		8,280,978	1,292,222
Net increase in cash and cash equivalents		6,459,680	685,246
Effect of foreign exchange		(826)	-
Cash and cash equivalents at beginning of period		685,246	-
Cash and cash equivalents at end of period	23	7,144,100	685,246

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012


	Share Capital	Share Premium	Share based payment reserve	Other Reserve	Convert ible loan note option reserve	Profit and Loss Reserve	Total
	€	€	€	€	€	€	€
Total comprehensive loss for the period	-	-	-	-	-	(1,265,090)	(1,265,090)
Transactions with owners							
Share capital issued	566,781	-	-	-	-	-	566,781
Capital reorganisation	-	-	-	(79,063)	-	-	(79,063)
Balance at 31 December 2011	566,781	-	-	(79,063)	-	(1,265,090)	(777,372)
Total comprehensive loss for the period	-	-	-	-	-	(7,435,375)	(7,435,375)
Transactions with owners							
Share capital issued	792,726	13,935,721	-	-	-	-	14,728,447
Issue of convertible loan notes	-	-	-	-	63,873	-	63,873
Equity settled transaction	-	-	15,333	-	-	-	15,333
Capital reorganisation adjustment	-	-	-	114,606	-	-	114,606
Balance at 31 December 2012	1,359,507	13,935,721	15,333	35,543	63,873	(8,700,465)	6,709,512

Statement of Financial Position of the parent company

As at 31 December 2012

	Note	2012 €
Assets		
Non-current assets		
Investments	26	2,028,195
Receivables	16	61,098
Total non-current assets		2,089,293
Current assets		
Trade and other receivables	16	871,047
Cash and cash equivalents		7,057,608
Total current assets		7,928,655
Total assets		10,017,948
Current liabilities		
Trade and other payables	17	39,144
Total current liabilities		39,144
Non current liabilities		
Borrowings	18	1,130,495
Total non current liabilities		1,130,495
Total liabilities		1,169,639
Net assets		8,848,309
Equity		
Share capital	19	1,359,507
Share premium		13,935,721
Retained loss	20	(6,526,125)
Convertible loan note option reserve	18	63,873
Share based payment reserve	21	15,333
Total equity attributable to equity holders of the company		8,848,309

These financial statements were approved and authorised for issue by the Board on 28 March 2013, and signed on its behalf



Chris Gilbert, Director
28 March 2013

Statement of Changes in Equity of the parent company

For the 412 day period ended 31 December 2012

	Share Capital	Share Premium	Share based payment reserve	Convertible loan note option reserve	Profit and Loss Reserve	Total
	€	€	€	€	€	€
Total comprehensive loss for the period	-	-	-	-	(6,526,125)	(6,526,125)
Transactions with owners						
Share capital issued	1,359,507	13,935,721	-	-	-	15,295,228
Issue of convertible loan notes	-	-	-	63,873	-	63,873
Share based payment charge	-	-	15,333	-	-	15,333
Balance at 31 December 2012	1,359,507	13,935,721	15,333	63,873	(6,526,125)	8,848,309

Statement of Cash Flows of the parent company

For the 412 day period ended 31 December 2012

	Note	2012 €
Loss before taxation		(6,526,125)
Adjustment for		
Income from investments		(1,818)
Finance costs		5,214
Charge on conversion of loan notes		6,035,228
Operating loss for the period		(487,501)
Adjustment for		
Share based payment charge		15,333
Costs settled via the issue of shares		94,620
Increase in receivables	16	(871,047)
Increase in accruals	17	26,477
Increase in trade and other payables	17	12,666
Net cash outflow from operating activities		(1,209,452)
Cash flows from financing activities		
Proceeds from issue of shares (net of issue costs)	19	7,089,795
Proceeds on issue of convertible loan notes (net of issue costs)	18	1,189,155
Interest on bank deposits		1,818
Net cash inflow from financing activities		8,280,768
Net increase in cash and cash equivalents		7,071,316
Cash and cash equivalents at beginning of period		-
Impact of foreign exchange		(13,708)
Cash and cash equivalents at end of period		7,057,608

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

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

The parent company financial statements are for the 412 day period from incorporation to the 31 December 2012

The Group financial statements of Fox Marble Holdings plc are for the year ended 31 December 2012 and comparatives for the 317 day period ended 31 December 2011 The Group Financial Statements have been retroactively adjusted as if the new group structure arising on acquisition of Fox Marble Limited by Fox Marble Holdings plc on the 3 August 2012 had been in place since the beginning of the prior period

The results and cash flows of Fox Marble Limited and Fox Marble Holding plc have been brought into the Group Financial Statements of the combined entity from the 17 February 2011 when Fox Marble Limited was incorporated

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 entities whose financial and operating policies the Group controls, directly or indirectly, so as to obtain benefits from their activities Subsidiaries are consolidated from the date that control is gained and non controlling interests are apportioned on a proportional basis

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

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 items of property, plant and equipment, other than mining 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:

- Buildings 10–15 years
- Plant and machinery 5–15 years
- Office equipment 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.

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 region ("field"). Each region is treated as a cash-generating unit ("CGU") because the underlying geology and risks and rewards of exploration within a field are considered to be similar.

If an exploration project is successful, the related expenditures will be transferred at cost to plant and equipment and depreciated over the estimated life of the reserves or life of the licence whichever is less. 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 the 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 the profit or loss.

Impairment reviews for intangible exploration and evaluation assets and property, plant and equipment are carried out on the basis of mineral/gemstone fields with each field 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

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

Other receivables

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. 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 consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated 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.

Investments

Investments in subsidiaries, associates and joint ventures are recorded at cost in the 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 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 cash or convert into a pre-determined quantity of equity instruments are classified as compound instruments and presented partly as a liability and partly as equity.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The difference between the proceeds of issue and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Transaction costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

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.

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 presentational currency. The exchange Euro/Sterling exchange rate at 31 December 2012 was 1.2220.

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.

Critical accounting estimates and areas of judgement

Acquisition of Fox Marble Limited by Fox Marble Holdings plc

On the 3 August 2012 Fox Marble Holdings plc acquired 100% of the issued share capital of Fox Marble Limited from Christopher Gilbert, Etrur Albani, Adrian Bradshaw and Syndicated Investor Group Limited (together the "FML Shareholders") The consideration for the acquisition was the issue of 40,125,000 shares in Fox Marble Holdings plc

The effective shareholdings in Fox Marble Holdings plc subsequent to the transaction were identical to those of Fox Marble Limited prior to the transaction The purpose of the group reorganisation was to add a new parent company to the Fox Marble Group, ahead of Initial Public Offering and admission of the Company to AIM

The acquisition has been treated in the financial statements as a group reorganisation by entities under common control In the absence of guidance under IFRS for the accounting treatment of common control transactions management has applied the guidance under IAS 8 regarding the use of management's judgement in developing and applying accounting policies, when a particular event, transaction or other condition is not specifically addressed by IFRS

The acquisition of Fox Marble Limited by Fox Marble Holdings plc on 3 August 2012 was in effect a group reorganisation effected for share consideration via a share for share exchange This transaction has been accounted for in these financial statements using the principles of merger accounting as if Fox Marble Limited had been owned and controlled by Fox Marble Holdings plc throughout the years ended 31 December 2012 and 31 December 2011

The Group Financial Statements have been retroactively adjusted as if the new group structure had been in place since the beginning of the prior period The results and cash flows of Fox Marble Limited and Fox Marble Holding plc have been brought into the Group Financial Statements of the combined entity from the 17 February 2011 when Fox Marble Limited was incorporated Loss for the year to 31 December 2012 includes €909,250 in respect of losses incurred by Fox Marble Limited (2011 €1,265,090)

The consideration for the acquisition has been recognised at book value, transferred assets and liabilities have been recognised at book value and no goodwill has been recognised

In the company's financial statements, Fox Marble Holdings plc investment in Fox Marble Limited is stated at the nominal value of shares issued On consolidation, the difference between the nominal value of the shares issued and the aggregate share capital, share premium and other reserves of Fox Marble Limited at the date of the transaction, has been included in equity within other reserves

Premium on conversion of pre-IPO loan notes

Between 25 August 2011 and 29 September 2011 the Group issued €1,508,807 (£1,195,000) of unsecured convertible loan notes due 2016 ("Pre-IPO Loan Notes")

Under the terms of the instrument, on admission of the Company to AIM these loan notes would convert to a variable number of ordinary shares of the Company to provide a conversion value of 5:1

Following the admission of the Company to AIM on the 31 August 2012 the loan notes 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 income statement

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 amortization 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 31st 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 compound instruments, consisting of a liability component and an equity component. 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 difference between the proceeds of issue and the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, of €63,873 has been included in equity.

Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective

Title	Subject	Effective Date
IAS 19 (revised June 2011)	Employee Benefits	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013*
IFRS 11	Joint Arrangements	1 January 2013*
IFRS 10	Consolidated Financial Statements	1 January 2013*
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IAS 28 (revised May 2011)	Investments in Associates and Joint Ventures	1 January 2013*
IAS 27 (revised May 2011)	Separate Financial Statements	1 January 2013*
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013*

* EU companies are permitted to extend the application date to periods commencing on or after 1 January 2004

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

4) Going concern

The Directors are of the opinion that ongoing evaluation of the Group's interests indicates that preparation of the Group's financial statements on a going concern basis is appropriate. The Group has substantial cash reserves, and has undrawn facilities of €2,442,793 (£2,000,000) available to it, as disclosed in note 18. The directors have prepared detailed projected cash flow information for the period ended 30 April 2014, taking into account forecast sales and expenditure. Having regards to the existing working capital position, 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. All sales of the Group will be as a result of the extraction and processing of marble at its quarries. 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 exploration and evaluation expenditure incurred in Kosovo. Of the fixed assets held by the Group assets of €609,250 related to Property, Plant and Machinery acquired for the exploitation of assets in Kosovo. All other non-current assets are held in the United Kingdom.

The Group incurs certain costs in the United Kingdom in relation to head office expenses. In the period under review included in the operating loss for the period of €1,230,320 were costs incurred in the United Kingdom of €834,824 (2011 – €801,196).

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 2012	317 day period ended 31 December 2011
	€	€
Operating loss is stated after charging/(crediting)		
Fees payable to the Group's auditor for the audit of the Group's annual accounts	33,866	11,936
Other services provided by the Group's auditor		
Tax services	8,554	9,549
Corporate finance services	-	75,924
Legal & professional fees	283,671	675,570
Consultancy fees	168,565	167,385
Staff costs	246,194	95,350
Other head office costs	58,004	79,638
Travelling, Entertainment & subsistence costs	46,368	50,355
Depreciation	10,541	-
Quarry operating costs	251,510	-
Foreign exchange gain/(loss)	103,212	(15,494)
Share based payment charge	15,333	-
Sundry	4,502	10,488
	1,230,320	1,160,701

In addition to the amounts disclosed above, the Company paid an amount of €40,640 to the Group's auditor in relation to corporate finance services provided in connection with the Initial Public Offering ("IPO") of the Company's shares as at 31 August 2012. These fees have been capitalised as part of the costs of the IPO.

7) Directors and Employees

The employee benefit expenses during the year were as follows

	2012	2011
	€	€
Salaries	222,124	86,290
Social security costs	24,070	9,060
	246,194	95,350

The average number employed by the Group during the period, including the Executive Directors, was

	2012	2011
Directors	5	2
Administration	3	3
Quarry side	9	-
	17	5

Remuneration in respect of Directors was as follows

Year ended 31 December 2012	Salary	Consultancy Fees	Benefits in kind	Share based payment charge	Total
	€	€	€	€	€

Executive directors					
Chris Gilbert ⁽¹⁾	35,178	78,918	3,157	-	117,253
Etrur Albani ⁽¹⁾	35,178	78,918	3,157	-	117,253
Fiona Hadfield ⁽²⁾	61,634	-	-	467	62,101
	131,990	157,836	6,314	467	296,607
Non-Executive directors					
Andrew Allner	18,455	-	-	-	18,455
Sir Colin Terry	9,227	-	-	-	9,227
Roy Harrison	9,227	-	-	-	9,227
	36,909	-	-	-	36,909
	168,899	157,836	6,314	467	333,516
Period ended 31 December 2011	Salary	Consultancy Fees	Benefits in kind	Share based payment charge	Total
	€	€	€	€	€'
Executive directors					
Chris Gilbert ⁽¹⁾	-	37,031	-	-	37,031
Etrur Albani ⁽¹⁾	-	37,031	865	-	37,896
	-	74,062	865	-	74,927

(1) Consultancy fees received by Chris Gilbert and Etrur Albani relate to services provided to Fox Marble Limited prior to its acquisition by Fox Marble Holdings plc and admission of the entity to AIM

(2) Amounts paid as salary to Fiona Hadfield include €40,941 paid prior to her appointment as a director of Fox Marble Holdings plc

The executive directors are also considered key management as defined by IAS 24 'Related Party Disclosures (revised 2009)'

The executive directors remuneration includes a contingent deferred element whereby €48,880 (£40,000) of their annual first year salary is deferred for 12 months or until such time as the Company is generating revenues from the sale of processed marble. The amount deferred at 31 December 2012 amounted to €16,293 per director.

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 Fiona Hadfield under the terms of 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 21.

8) Income from investments

	2012 €	2011 €
Interest on bank deposits	2,028	190

9) Finance costs

	2012 €	2011 €
Interest expense on convertible loan notes	132,506	51,664
Foreign exchange loss	39,349	52,915
	171,855	104,579

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. The Company has elected to capitalise until 31 August 2014 in accordance with terms of the instrument. Further detail on the instrument can be found in note 18.

10) Charge on conversion of pre-IPO loan instruments

	2012 €	2011 €
Charge on conversion of loan instruments	6,035,228	-

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 income statement.

11) Taxation

	2012 €	2011 €
Reconciliation of effective tax rate		
Loss before income tax	7,435,375	1,265,090
Income tax on loss before tax at 24.4% (2011 -26%)	1,816,268	328,923
Tax effect of expense that are not deductible in determining taxable profit	(1,532,027)	(80,028)
Timing differences	(168,124)	(248,895)
Deferred tax asset not recognised in respect of losses	(116,117)	-
Total tax expense for the year	-	-

The tax computations of Fox Marble Holdings plc show it has tax losses carried forward of €116,117. However due to the uncertainty of the timing of future profits, no deferred tax asset has been recognised in these financial statements.

12) Loss per share

Diluted loss per share is calculated by dividing the loss attributable to equity holders of the Group 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.

	2012 €	2011 €
Loss for the year used for the calculation of basic LPS	(7,435,375)	(1,265,090)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic LPS	42,303,836	962,307
Effect of potentially dilutive ordinary shares	-	-

Weighted average number of ordinary shares for the purpose of diluted LPS	42,303,836	962,307
Loss per share:		
Basic	(0.18)	(1.31)
Diluted	(0.18)	(1.31)

The following potentially dilutive instruments have been excluded from the calculation of weighted average number of ordinary shares for the year ended 31 December 2012 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 21 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 21 for further details)
- A grant of 120,000 options granted under the DSOP (See note 21 for further details)
- Shares issuable under unsecured convertible loan notes issued by the Company (See note 18 for further details)

13) Group reorganisation

On the 3 August 2012 Fox Marble Holdings plc acquired 100% of the issued share capital of Fox Marble Limited from Christopher Gilbert, Etrur Albani, Adrian Bradshaw and Syndicated Investor Group Limited (together the "FML Shareholders"). The consideration for the acquisition was the issue of 40,125,000 shares with a nominal value of 1p in Fox Marble Holdings plc

As part of the acquisition, unsecured convertible loan notes due 2016 issued between 25 August 2011 and 29 September 2011 by Fox Marble Limited issued amounting to €1,518,367 (£1,195,000) were novated from Fox Marble Limited to Fox Marble Holdings plc

The effective shareholdings in Fox Marble Holdings plc subsequent to the transaction were identical to those of Fox Marble Limited prior to the transaction. The purpose of the group reorganisation was to add a new parent company to the Fox Marble Group, ahead of Initial Public Offering and admission of the company to AIM

The acquisition has been treated in the financial statements as a group reorganisation by entities under common control. In the absence of guidance under IFRS for the accounting treatment of common control transactions management has applied the guidance under IAS 8 regarding the use of management's judgement in developing and applying accounting policies, when a particular event, transaction or other condition is not specifically addressed by IFRS

The acquisition of Fox Marble Limited by Fox Marble Holdings plc on 3 August 2012 was in effect a group reorganisation effected for share consideration via a share for share exchange. This transaction has been accounted for in these financial statements using the principles of merger accounting as if Fox Marble Limited had been owned and controlled by Fox Marble Holdings plc throughout the years ended 31 December 2012 and 31 December 2011

The consideration for the acquisition has been recognised at book value, transferred assets and liabilities have been recognised at book value and no goodwill has been recognised

Further the Group Financial Statements have been retroactively adjusted as if the new group structure had been in place since the beginning of the prior period. The results and cash flows of Fox Marble Limited and Fox Marble Holding plc have been brought into the Group Financial Statements of the combined entity from 17 February 2011 when Fox Marble Limited was incorporated. Loss for the year to 31 December 2012 includes €909,250 in respect of losses incurred by Fox Marble Limited (2011 - €1,265,090)

In the company's financial statements, Fox Marble Holdings plc investment in Fox Marble Limited is stated at the nominal value of shares issued. On consolidation, the difference between the nominal value of the shares issued and the aggregate share capital, share premium and other reserves of Fox Marble Limited at the date of the transaction, has been included in equity within other reserves. The balance on this reserve at 31 December 2012 was €35,543 (2011 - (€79,063))

14) Intangible assets

Group	Capitalised exploration and evaluation expenditure €	Total €
Cost		
As at 17 February 2011	-	-
Additions	89,366	89,366
As at 31 December 2011	89,366	89,366
Additions	6,000	6,000
Reclassification	(2,500)	(2,500)
As at 31 December 2012	92,866	92,866
Net Book Value		
As at 31 December 2012	92,866	92,866
As at 31 December 2011	89,366	89,366

Capitalised exploration and evaluation expenditure represent rights for the mining of decorative stone reserves in the Peja, Suhogerll and Rahovec quarries

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

The Company has been granted exploration licences over the Suhogerll, 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 have been capitalised.

Furthermore the Company has been granted exploitation (mining) licences over the Suhogerll, Rahovec and Peja sites by the Independent Commission for Mines and Minerals (ICMM), expiring between October 2025 and October 2026. Costs of €51,265 associated with the acquisition of these licences have been capitalised.

15) Property, plant and equipment

Group	Plant & Machinery €	Office Equipment €	Leasehold improvements €	Total €
Cost				
As at 17 February 2011 and 1 January 2012	-	-	-	-
Additions	619,277	2,966	7,254	629,497
As at 31 December 2012	619,277	2,966	7,254	629,497
Depreciation				
As at 17 February 2011 and 1 January 2012	-	-	-	-
Charge for the year	10,027	115	399	10,541
As at 31 December 2012	10,027	115	399	10,541
Net Book Value				
As at 31 December 2012	609,250	2,851	6,855	618,956
As at 31 December 2011	-	-	-	-

16) Receivables

Group	2012 €	2011 €
Non-current assets		
Other receivables	63,598	-
	63,598	-
Current assets		
Other receivables	22,700	525
Prepayments	80,667	30,701
VAT recoverable	14,971	13,751
	118,338	44,977
Company		2012 €
Non-current assets		
Other receivables		61,098
		61,098
Current assets		
Other receivables		22,192
Prepayments		60,720
Amounts due from subsidiary undertaking		781,886
VAT recoverable		6,249
		871,047

Included in non-current receivables at 31 December 2012 are non-current receivables of €61,098 (2011 – nil) due on 31 August 2016 relating to the issue of share capital made by the Company on the 31 August 2011 (see note 19). 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 €56,361.

No receivables are past due but not impaired. Included in receivables for the Group are receivables denominated in GBP of €167,828. Included in receivables for the Company are receivables denominated in GBP of €89,539. All GBP denominated receivables have been translated to Euro at the exchange rate prevailing at 31 December 2012. All other receivables are Euro denominated. The directors consider that the carrying amount of other receivables approximates their fair value.

17) Trade and other payables

Group	2012 €	2011 €
Trade payables	58,408	82,764
Amounts due to related parties	5,039	8,195
Other payables	38,280	4,185
Accruals	60,041	105,321
Other tax and social security payable	36,083	-
	197,851	200,465
Company		2012 €
Trade payables		12,667
Accruals		26,477
		39,144

Amounts due to related parties are considered further in note 25

All trade and other payables at 31 December 2012 are due within one year and non interest bearing. Included in trade and other payables of the Group are Euro denominated payables of €47,195 (2011 - €27,195). All other trade and other payables are GBP denominated and have been translated to Euro at the exchange rate prevailing at 31 December 2012. The directors consider that the carrying amount of other receivables approximates their fair value.

18) Convertible loan notes

Group and Company	2012 €	2011 €
Convertible loan notes – Liability component	1,266,290	1,472,618
Capitalised transaction costs	(135,795)	(76,122)
	1,130,495	1,396,496
Convertible loan notes – Equity component	63,873	-

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. The Company has elected to capitalise the interest due until 31 August 2014. In the event that an event of default occurs the interest rate will rise to 25% per annum.

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

- $20 + (\text{number of whole months which have lapsed between the date of issue of the Stock held by the Stockholder and the date of receipt of by the Company of the Conversion Notice in accordance with Condition 3.2 multiplied by } 0.1666)$, 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 2012 the loan note had a balance of €1,266,290 including accrued interest of €34,886. The convertible loan has been split into its respective debt and equity component and a credit to equity in relation to the conversion of option of €63,873 has been recognised. The directors consider that the carrying amount of borrowings approximates their fair value at 31 December 2012.

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"). The Company has not yet drawn down funds from this facility.

Interest will accrue on the Series 2 Loan Note at 8% per annum from the date of issue due quarterly in arrears. In the event that an event of default occurs the interest rate will rise to 25% per annum.

At any time prior to repayment of the Series 2 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

- $20 + (\text{number of whole months which have lapsed between the date of issue of the Stock held by the Stockholder and the date of receipt of by the Company of the Conversion Notice in accordance with Condition 3.2 multiplied by } 0.1666)$, and
- 26

If the Series 2 Loan Note is not converted at the Stockholders request it must be repaid in full on the 5th anniversary of the instrument date.

AGMH Limited, a company registered and incorporated in England and Wales with company number 08160250, is owned by Chris Gilbert and Etrur Albani, founders of the Group and Directors of the Company

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 2012 the balance of these costs amounted to €135,795

Between 25 August 2011 and 29 September 2011 the Fox Marble Limited issued €1,426,355 (£1,195,000) of unsecured convertible loan notes due 2016

On admission of the Company to AIM these loan notes converted to a variable number of ordinary shares of the Company to provide a conversion value of 5:1. The interest rate applicable to the loan notes was 10% and accrued but was not payable in respect of the period from 25 August 2011 to the admission of the Company's shares to AIM so long as the admission occurs prior to 31 August 2011. As at 31 December 2011 the balance on the convertible loan notes of €1,472,618 included €46,263 of accrued interest

Costs of €81,523 were incurred in connection with the issue of these loan notes. Costs are amortised over the period of the loan. As at 31 December 2011 the balance of these costs amounted to €76,122

On the 24 August 2012 the unsecured convertible loan notes due 2015 were novated into Fox Marble Holdings plc, following the acquisition of 100% of the issued share capital of Fox Marble Limited by Fox Marble Holdings plc. On novation the carrying value of the loan note, including accrued interest and net of issue costs was €1,576,019

19) Share capital

Group and Company	2012 Number	2011 Number	2012 €	2011 €
Issued, called up and fully paid				
Ordinary shares of £0.01 p each	107,950,000	45,125,000	1,359,507	566,781

At the date of incorporation, the Company had an issued share capital of £2.00 divided into two ordinary shares of £1.00 in registered form

On 31 October 2011, the Company subdivided each of the ordinary shares in issue into 100 ordinary shares of £0.01

On 31 October 2011, the Company issued 2,249,900, 2,299,900, 150,000 and 300,000 Ordinary Shares to Christopher Gilbert, Etrur Albani, Adrian Bradshaw and Syndicated Investor Group Limited respectively

On 3 August 2012, the Company issued 40,125,000 Ordinary Shares as consideration for the acquisition of Fox Marble Limited. The share for share exchange has been retroactively recognised in the balance of share capital as at 31 December 2011. See note 13 for further details on this transaction

On the 31 August 2012 the Company issued 32,200,000 Ordinary Shares at a price of 20p per share as part of the Company's Initial Public Offering

Further, on the 31 August 2012 the Company issued 29,875,000 Ordinary Shares at a price of 20p per share as to satisfy the conversion of €1,426,355 (£1,195,000) of unsecured convertible loan notes issued between 25 August 2011 and 29 September 2011. See note 10 for further details

On the 29 November 2012 the Company issued a further 750,000 shares which satisfied a deferred placing commitment agreed as part of the Company's Initial Public Offering

The Company has recognised transaction costs of €1,126,034 in relation to the issue of share capital within share premium in the year to 31 December 2012

20) Retained loss

Group	Year ended 31 December 2012 €	317 day period ended 31 December 2011 €

At start of year/period	(1,265,090)	
Loss for the year/period	(7,435,375)	(1,265,090)
As at 31 December	(8,700,465)	(1,265,090)

Company		412 day period ended 31 December 2012 €
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At start of period		-
Loss for the period		(6,526,125)
As at 31 December		(6,526,125)

21) Share based payments

Group	Year ended 31 December 2012 €	317 day period ended 31 December 2011 €
Equity settled share based payment charge	15,333	-

	Date of Issue	Exercise price	Granted	Outstanding
Warrants				
Fox Davies Capital Limited	24 August 2012	20p	1,188,250	1,188,250
Merchant Securities Limited	24 August 2012	20p	369,250	369,250
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.

The Company has set up a Discretionary Share Option Plan (DSOP) for the benefit of employees.

The Company granted options over an aggregate of 120,000 Ordinary Shares at the IPO Placing Price of 20p to Fiona Hadfield under the terms of the DSOP on 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.

22) Leases and municipal rights of use

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

23) Financial instruments**Capital risk management**

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company is to minimise costs and liquidity risk.

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.

The Group is exposed to a number of risks through its normal operations, the most significant of which are exploration, credit, foreign exchange and liquidity risks. The management of these risks is vested in the Board of Directors.

Fair Values

The fair values of the Group's financial assets and liabilities are materially consistent with the carrying values.

Foreign exchange risk

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. The Group has calculated the impact of a 10% increase or decrease in the GBP/EUR exchange rate would have a €22,655 impact on the net assets of the Group.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was €7,230,398 (2011 - €685,771). No financial assets are past due but not impaired.

As at 31 December 2012 the Group holds €7,144,100 in cash and cash equivalents (2011 - €685,246). The Group mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

Liquidity risk

The following are the contractual maturities of financial liabilities as at 31 December 2012 based upon contractual cash flows.

31 December 2011	Carrying Amount	Contractual cash flows	6 months or less	6 -12 months	1-2 years	2-5 years
	€	€	€	€	€	€
Convertible loan notes	1,396,496	2,098,770		134,483	134,483	1,829,804
Trade and other payables	200,465	200,465	200,465	-	-	-
	1,596,961	2,299,235	200,465	134,483	134,483	1,829,804
31 December 2012	Carrying Amount	Contractual cash flows	6 months or less	6 -12 months	1-2 years	2-5 years
	€	€	€	€	€	€

Convertible loan notes	1,130,495	1,942,815		129,521	1,813,294
Trade and other payables	197,851	197,851	197,851		
	1,328,346	2,140,666	197,851	-	129,521 1,813,294

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.

24) 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

25) Related party transactions

Fox Marble Limited is recharged operating costs from RN Media Limited, a company under the common control of 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 €37,444 (2011 - €85,213) was paid to RN Media Limited, and a balance of €233 was payable at 31 December 2012 (2011 - €1,918).

As at 31 December 2012 a balance of €5,273 (2011 - €6,277) was due to directors of the Company as repayment for corporate and travel expenses incurred on behalf of the Company.

AGMH limited with whom the Group has undrawn borrowing facilities of €2,443,792 (£2,000,000) is owned by Chris Gilbert and Etrur Albani, directors of the Group (See note 18).

The executive directors are also considered key management as defined by IAS 24 'Related Party Disclosures (revised 2009)'. The key 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 €781,886 (2011 - nil).

26) Investments

Company	2012 €
Investments in Fox Marble Limited	2,028,195

27) Controlling Parties

There is considered to be no controlling party Christopher Gilbert and Etrur Albani are deemed to be acting in concert for the purposes of the City Code, and who as at 25 March 2013 control 38.04% of the share capital of the Company

28) Events after the reporting period

On 15 January 2013 the Group announced that it has successfully extracted three blocks of high quality red marble from its Cervenilla quarry in Kosovo. The three blocks, which mark the first marble to be quarried by Fox Marble, were shipped to Carrara in Italy to be processed and cut into polished sample slabs. Processing has been completed on the first of the three blocks, producing attractive results.

On 17 January 2013, the Group announced that it had signed an agreement to acquire rights to extract marble from a new quarry site in the west of Kosovo, close to the Company's red marble quarry at Cervenilla. The agreement has been signed with Drini Company Sh.p.k., a Kosovan business that has been using the Drini quarry for aggregates extraction. Under the terms of the agreement, Fox Marble has the rights to extract marble from the 2.5 hectare site for a 20 year period.

On 24 January 2013 the Group announced that the licensing authority in Kosovo, ("ICMM"), had restored the four Fox Marble licences it had previously annulled. The Company had announced notification of the annulment of these licences on 3 December 2012. The Group is fully confident of its ability to continue to maintain the conditions of three of the four licences that had previously been unlawfully annulled.

Notice of Annual General Meeting

NOTICE IS GIVEN that the first Annual General Meeting of Fox Marble Holdings plc will be held at Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW on Thursday 16 May 2013 at 9 00am to consider the following resolutions, of which numbers 1 to 10 will be proposed as ordinary resolutions and number 11 as a special resolutions

Ordinary Business

- 1 To receive the report of the directors and the audited financial statements for the period ended 31 December 2012
- 2 To appoint Andrew Allner as a director of the Company
- 3 To appoint Dr Etrur Albani as a director of the Company
- 4 To appoint Chris Gilbert as a director of the Company
- 5 To appoint Fiona Hadfield as a director of the Company
- 6 To appoint Roy Harrison as a director of the Company
- 7 To appoint Dr Paul Jourdan as a director of the Company
- 8 To appoint Sir Colin Terry as a director of the Company
- 9 To appoint Baker Tilly UK Audit LLP as the Company's auditors and to authorise the directors to determine their remuneration
- 10 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 £359,833 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 30 June 2014 or the conclusion of the Company's Annual General Meeting in 2014 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

- 11 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 10 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 £107,950

and this authority shall expire on the earlier of 30 June 2014 or the conclusion of the Company's Annual General Meeting in 2014 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

Secretary

[] April 2013

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 9 00am on 14 May 2013 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 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 at The Pavilions, Bridgwater Road, Bristol BS13 8AE
- Sending it by fax to +44 (0) 870 703 6101
- Scanning it and sending it by email to 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) 870 702 0003. 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 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) 870 702 0003 (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 25 March 2013, the Company's issued share capital comprised 107,950,000 ordinary shares of 1p each. Each ordinary share carries the right to one vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 25 March 2013 is 107,950,000.

Explanation of Resolutions

The Company's first annual general meeting will be held at 9.00am on Thursday 16 May 2013 at Nabarro LLP, Lacon House, 84 Theobald's Road, London, WC1X 8RW. The notice of meeting is set out on pages 41 and 42 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 8)

As this is the Company's first annual general meeting, all of the directors are standing for re-election by shareholders. Brief biographical details of the directors can be found on pages 8 and 9 of the annual report.

Auditors' appointment (resolution 9)

Baker Tilly UK Audit LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Authority to allot shares (resolutions 10 and 11)

In accordance with current guidelines, the Directors seek authority to allot up to a maximum of 35,983,300 relevant securities. This represents approximately 33% of the issued ordinary share capital as at 25 March 2013. Further, in order to retain some flexibility, the Directors seek power to allot 10,795,000 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 25 March 2013. These authorities will continue in force until the AGM to be held in 2014 or 30 June 2014, whichever is the earlier.

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