ACE LIBERTY & STONE PLC

ANNUAL REPORT
2015


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ZONE
HILLCREST HOUSE

THIS DOCUMENT IS IMPORTANT. PLEASE READ IT IMMEDIATELY. If you are in any doubt about the action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Ace Liberty & Stone Plc, please send this Document, together with the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the person who now holds the shares.

ACE LIBERTY & STONE PLC

Company number 06223892

NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2015

Notice of the Annual General Meeting of the Company to be held at 12 noon on 29 October 2015 at the offices of Abchurch Communications, 125 Old Broad Street, London EC2N 1AR is set out on pages 30 to 31 of this Document.

A Form of Proxy for use at the Annual General Meeting is enclosed, and to be valid the Form of Proxy must be completed in accordance with the instructions set out on it and returned to Share Registrars Limited of Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, as soon as possible, but in any event not later than 12.00 noon on 27 October 2015. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting should you wish to do so. Your attention is drawn to the notes to the Form of Proxy.

Your attention is also drawn to the letter from the Chairman of the Company which is set out on pages 27 - 29 of this Document.

Front Cover Picture

Hume House, Leeds

Inside Front Cover Pictures

Hillcrest House, Leeds

Directors

Ismail Ghandour	Keith Pankhurst	Mark Thomas	Ivan Minter
Hikmat El-Rousstom	Salim Chaar (alternate)	Tony Ghorayeb	Kayssar Ghorayeb

Sunderland City Library, Fairfax House, Sunderland

Inside Back Cover Pictures

Bridge House, Dudley
JD Weatherspoon, Fairfax House, Sunderland

Contents

Company Information, Directors and Advisors

Directors:	Keith Pankhurst - Non Executive Chairman Ismail Ghandour MBA - Chief Executive Mark Thomas MRICS, IRRV - Commercial Director Kayssar Ghorayeb - Non Executive Director Ivan Minter FCA - Finance Director Dr Antonios Ghorayeb – Senior Independent Director Hikmat El-Rousstom - Non Executive Director (appointed 24 November 2014)
Company Secretary:	International Registrars Limited
Registered Number:	06223892 (England and Wales)
Registered Office:	Finsgate 5-7 Cranwood Street London EC1V 9EE
Bankers:	HSBC Private Bank Plc 78 St James's Street London SW1A 1JB
Auditors:	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB

Chairman's Statement

The consolidated financial results for Ace Liberty & Stone plc represent excellent news for shareholders. Profit before tax has doubled from £518,791 in 2014 to £1,055,581 in 2015, with basic earnings per 1p share improving from 0.12p to 0.18p. Equity attributable to the owners of the parent company of the Group has increased from £8,244,105 to £12,410,366- a 50% increase.

These headline numbers endorse the investment decisions made by your Board of Directors over the past two years. In the 12 months to April 2015 the Company purchased a residential portfolio in Barnsley (October 2014), King House, Luton (November 2014), Fawcett House, Sunderland (December 2014), and Bridge House, Dudley (April 2015). The commercial properties are variously let to Sunderland City Council and HMRC. The Company continued to attract new equity investment, totalling £2,884,470 during the year, with a further £578,216 subscribed in cash since the year end. Your Board of Directors has undertaken a number of initiatives in conjunction with its professional advisors with the aim of increasing the liquidity of its Ordinary Shares listed on ISDX, and shareholders can expect to see the benefits of this over coming months.

I commented last year on the payment of the Company's maiden dividend and am delighted that the 2015 dividend was able to be paid at the increased level of 3.0% of nominal capital– up from 2.4% in the previous year. All dividend expectations have to be within the constraints of achievable profits and cash flow; your Directors will follow a prudent policy. Nonetheless, it is settled policy to reward shareholders in a manner consistent with the Company's ambitions for growth. The Directors are confident that Ace's performance will allow the Company to continue to pay a dividend in the foreseeable future.

Further details of the Group's performance are contained within the detailed reports.
The Group now owns, through prudent acquisition, a spread of soundly financed, well-tenanted properties with a good level of income and potentially rewarding opportunities. Over the coming years, we intend to build on this, using our real estate expertise to locate additional purchases and continue to maximise the potential returns of the existing assets.

The total rental income generated by the properties in the Group balance sheet as at 30 April 2015 exceeds £2million per annum.

Since 30 April 2015, the directors have been in negotiations to sell the remaining property in Sheffield at a satisfactory value and, when received, these funds will be re-deployed into new acquisitions, continuing our policy of property trading where a worthwhile profit can be secured.

Keith Pankhurst
Chairman
Date: 28 September 2015

Corporate Governance Statement

The Board has put in place a framework for corporate governance which it believes is appropriate to the Company.
The Company's ordinary shares are quoted on the ISDX Growth Market and, as such, Ace Liberty & Stone plc is not required to comply with all aspects of the UK Corporate Governance Code. However, the Board is committed to maintaining the highest standards appropriate to a company of this size and nature.

The Board
The Board currently comprises the Non-Executive Chairman, the Chief Executive, the Senior Independent Director, two non-executive and two executive directors. The directors' biographical details are shown on the Company's website. One third of the directors are subject to re-election by rotation at the Annual General Meeting each year. All newly appointed directors stand for election at the Annual General Meeting following their appointment and directors who have reached the age of seventy years retire annually.
The Board meets at least four times each year. The Board's responsibilities include approving the Company's strategy and annual budget, authorising major investments, acquisitions and capital expenditure, and monitoring the performance of the business.
The non-executive directors are all considered to be independent and have a voting majority on the Board and each committee.

Board Committees
Each committee has defined terms of reference and meets at least twice each year.
Nominations
The Nominations Committee comprises Keith Pankhurst (chairman), Kayssar Ghorayeb and Ismail Ghandour. The committee is responsible for identifying and proposing prospective candidates for directors for consideration and appointment by the Board as a whole.
Audit
The Audit Committee comprises Kayssar Ghorayeb (chairman), Keith Pankhurst and Ivan Minter. The Chief Executive and external auditor attend its meetings by invitation. The Committee reviews the audit appointment periodically, discusses the audit plan with the auditor and recommends approval of the financial statements to the Board. The committee meets with the auditor twice-yearly. As there are no employees apart from the directors, internal controls are the direct responsibility of the directors.
Remuneration
The Remuneration Committee comprises Antonios Ghorayeb (chairman), Kayssar Ghorayeb and Mark Thomas. It determines on behalf of the Board the remuneration package of the executive directors. Non-executive directors are unpaid, rendering fee invoices where appropriate for services rendered to the company in their professional capacity. The Remuneration Committee is also responsible for approving the bonus targets and payments for the Company's executive directors. In coming to these decisions the Remuneration Committee considers the overall performance of the Company and of the individual directors. Share options, which are approved at the Company's AGM, are granted to compensate for the low level of ongoing income.

Attendance at meetings
The following is the record of directors' attendance at Full and Committee Meetings of the Board:

	Attended		Entitled to attend	
	Full Board	*Board Committees*	*Full Board*	*Board Committees*
Keith Pankhurst	4	3	5	3
Ismail Ghandour	5	1	5	1
Mark Thomas	4	2	5	2
Kayssar Ghorayeb	3	8	5	8
Ivan Minter	5	3	5	3
Dr Antonios Ghorayeb	5	2	5	2
Hikmat El-Rousstom	3	-	3	-

Shareholders
During the year, the Board appointed Dr Antonios Ghorayeb, an existing non-executive director, to the position of Senior Independent Director with the intention that he should:

- Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors.
- Maintain sufficient contact with major shareholders, when requested, to understand their issues and concerns thereby assisting the Board to develop a balanced understanding.

The Board believes in an open and regular dialogue with its shareholders. Information is provided to shareholders in the interim and annual financial statements; published financial statements and ISDX announcements are posted to the Company's website. The Board's strategy is to increase the frequency of trading updates and research notes in line with the expansion of the Group's activities. All shareholders are encouraged to attend the Annual General Meeting.
At the date of this report, the following shareholders held more than 3% of the company's issued share capital:

	Shares	%
Dr Abdel-Karim El-Rousstom	103,421,157	18.92%
HSBC Global Custody Nominee (UK) Limited	83,195,880	15.22%
Daniel Waylett	46,445,000	8.50%
Ismail Fadel Ghandour	36,390,198	6.66%
LiBank S.A.L.	25,144,238	4.60%
Wafic Zantout	22,222,222	4.06%
Hassan Ezzeldine	18,181,818	3.33%

The Company's website is **http://acelibertyandstone.com/**

Strategic Report

Principal activity

The principal activity of the group continues to be that of property investment. The Board's strategy is to locate properties with good covenants which offer a high yield and the opportunity to add capital value to its investments. This is achieved by carefully selecting properties for acquisition which have short unexpired tenancies with good quality tenants in place. This has the double benefit that the short period of guaranteed income tends to depress the acquisition price, enhancing the yield, and also creates the opportunity for a change of use at a comparatively early date. Properties are chosen so the Group has a succession of lease terminations to enable each new development to be properly considered to maximise its potential.

In addition to properties which have the opportunity of early development, the Group holds a proportion of its portfolio in properties with longer-term tenancies in order to protect future cash flow.

The Group does not undertake developments, but sells the property to a developer; in future a joint venture could be undertaken. The success of this strategy rests on the directors' ability to select suitable properties and manage the project plans for enhancement. The Chief Executive and the Commercial Director have a wide range of contacts and the experience to judge market trends.

Review of business

During the year the Company acquired three commercial properties and one portfolio of twelve residential properties. Each commercial property owned by the Group has increased in value. The Group has now established a balanced portfolio with a good level of income.

An overall review of business is given in the Chairman's Statement on page 3.

The Board monitors key financial performance indicators. The business is still at an early stage and the indicators are therefore relatively simple. For the year ended 30 April 2015 are summarised below:-

- Investment property was valued at £23,964,428 at the year end. (2014: £10,032,267)
- The portfolio's annual rental income was £2,231,000 at 30 April 2015. (2014: £847,000)
- Total equity attributable to owners of the parent amounted to £12,410,366 (2014: £8,244,105).
- Rental income for the year was £1,201,185. (2014: £1,097,052).
- The group's profit for the year after taxation was £759,022 (2014: £408,216).

The Board expects to develop additional measures in proportion to the growth of the business.

Principal risks and uncertainties

The Group's portfolio is exclusively invested in the UK and therefore it is exposed to the risks and uncertainties of the UK economy.

The Directors consider that the principal risk for the Group is in respect of the valuation of the Group's investment properties. The properties are subject to fluctuating market conditions, affected by consumer confidence, the performance of the UK economy, and the liquidity in the market as well as fluctuating interest rates. These risks will also affect the Group's ability to acquire properties in the future.

The group is exposed to interest rate risk. The Company has benefitted from the current, exceptionally low, interest rates, but does not expect this to continue. A small proportion of the group's loans are on fixed rates and this will increase when the directors judge the situation to be favourable. Hedging will also be under consideration. Future returns are evaluated projecting higher than current rates.

There is a risk that the group will be unable to finance future acquisitions and thus inhibit growth. All borrowing is undertaken at cautious assessments of, for example, loan-to-value and interest cover. Covenants have been comfortably met to date and this prudent policy will continue.

Future expansion is dependent on continuing to attract equity funding. The directors believe their strategy and performance will support this activity. However, the Company is not dependent on this continuing and growth will continue, albeit more slowly.

Future developments

Future plans include firstly, increasing the level of borrowing across the portfolio in a prudent manner to finance the purchase of additional properties and, secondly, taking active steps to bring the Company's activities to the attention of potential investors in order to attract additional funds, stimulating further growth.

Transactions are currently under considerations and will be announced as they are finalised.

The directors consider that the programme of investment undertaken since the ISDX listing will continue and will result in an increase in the group's assets in the future.

The Strategic Report was approved by the Board on 28 September 2015 and signed on its behalf by:

Ivan Minter
Director

Directors' Report

The Directors present their report with the audited consolidated financial statements for the year ended 30 April 2015.

Dividends
The Directors declared an interim dividend for the year ended 30 April 2015 of 0.03p per share (2014: 0.024p). This was paid on 29 May 2015.

Directors
The following Directors have held office since 1 May 2014, unless otherwise stated:

Keith Pankhurst	Ismail Ghandour
Mark Thomas	Ivan Minter
Dr Antonios Ghorayeb	Kayssar Ghorayeb
Hikmat El-Rousstom (appointed 24 November 2014)	

Going concern
The Directors can report that, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Auditors
Baker Tilly UK Audit LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at the forthcoming Annual General Meeting.

Post balance sheet events
On 18 June 2015 the Company issued 21,026,000 ordinary 1p shares at a price of 2.75p and on 22 September 2015 it issued 68,750 ordinary 1p shares at 2.75p. The new capital raised of £646,966 will be used for future property acquisitions.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, 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 have elected under company law 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- 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 Ace Liberty & Stone plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor
The directors believe there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that ought to have been taken to ensure they are aware of all audit information and to establish that the Company's auditors have been informed.

The Directors' Report was approved by the Board on 28 September 2015 and signed on its behalf by:

Ivan Minter
Director

Independent Auditors Report to the Members of Ace Liberty & Stone Plc

We have audited the group and parent company financial statements ("the financial statements") on pages 8 to 25. 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 6, 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 Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

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 30 April 2015 and of the group's profit 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 Strategic Report and 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.

EUAN BANKS (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date: 28 September 2015

Consolidated Statement of Comprehensive Income

	Notes	2015 £	2014 £
Revenue	4	1,201,185	*1,097,052*
Gain on disposal of investment property		-	*72,793*
Administrative expenses	5	(887,425)	*(1,019,360)*
Fair value gains on investment property		1,186,983	*807,133*
Finance cost	5 (a)	(277,705)	*(200,065)*
Finance income	5 (b)	43,743	*29,218*
Share-based payment charge		(211,200)	*(267,980)*
Profit before taxation	6	**1,055,581**	***518,791***
Taxation	9	(296,559)	*(110,575)*
Profit after taxation		**759,022**	*408,216*
Other comprehensive income		-	-
Total comprehensive income for the period		**759,022**	*408,216*
Attributable to:			
Owners of the parent		805,786	*398,842*
Non-controlling interest		(46,764)	*9,374*
		759,022	*408,216*
Earnings per share		**Pence**	**Pence**
Basic earnings per share attributable to equity owners of the parent	10	0.18	*0.12*
Diluted earnings per share attributable to equity owners of the parent	10	0.16	*0.12*

Consolidated and Company Statement of Financial Position

	Notes	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 Restated £	Company 2013 Restated £
ASSETS						
Non-current assets						
Investment property	11	23,964,428	*10,032,267*	-	-	-
Investments	12	-	-	1,743,140	*1,742,740*	*1,135,280*
Other receivables	14	-	-	6,224,867	*2,724,850*	*1,499,972*
		23,964,428	*10,032,267*	7,968,007	*4,467,590*	*2,635,252*
Current assets						
Trade and other receivables	14	128,301	*440,257*	4,238,524	*2,318,857*	*1,168,467*
Cash and cash equivalents		1,947,384	*3,122,330*	1,384,705	*2,915,324*	*2,263,363*
		2,075,685	*3,562,587*	5,623,229	*5,234,181*	*3,431,830*
TOTAL ASSETS		**26,040,113**	***13,594,854***	**13,591,236**	***9,701,771***	***6,067,082***
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	15	1,100,447	*724,758*	736,195	*582,523*	*494,783*
Borrowings	16	2,533,421	*174,943*	1,535,938	-	-
		3,633,868	*899,701*	2,272,133	582,523	*494,783*
Non-current liabilities						
Borrowings	16	8,052,269	*2,743,104*	-	*1,100,000*	*1,000,000*
Other payables	15	918,524	*918,717*	-	-	-
Deferred tax	9	364,435	*81,812*	-	-	-
		9,335,228	*3,743,633*	-	*1,100,000*	*1,000,000*
Equity attributable to equity						
Share capital	17	5,238,340	*4,205,619*	5,238,340	*4,205,619*	*2,717,267*
Share premium		5,402,263	*3,590,514*	5,402,263	*3,590,514*	*1,607,174*
Share option reserve		479,180	*267,980*	479,180	*267,980*	-
Other reserve		462,500	-	462,500	-	-
Retained earnings		828,083	*179,992*	(263,180)	*(44,865)*	*247,858*
Total equity attributable to owners of the parent		12,410,366	*8,244,105*	11,319,103	*8,019,248*	*4,572,299*
Non-controlling interests		660,651	*707,415*	-	-	-
Total equity		13,071,017	*8,951,520*	11,319,103	*8,019,248*	*4,572,299*
TOTAL EQUITY AND LIABILITIES		26,040,113	13,594,854	13,591,236	9,701,771	*6,067,082*

The financial statements were approved and authorised for issue by the Board on 28 September 2015 and signed on its behalf by:

Ivan Minter
Director
Company Registration number: 06223892

Consolidated Statement of Changes in Equity

Consolidated	Share capital	Share premium	Treasury shares	Share option	Retained earnings	Controlling interest	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£
Balance at 30 April 2013 (restated)	***2,717,267***	***1,607,174***	***(500,000)***	***-***	***47,109***	***3,871,550***	***698,041***	***4,569,591***
Total comprehensive income for the year								
Profit for the year	*-*	*-*	*-*	*-*	*398,842*	*398,842*	*9,374*	*408,216*
Transactions with owners								
Shares issued during the year	*1,488,352*	*2,035,452*	*-*	*-*	*-*	*3,523,804*	*-*	*3,523,804*
Disposal of own shares	*-*	*-*	*335,250*	*-*	*-*	*335,250*	*-*	*335,250*
Loss on disposal of own shares	*-*	*-*	*164,750*	*-*	*(164,750)*	*-*	*-*	*-*
Share issue costs	*-*	*(52,112)*	*-*	*-*	*-*	*(52,112)*	*-*	*(52,112)*
Share-based payments costs	*-*	*-*	*-*	*267,980*	*-*	*267,980*	*-*	*267,980*
Dividend on ordinary shares	*-*	*-*	*-*	*-*	*(101,209)*	*(101,209)*	*-*	*(101,209)*
	1,488,352	*1,983,340*	*500,000*	*267,980*	*(265,959)*	*3,973,713*	*-*	*3,973,713*
Balance at 30 April 2014	***4,205,619***	***3,590,514***	***-***	***267,980***	***179,992***	***8,244,105***	***707,415***	***8,951,520***

	Share capital	Share premium	Share option	Other reserve	Retained earnings	Controlling interest	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£
Balance at 1 May 2014	**4,205,619**	**3,590,514**	**267,980**	**-**	**179,992**	**8,244,105**	**707,415**	**8,951,520**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	805,786	805,786	(46,764)	759,022
Transactions with owners								
Shares issued during the year	1,032,721	1,852,529	-	-	-	2,885,250	-	2,885,250
Share issue costs	-	(40,780)	-	-	-	(40,780)	-	(40,780)
Share-based payments costs	-	-	211,200	-	-	211,200	-	211,200
Shares yet to be issued	-	-	-	462,500	-	462,500	-	462,500
Dividend on ordinary shares	-	-	-	-	(157,695)	(157,695)	-	(157,695)
	1,032,721	1,811,749	211,200	462,500	(157,695)	3,360,475	-	3,360,475
Balance at 30 April 2015	**5,238,340**	**5,402,263**	**479,180**	**462,500**	**828,083**	**12,410,366**	**660,651**	**13,071,017**

Company Statement of Changes in Equity

	Share capital	Share premium	Share option reserve	Other reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 30 April 2013 restated	***2,717,267***	***1,607,174***	-	**-**	***247,858***	***4,572,299***
Total comprehensive income for the year			-			
Loss for the year	**-**	**-**	-	-	*(191,514)*	*(191,514)*
Transactions with owners						
Shares issued during the year	*1,488,352*	*2,035,452*	-	-	-	*3,523,804*
Share issue costs	-	*(52,112)*	-	-	-	*(52,112)*
Credit to equity for share-based payments	-	-	*267,980*	-	-	*267,980*
Dividend on ordinary shares	-	-	-	-	*(101,209)*	*(101,209)*
	1,488,352	*1,983,340*	*267,980*	-	*(101,209)*	*3,638,463*
Balance at 30 April 2014 restated	***4,205,619***	***3,590,514***	***267,980***	**-**	***(44,865)***	***8,019,248***
Total comprehensive income for the year						
Loss for the year	**-**	**-**	-	**-**	(60,620)	(60,620)
Transactions with owners						
Shares issued during the year	1,032,721	1,852,529	-	-	-	2,885,250
Share issue costs	-	(40,780)	-	-	-	(40,780)
Credit to equity for share-based payments	-	-	211,200	-	-	211,200
Shares yet to be issued	-	-	-	462,500	-	462,500
Dividend on ordinary shares	-	-	-	-	(157,695)	(157,695)
	1,032,721	1,811,749	211,200	462,500	(157,695)	3,360,475
Balance at 30 April 2015	**5,238,340**	**5,402,263**	**479,180**	**462,500**	**(263,180)**	**11,319,103**

Consolidated and Company Statement of Cash Flows

	Group		Company	
	2015	**2014**	**2015**	**2014**
	£	**£**	**£**	**£**
Profit/(loss) before tax	1,055,581	*518,791*	(60,620)	*(154,487)*
Cash flow from operating activities				
Adjustments for:				
Finance income	(43,743)	*(29,218)*	(43,481)	*(148,970)*
Gain on disposal of investment property	-	*(72,793)*	-	-
Share-based payment charge	211,200	*267,980*	211,200	*267,980*
Fair value adjustment	(1,186,983)	*(807,133)*	-	-
Decrease / (increase) in receivables	311,956	*(291,600)*	(5,419,198)	*(2,375,284)*
Increase / (decrease) in payables	349,847	*(1,347,923)*	135,132	*18,961*
Tax paid	(44,773)	-	(38,432)	*(69,439)*
Net cash (used) by operating activities	**(402,496)**	***(2,280,687)***	**(5,154,779)**	***(2,306,752)***
Cash flows from investing activities				
Interest received	43,743	*29,218*	43,481	*148,970*
Purchase of investment properties	(12,745,178)	*(3,961,267)*	-	-
Part refund of investment property purchase	-	*7,133*	-	-
Sale of investment properties	-	*4,072,793*	-	-
Purchase of equity investments	-	-	(400)	*(607,462)*
Net cash (used) / generated by investing activities	**(12,701,435)**	***147,877***	**43,081**	***(458,492)***
Cash flows from financing activities				
Share issue, net of issue costs	2,844,470	*3,471,692*	2,844,470	*3,471,692*
Proceeds from sale of own shares	-	*335,250*	-	-
Payment for shares to be issued	462,500	-	462,500	-
Short term loans advanced	435,938	-	435,938	-
Long term loans advanced	7,702,500	*2,036,552*	-	*1,100,000*
Long term loan repaid	(470,795)	*(3,500,838)*	-	*(1,000,000)*
Equity dividend paid	(101,209)	-	(101,209)	-
Net cash generated by financing activities	**10,873,404**	***2,342,656***	**3,641,699**	***3,571,692***
Net (decrease) / increase in cash and cash equivalents	**(1,174,946)**	***728,637***	**(1,530,619)**	***651,961***
Cash and cash equivalents at the beginning of the period	**3,122,330**	***2,393,693***	**2,915,324**	***2,263,363***
Cash and cash equivalents at the end of the period	**1,947,384**	***3,122,330***	**1,384,705**	***2,915,324***

Notes to the Consolidated Financial Statements

1 General information

Ace Liberty & Stone Plc (the "Company") is a company that is incorporated in England and Wales whose shares are listed on the ISDX Stock Exchange. The Group's principal activity is that of property investment.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not produced the Company's individual profit and loss account. The company loss before taxation is £60,620 (2014: £191,514).

2 Basis of presentation and significant accounting policies

The principal accounting policies applied in the preparation of the group and parent company's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union (EU) and issued by the International Accounting Standards Board (IASB). The consolidated financial statements are presented in Sterling, the group and parent company's functional currency. The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies.

IFRS requires management to make certain critical accounting estimates and to exercise judgement in the process of applying the group's accounting policies. These estimates are based on the directors' extensive knowledge and past experience derived from their professional property activities and supported by independent professional advice.

In the opinion of the directors, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

2.2 Standards, amendments and interpretations to published standards not yet effective

The following standards and interpretations (and amendments thereto) have been issued by the International Accounting Standards Board and its International Financial Reporting Interpretations Committee (IFRIC) which are not yet effective and have not been adopted, many of which are either not relevant to the Group and parent Company or have no impact on the financial statements of the Group and parent Company.

	Effective Dates
IFRS 9 Financial Instruments: Classification	1 January 2018
IFRS 14 Regulatory deferral accounts	1 January 2016
IFRS 15 Revenue from contracts from customers	1 January 2018

The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group and parent company prepares it financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard of interpretation but the need for endorsement restricts the group and parent company's discretion to early adopt standards.

The Company adopted IFRS10 in the 2014 financial statements ahead of the obligatory date above as permitted by the standard. As required by the standard, early adoption of IFRS 10 requires the adoption of IFRS 12 and IAS 27 and IAS 28, as amended, at the same time and these standards were adopted in the financial statements.

2.3 Basis of consolidation

Subsidiaries

The financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to the year ended 30 April 2015.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Ace Liberty & Stone Plc owns 38% of Radcliff Property Limited. The directors of Ace Liberty & Stone plc manage the property owned by Radcliff Limited and make all decisions normally taken by the owner without reference to the director of Fineous Limited. Such decisions cover negotiations with tenants, arranging loan finance and disposal of the property, as well as control of Radcliff's bank account. Accordingly, the directors consider that the Company exercises control over Radcliff under the provisions of IFRS 10 and have consolidated its results.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest's share of the net assets of the relevant subsidiary are allocated against the interests of the parent in the net assets of the relevant subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income, expenses and unrealised gains are eliminated when preparing the financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests are measured at the proportionate share of the non-controlling interest's identifiable net assets in the relevant subsidiary.

Profit or loss and each component of other comprehensive income are allocated between the owners of the parent and non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Notes to the Consolidated Financial Statements (continued)

2.3 Basis of consolidation (continued)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any differences between the adjustment to the non-controlling interest and the fair value of consideration paid or received are recognised in equity.

2.4 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and do not qualify as trading assets. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans or receivables are derecognised or impaired, as well as through the amortisation process.

2.5 Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling which is the presentation currency for the consolidated and company financial statements. The functional currency of the Company is pounds sterling.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet dates monetary items in foreign currencies are translated at the rate prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the income statement for the period.

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each Balance Sheet presented are translated at the closing rate.

Income and expense for each income statement are translated at average exchange rates; and

All resulting exchange differences are recognised as a separate component of equity.

2.6 Cash and Cash Equivalents

These include cash in hand and deposits held at call with banks.

2.7 Trade and other receivables

Trade and other receivables are recognised by the Group and carried at the original invoice amount less an allowance for any uncollectable or impaired amounts. Other receivables are initially recognised at fair value. Provision is made for impairment when the collection of the full amount is no longer probable.

2.8 Trade and other payables

These are initially recognised at fair value and then carried at amortised cost. These arise principally from the receipt of goods and services.

2.9 Key accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported assets and liabilities, income and expenses. Although management believes that the assumptions and estimates are reasonable, the actual results may differ from the estimates.

The most significant estimates made in preparing these accounts relate to the valuation of the Group's investment properties, and the assumption that the Group will continue to be able to manage and sell the property owned obtain by Radcliff Property Limited without the approval of the majority shareholder

2.10 Taxation

The tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

2.11 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on difference tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Consolidated Financial Statements (continued)

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Revenue represents rental income from investment properties and, for the Company only, management fees charged to subsidiary and associated companies.

Rental income

Rental income from investment property leased out under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of rental income.

2.13 Finance income and cost

Finance income

Finance income includes interest income from bank deposits and interest charged on subsidiaries' and associated companies' outstanding balance.

Finance cost

Finance cost is recognised as interest accrues, using the effective interest method, on the net carrying amount of the financial liability.

2.14 Investment property

Investment properties are properties held for long-term rental yields. Investment properties are carried in the balance sheet at fair value, representing open market value determined annually by directors or independent valuation. Gains or losses arising from changes in fair value of investment property are included in the income statement for the period in which they arise.

2.15 Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method. The costs of arranging each loan is written off over the period of the loan up to a maximum period of five years. The unamortised balance is shown against the relevant borrowing at the balance sheet date.

2.16 Convertible Loans

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Share based payments

The Company has applied the requirements of IFRS 2 Share Based Payment. For all grants of share options, the fair value as at the date of grant is calculated using an option pricing model and the corresponding expense is recognised over the vesting period. The share based payments expense is recognised as a staff cost shown separately in the income statement and the associated credit entry is made directly to reserves.

2.18 Other reserves

This represents value received for shares which have yet to be issued.

3 Going concern

In the opinion of the directors, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Notes to the Consolidated Financial Statements (continued)

4 Revenue

	Group 2015 £	Group 2014 £
Revenue comprises the following:		
Rental income	1,201,185	*1,097,052*

The Group's aggregate minimum future lease payments at current annual rents are as follows:	2015 £
Up to one year	1,950,625
More than one year but less than five years	5,842,250
More than five years	9,471,000
	17,263,875

All revenue arises from the Group's UK operations, net of VAT.
The Company interprets IFRS8.34 to mean that revenue derived from separate UK Government Departments should be considered as deriving from one customer. This comprises 61% of the Group's income. One other tenant, a major city council, represents 12%. The Group's income derives overwhelmingly from the ownership of commercial properties in the United Kingdom and the directors manage and report upon activity as one segment.

	Group 2015 £	Group 2014 £
5 Administrative expenses		
Directors' fees	160,567	*120,600*
Operating expenses of investment properties	211,970	*228,277*
Legal and professional fees	430,658	*502,070*
Other costs	84,230	*168,413*
	887,425	*1,019,360*
5 (a) Finance cost		
Loan interest	277,705	*200,065*
	277,705	*200,065*
5 (b) Finance income		
Bank and other interest	43,743	*29,218*
	43,743	*29,218*
6 Profit before tax		
Profit before tax is stated after charging / (crediting) the following:		
Operating lease rentals – land and buildings	4,224	*43,354*
Foreign exchange gains and losses	(32,762)	*71,773*
Auditors' remuneration:		
Audit of parent and consolidation	22,000	*22,000*
Audit of subsidiaries	15,000	*15,000*
Other services – tax compliance	19,500	*-*
Total	56,500	*37,000*

7 Staff costs

There were no employees other than the directors.

Notes to the Consolidated Financial Statements (continued)

8 Directors' remuneration	**Group and Company 2015 £**	**2014 £**
Director's fee		
Keith Pankhurst	-	*5,000*
Ismail Ghandour	73,000	*32,000*
Mark Thomas	19,567	*21,600*
Ivan Minter	68,000	*62,000*
	160,567	*120,600*

Share options granted in the year	**Shares**	**£**	**Shares**	**£**
Keith Pankhurst	3,000,000	14,400	*3,000,000*	*13,782*
Ismail Ghandour	18,000,000	86,400	*25,000,000*	*114,849*
Mark Thomas	5,000,000	24,000	*10,333,333*	*47,471*
Ivan Minter	6,000,000	28,800	*10,000,000*	*45,939*
Antonios Ghorayeb	3,000,000	14,400	*3,000,000*	*13,782*
Kayssar Ghorayeb	3,000,000	14,400	*3,000,000*	*13,782*
Hickmat El-Rousstom	5,000,000	24,000	-	-
	43,000,000	206,400	*54,333,333*	*249,605*

There were no pension payments in respect of either year

9 Taxation	**Group 2015**	**Group 2014 £**	**Company 2015 £**	**Company 2014 £**
Current Tax				
UK corporation tax	13,936	*28,763*	-	*37,027*
Total current tax charge	13,936	*28,763*	-	*37,027*
Deferred tax				
Origination and reversal of timing differences	282,623	*81,812*	-	-
Total deferred tax charge	282,623	*81,812*	-	-
Total tax charge for period	296,559	*110,575*	-	*37,027*
Reconciliation of current tax charge				
Profit/(loss) on ordinary activities before tax	1,055,581	*518,791*	(10,620)	*(154,487)*
Tax on profit on ordinary activities at 20.89%	220,510	*109,673*	(2,124)	*(32,278)*
Effects of:				
(Income)/expenditure not taxable/deductible for tax purposes	10,963	*(56,593)*	-	*9,427*
Fixed asset differences	-	*15,153*	-	-
Marginal relief	-	*(948)*	-	*(948)*
Group relief	-	*3*	-	*(370)*
Tax on losses not recognised	31,530	*(13,195)*	2,124	-
Deferred tax on share options not recognised	-	*61,196*	-	*61,196*
Deferred tax on fixed assets not previously recognised	-	*47,800*	-	-
Deferred tax on property revaluations	-	*(25,281)*	-	-
Differences arising from tax rate differentials	(10,564)	*(27,233)*	-	-
Share options	44,120	-	-	-
	296,559	*110,575*	-	*37,027*

Movement on deferred tax	**2015 Group £**
Balance at 1 May 2014	81,812
Charge for the period	282,623
	364,435

Notes to the Consolidated Financial Statements (continued)

10 Earnings per share

The calculations of earnings per share are based on the following earnings / (deficits) and numbers of shares.

	2015	2014
	£	£
Profit for the period attributable to equity owners	805,786	*398,842*
	No. of shares	**No. of shares**
Weighted average number of shares		
For basic earnings per share	454,390,623	*329,225,157*
Dilutive effect of share options	58,333,333	*9,666,667*
For diluted earnings per share	512,723,956	*338,891,824*
Earnings per share	**pence**	**pence**
Basic	0.180	*0.120*
Diluted	0.160	*0.120*
Dividends declared during the year – per share	0.030	*0.024*
	£	£
Dividends declared during the year – total	157,695	*101,209*

11 Investment property

	2015
	Group
	£
Valuation at 1 May 2014	10,032,267
Purchases during the year at cost	12,745,178
Fair value gain	1,186,983
Valuation at 30 April 2015	23,964,428

The Group's investment properties have been recognised at fair value. The directors, who are qualified and experienced in property valuation, continuously monitor the values of properties held by group companies by comparison with other properties on the open market, and record the changes in fair value. Valuations are performed consistently across all properties in the Group's portfolio by valuers selected by the directors based upon their knowledge, independence and reputation for valuing assets such as those held by the Group. The two executive directors, one of whom is a Chartered Surveyor, are qualified to assess the valuation of properties by reason of their career experience. The remaining directors have considerable corporate management experience and are competent to challenge issues both within and outside their specific professional qualifications.

The methods of fair value measurement are classified into a hierarchy based on the reliability of the information used to determine the valuation as follows:

Level 1:valuation based on inputs on quoted market prices in active markets.

Level 2:valuation based on inputs other than quoted market prices included in level 1 that maximise the use of observable data directly or from market prices or indirectly from derived market prices.

Level 3:where one or more inputs to valuations are not based on observable data.

Class of property		Valuation technique	Fair value
			£
Freehold - external valuation	Level 2	Market value	16,764,428
Leasehold over 50 years - external valuation	Level 2	Market value	7,200,000
			23,964,428

The directors believe that the open market value of the investment properties as at 30 April 2015 is £23,964,428 (2014: £10,032,267). Market value is considered by the directors to be the expected cash proceeds on disposal of the properties on an arms-length basis.

The historical cost of investment properties held by the Group is £21,681,608. (2014: £8,936,430).

Notes to the Consolidated Financial Statements (continued)

12 Investments

	Company restated
	£
Cost at 1 May 2014	1,742,740
Companies formed during year	400
Cost at 30 April 2015	1,743,140

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary Undertaking	Nature of business	Country of registration or incorporation	Shares Held	
Silverdale Limited	Investment	BVI	Ordinary	100
Hilcott Overseas Limited	Investment	England and Wales	Ordinary	100
Radcliff Property Limited	Investment	Anguilla	Ordinary	38
Ace (Leeds) Limited	Investment	England and Wales	Ordinary	100
Ace (Doncaster) Limited	Investment	England and Wales	Ordinary	100
Ace (Hulme) Limited	Investment	England and Wales	Ordinary	100
Ace (Luton) Limited	Investment	England and Wales	Ordinary	100
Ace (Barnsley) Limited	Investment	England and Wales	Ordinary	100
Ace (Sunderland) Limited	Investment	England and Wales	Ordinary	100
Ace (Dudley) Limited	Investment	England and Wales	Ordinary	100

The principal place of business for all subsidiaries is the United Kingdom

13 Acquisition of subsidiary

On 30 October 2013, the year covered by the comparative figures, the Company acquired the entire issued share capital of Bolsterstone (Number Seven) Limited for the sum of £606,833 including costs of acquisition; the company was subsequently renamed Ace (Leeds) Limited. Ace Liberty & Stone Plc made a short term loan to the company to enable it to repay the existing mortgage on its freehold property; subsequently Ace (Leeds) Limited drew down a new mortgage and repaid the loan from its parent.

The acquisition was made at fair value and no goodwill arises from the transaction as book value is the same as fair value. No intangible assets were acquired.

Results for the period from 1 January 2013 to 30 April 2014 were as follows. It is not practical to present these results from the start of the accounting period of the group.

	Total	Pre-acquisition	Post-acquisition
	£	£	£
Revenue	*256,001*	*161,665*	*94,336*
Administrative expenses	*(219,724)*	*(38,335)*	*(181,389)*
Parent company balance written off	*(109,474)*	*(109,474)*	-
Fair value adjustments	*(720,000)*	*(970,000)*	*250,000*
Finance costs	*(24,363)*	*(15,882)*	*(8,481)*
(Loss) / Profit before tax	*(817,560)*	*(972,026)*	*154,466*

Assets acquired at book value and fair value:	*£*
Freehold Property	*1,450,000*
Mortgage	*(852,000)*
Cash	*500*
Trade and other receivables	*23,558*
Trade and other payables	*(14,596)*
	607,462

14 Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade receivables	70,138	*67,513*	-	-
Other receivables	23,483	*337,475*	10,458,725	*5,037,797*
Prepayments and accrued income	34,680	*35,269*	4,666	*5,910*
	128,301	*440,257*	10,463,391	*5,043,707*
Current	128,301	*440,257*	4,238,524	*2,318,857*
Non-current	-	-	6,224,867	*2,724,850*
	128,301	*440,257*	10,463,391	*5,043,707*

Notes to the Consolidated Financial Statements (continued)

15 Trade and other payables	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade payables	138,633	*9,426*	-	-
Taxation and social security	43,203	*86,539*	-	*36,867*
Other payables	1,013,510	*918,717*	335,100	*335,250*
Accruals and deferred income	823,625	*628,793*	401,095	*210,406*
	2,018,971	*1,643,475*	736,195	*582,523*
Current	1,100,447	*724,758*	736,195	*582,523*
Non-current	918,524	*918,717*	-	-
	2,018,971	*1,643,475*	736,195	*582,523*

16 Borrowings				
Loans	435,938	-	435,938	-
Bank loans	10,152,752	*2,918,047*	1,100,000	*1,100,000*
	10,588,690	*2,918,047*	1,535,938	*1,100,000*
Current	2,533,421	*174,943*	1,535,938	-
Non-current	8,052,269	*2,743,104*	-	*1,100,000*
	10,585,690	*2,918,047*	1,535,938	*1,100,000*

Details of security and interest rates

The Company has borrowed £1,100,000 from LiBank (Levant Investment Bank) s.a.l. to finance property acquisitions. £300,000 was drawn down on 13 December 2013 and £800,000 on 19 March 2014. The loan is secured on the Company's deposits placed with LiBank s.a.l.. Repayment must be effected by 19 March 2016. Loan interest is payable at 1.5% above the bank's fiduciary deposit rate.

The Company's subsidiary, Silverdale Worldwide Limited has a loan of £900,894 (2014: £943,047) with the Co-Operative Bank (formerly the Britannia Building Society). The loan is due to be repaid on 28 March 2032. The loan is secured via a fixed and floating charge over the assets of the company, including all present and future freehold and leasehold properties, book and other debts, goodwill and any uncalled share capital. Loan interest is accrued at a rate of 1.35% over the Society's base rate.

The Company's subsidiary, Ace (Leeds) Limited has a loan of £875,000 with Market Harborough Building Society. The loan is due to be repaid on 11 April 2021. The Loan is secured via a fixed and floating charge over the assets of the company, including all present and future freehold and leasehold properties, book and other debts, goodwill and any uncalled share capital, and supported by the guarantee of the Company. Loan interest is accrued at a rate of 1.00% below the society's commercial variable base rate.

The Company's subsidiary, Radcliff Property Limited had a loan of £3,725,000 from HSBC Private Bank (UK) Limited. The loan was repayable by instalments with the final repayment due on 16 September 2014; it was repaid in full on 6 March 2014. The Loan was secured via a fixed and floating charge over the assets of the Company and the personal guarantee of Ismail Ghandour. Loan interest was accrued at a rate of 2.5% over LIBOR.

The Company's subsidiary, Ace (Hulme) Limited drew down a loan of £837,500 from Santander UK plc on 29 May 2014. The loan is secured by a fixed and floating charge over the Company's assets, by a cross-charge over a property owned by Ace (Luton) Limited, a fellow subsidiary of the Company, and by a guarantee from its parent company. Interest is charged at a rate of 2.85% p.a. above LIBOR. The loan is repayable by quarterly instalments of £25,000 with full repayment due by 29 May 2018.

The Company's subsidiary, Ace (Barnsley) Limited drew down a loan of £750,000 from Habib Bank AG Zurich on 21 April 2015. The loan is secured by a fixed and floating charge over the Company's assets and by a guarantee from its parent company. Interest is charged at 4.75% for the first year and subsequently at 4.25% p.a. over the bank's base rate. The loan is repayable by equal annual instalments over 15 years.

The Company's subsidiary, Ace (Luton) Limited drew down a loan of £1,650,000 from Santander UK plc on 7 November 2014. The loan is secured by a fixed and floating charge over the Company's assets, by a cross-charge over a property owned by Ace (Hulme) Limited, a fellow subsidiary of the Company, and by a guarantee from its parent company. Interest is charged at a fixed rate of 3.9% p.a. The loan is repayable by quarterly instalments with full repayment due by 20 May 2018.

The Company's subsidiary, Ace (Sunderland) Limited drew down a loan of £2,400,000 from Svenska Handelsbanken AB (publ) on 4 December 2014. The loan is secured by a fixed and floating charge over the Company's assets and by a guarantee from its parent company. Interest is charged at 2.65% p.a. over LIBOR. The loan is repayable by quarterly instalments of £40,000 with a final payment due on 4 December 2019.

The Company's subsidiary, Ace (Dudley) Limited drew down a loan of £2,065,000 from Svenska Handelsbanken AB (publ) on 21 April 2015. The loan is secured by a fixed and floating charge over the Company's assets and by a guarantee from its parent company. Interest is charged at 2.65% p.a. over LIBOR.

Notes to the Consolidated Financial Statements (continued)

17 Share capital

	Group and Company	
	2015	**2014**
	£	**£**
Allotted, issued and fully paid up capital		
523,834,066 (2014: 420,561,989) ordinary shares of £0.01 each	5,238,340	*4,205,619*
	Shares	Shares
Shares in issue at 1 May 2014	420,561,989	*271,726,740*
Shares issued during year ended 30 April 2015	103,272,077	*148,835,249*
Shares in issue at 30 April 2015	523,834,066	*420,561,989*

Share Options
Share options are granted to directors and officers of the Group. Options are not conditional on the employee's performance and there is no service condition attached to the awards. They are exercisable immediately and the exercise price s factored into the fair value at grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

	2015		2014	
	Weighted average exercise price in £ per share option	**Options**	**Weighted average exercise price in £ per share option**	**Options**
At 1 May 2014	£0.02340	58,333,333	-	-
Granted	£0.02475	44,000,000	*£0.02340*	*58,333,333*
At 30 April 2015	**£0.02386**	**102,333,333**	***£0.02340***	***58,333,333***

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:
Of the 102,333,333 outstanding options (2014: 58,333,333 options), 102,333,333 options (2014: 58,333,333) were exercisable.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant - expiry	**Expiry date**	**Exercise price in £ per share options**	**Share options**	
			2015	**2014**
2013 - 2020	31-Oct-2020	£0.02340	*58,333,333*	*58,333,333*
2015 - 2022	20-Apr-2022	£0.02475	44,000,000	-

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was £0.0048 per option (2014: £0.0046). The significant inputs into the model were weighted average share price of 2.475p (2014: 2.34p) at the grant date, exercise price shown above, volatility of 26.9% (2014: 30%), dividend yield of 0.69% (2014: 2.4%l), an expected option life of 3.5 years (2014: 4 years) and an annual risk-free interest rate of 0.78% (2014: 1.09%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years. The total share option charge recognised in the Income Statement is £211,200 (2014; £267,980).

18 Financial instruments
In common with other businesses, the Group is exposed to the risk that arises from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

18.1 Principal financial instruments

The principal financial instruments of the Group and Company, from which financial instrument risk arises, are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	£	**£**	**£**	**£**
Cash and cash equivalents	1,947,384	*3,122,330*	1,384,705	*2,915,324*
Trade and other receivables	93,621	*67,513*	11,815	-
Balances due from subsidiary companies	-	-	10,446,910	*5,043,707*
Borrowings	10,588,690	*2,918,047*	1,535,938	*1,100,000*
Trade and other payables	1,975,768	*1,556,936*	401,096	*210,424*
Liabilities to subsidiary companies	-	-	335,100	*335,250*

Fair values of financial assets and liabilities.

The fair value of trade debtors and creditors included in net current assets is equivalent to the balance sheet carrying values. All of the Group's borrowings are held at amortised cost.

18.2 Financial risk management objectives and policies

Credit risk

At the balance sheet date there were no significant concentrations of credit risk. The Group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks and customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

The Group's cash balances are all held with major banking institutions. The majority of trade receivables are due from credit worthy customers and or financial institutions and are automatically settled within a few days of arising.

Liquidity risk

Responsibility for liquidity risk management rests with the board which has formulated liquidity management tools to service this requirement. Management of liquidity risk is achieved by monitoring budgets, forecasts and actual cash flows. The Group's policy is to minimise refinancing risk and to match loan maturities with the expected period of rental income for each property.

The table below analyses the Group's financial liabilities into maturity groupings.

	Under 1 year	2 - 5 years	0ver 5 years	2015 Total
	£	£	£	£
Mortgages secured on investment properties	997,483	3,793,096	4,259,173	9,049,752
Short term loans	1,535,938	-	-	1,535,938
	2,533,421	3,793,096	4,259,173	10,585,690

Market risk

The Group's main exposure to market risk is through interest rates. The Group enters into no derivative transactions.

Interest rate risk

The Group is subject to interest rate risk as its bank balances and some borrowings are subject to interest at a floating rate. The interest rate on bank balances at 30 April 2015 was in the range 0% to 3.35%. Interest rate on loans at the same date was in the range 1.85% to 5.75%. Of the Group's borrowings at 30 April 2015, £2,487,445 is at rates fixed for the duration of the loan or a minimum period of three years. The directors monitor interest rates closely and evaluate the return from property purchases using a cost of financing significantly above current market rates.

Foreign currency risk

Some bank balances are denominated in foreign currencies. These holdings are short term, small value assets and management monitors the exposure to exchange rate fluctuations.

Fair value risk

In view of the above interest arrangement it is thought that fair value risk is minimal and that financial instruments are stated in the consolidated statement of financial position at value not significantly different from their fair value.

18.3 Capital Structure

The Group sets the amount of capital in proportion to risk and monitors this in accordance with economic conditions and the risk profile of underlying assets. Capital consists of share capital, share premium account, share option reserve, other reserve and retained earnings, but excluding non-controlling interests. The Group monitors its debt to equity ratio which was calculated as follows.

The movement in the year was the result of the Group successfully investing its cash balances in suitable properties.

	2015	**2014**
	£	£
Total debt	10,588,690	*2,918,047*
Less cash and cash equivalents	(1,947,384)	*(3,122,330)*
Net debt / (funds)	8,641,384	*(204,283)*
Total equity	12,410,366	*8,244,105*
Debt to equity	70%	*n/a*

Notes to the Consolidated Financial Statements (continued)

18.4 Financial assets

Financial assets are disclosed in notes 14 and 18.1.The Group's principal financial assets are bank balances and trade and other receivables. The directors have a policy of only acquiring properties which have tenants with a high credit rating to minimise the risk of non payment. Short term cash deposits are placed only with banks with a high credit rating.

19 Related party transactions

Included within trade and other receivables in the Company's balance sheet are the following amounts due from wholly or partly owned subsidiary companies at 30 April:

	2015	2014
	£	£
Silverdale Worldwide Limited	494,345	*413,556*
Radcliff Property Limited	2,032,688	*1,929,777*
Ace (Doncaster) Limited	665,892	*685,308*
Ace (Hulme) Limited	1,110,532	*1,935,189*
Ace (Leeds) Limited	197,654	*73,967*
Ace (Luton) Limited	1,295,859	-
Ace (Barnsley) Limited	822,676	-
Ace (Sunderland) Limited	1,904,073	-
Ace (Dudley) Limited	1,923,191	-
	10,446,910	*5,037,797*

	2015
The increase in the above totals result from the following transactions during the year;	£
Advances to newly formed subsidiaries to purchase properties	5,945,799
Less net repayments of current accounts by existing subsidiaries	(536,686)
Increase in balance during the year	5,409,113

Included within trade and other payables in the Company's balance sheet are the following amounts due to wholly or partly owned subsidiary companies at 30 April:

	2015	2014
	£	£
Hilcott Overseas Limited	335,100	*335,250*

Included within the Company's income statement are the following amounts charged to wholly and partly owned subsidiaries:

	2015	2014
Charge for interest		
Silverdale Worldwide Limited	8,929	*5,990*
Radcliff Property Limited	72,894	*106,387*
Ace (Doncaster) Limited	12,433	*3,521*
Ace (Hulme) Limited	23,349	*3,154*
Ace (Leeds) Limited	2,630	*8,481*
Ace (Luton) Limited	11,285	-
Ace (Barnsley) Limited	13,618	-
Ace (Sunderland) Limited	15,245	-
Ace (Dudley) Limited	1,333	-
	161,716	*127,533*
Charge for management		
Silverdale Worldwide Limited	-	*63,000*
Radcliff Property Limited	-	*380,000*
Ace (Doncaster) Limited	128,185	*53,000*
Ace (Hulme) Limited	114,250	*13,000*
Ace (Leeds) Limited	106,150	*178,000*
Ace (Luton) Limited	81,800	-
Ace (Sunderland) Limited	96,625	-
Ace (Dudley) Limited	5,180	-
	532,190	*687,000*

Notes to the Consolidated Financial Statements (continued)

	2015	2014
	£	£
19 Related party transactions (continued)		
Hind Property Company Limited is a related party by reason of common directors.		
The following amounts are included in the Group balance sheet at 30 April:		
Trade and other receivables	-	*33,771*
Trade and other payables	17,194	*38,131*
Included within the Group's income statement are the following amounts charged by Hind Property Company Limited:		
Property management fees	46,030	*38,131*
LiBank (Levant Investment Bank) s.a.l. is a related party by reason of common directors.		
The following amounts are included in the Group balance sheet at 30 April:		
Borrowings	1,100,000	*1,100,000*
Cash and cash equivalents	1,102,173	*1,992,952*
Included within the Group's income statement are the following amounts charged by LiBank (Levant Investment Bank) s.a.l.:		
Professional fees	143,120	*208,448*
ıcluded in Share Premium account in the Group balance sheet are the following amounts charged by LiBank (Levant Investment Bank) a.l.:		
Fund raising fees	40,780	*52,112*
Fineous Limited is a related party by reason of its shareholding in Radcliff Property Limited.		
Included within the Group's income statement are the following amounts charged by Fineous Limited:		
Charge for interest	55,109	*103,327*
he following amounts are included in the Group balance sheet at 30 April:		
Trade and other payables	1,076,926	*1,023,817*

Dinama Holdings Limited which is a company controlled by Wafic Zantout, a shareholder owning 5% of the Company's ordinary share capital, has advanced a payment for shares to be issued to the Company in the amount of £500,000 during the year.
Daniel Waylett advanced a loan of £1,000,000 to the Company in March 2013. In December 2013 he requested this be converted to Ordinary Shares and he received 46,445,000 shares at an average price of 2.15p; he is now the holder of 11% of the Company's ordinary share capital.
In October 2014 the Company acquired the residential portfolio now held by Ace (Barnsley) Limited from Hind Property Company Limited on an arm's length basis. The consideration was partially settled by the issue of ordinary shares, which are still held by Hind Property Company Limited.

20 Other financial commitments

As at 30 April 2015 the Group was not committed to make any payments during the next year in respect of non-cancellable operating leases

21 Prior year adjustment

The Company has adopted the practice of valuing investments in subsidiary companies at cost as this gives a more useful comparison from year to year and is in accordance with general practice. Accordingly the previous year's statement of financial position has been re-stated. There is no change to the consolidated Statement of Comprehensive Income.

	Company statement at 30 April 2014		
	Originally stated	Change	Re-stated
	£	£	£
Investments	*2,067,578*	*(324,838)*	*1,742,740*
Trade and other payables	*(582,541)*	*18*	*(582,523)*
Investment revaluation reserve	*(160,071)*	*160,071*	*-*
Retained earnings	*(119,884)*	*164,749*	*44,865*

22 Post balance sheet events

On 18 June 2015 the Company issued 21,026,000 ordinary 1p shares at a price of 2.75p and on 22 September 2015 it issued 68,750 ordinary 1p shares at 2.75p. The new capital raised of £646,966 will be used for future property acquisitions.

Notes to the Consolidated Financial Statements (continued)

23 Non-controlling interest

This arises as a result of the company's shareholding in Radcliff Property Limited. The following information relates to that company.

Statement of Financial Position as at 30 April 2015	**2015**	**2014**
	£	**£**
Non-current assets		
Investment property	4,000,000	*4,000,000*
Current assets		
Trade and other receivables	37,227	*28,702*
Cash and cash equivalents	216,946	*197,390*
	254,173	*226,092*
TOTAL ASSETS	**4,254,173**	***4,226,092***
Current Liabilities		
Trade and other payables	1,443,986	*1,341,676*
Non-current liabilities		
Trade and other payables	1,743,358	*1,743,358*
Equity attributable to equity owners		
Share capital	63	*63*
Retained earnings	1,066,766	*1,140,995*
	1,066,829	*1,141,058*
TOTAL EQUITY AND LIABILITIES	**4,254,173**	***4,226,092***

Statement of Comprehensive Income for the year ended 30 April 2015		
Revenue	153,603	*815,014*
Gain on disposal of investment property	-	*72,793*
Administrative expenses	(102,247)	*(607,641)*
Fair value adjustments	-	*7,133*
Finance cost	(125,585)	*(279,958)*
Finance income	-	*7,781*
(Loss) / Profit before and after tax	(74,229)	*15,122*
Other comprehensive income	-	*-*
Total comprehensive income for the period	(74,229)	*15,122*

Cash Flow Statement		
(Loss) / Profit for the year	(74,229)	*15,122*
Cash flow from operating activities	93,785	*`(154,952)*
Cash flows from investing activities	-	*4,079,926*
Cash flows from financing activities	-	*(3,873,036)*
Net increase in cash and cash equivalents	19,556	*67,060*
Cash and cash equivalents at beginning of period	197,390	*130,330*
Cash and cash equivalents at end of the period	216,946	*197,390*

Expected timetable of principal events

Publication of this Document	5 October 2015
Latest time and date for receipt of Form of Proxy	12.00 noon on 27 October 2015
Annual General Meeting	12.00 noon on 29 October 2015

If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of a Regulatory News Service announcement.

All references to time in this Document are to London time.

Definitions

The following definitions apply throughout this Document and the accompanying Form of Proxy unless the context requires otherwise:

"Board" or "Directors"	the Directors of the Company, whose names are set out on page 2 of this Document
"Company"	Ace Liberty & Stone Plc
"Annual General Meeting" or "AGM"	the Annual General Meeting of the Company convened for 12 noon on 29 October 2015 to approve the Resolutions, or any adjournment of the Annual General Meeting
"Form of Proxy"	the form of proxy for use by Shareholders at the Annual General Meeting
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Resolutions"	the resolutions as set out in the Notice of the Annual General Meeting on page 30 of this Document
"Shareholders"	the holders of Ordinary Shares

Registrars and transfer agents

Share Registrars Limited
Suite E
First Floor
9 Lion & Lamb Yard
Farnham
Surrey GU9 7LL

Letter from the Chairman

ACE LIBERTY & STONE PLC

(incorporated and registered in England and Wales with registered number 06223892)

To Shareholders and, for information only, to the holders of options over Ordinary Shares.

5 October 2015

Dear Shareholder,

There is attached to this Document the Notice convening an Annual General Meeting of the Company to be held on 29 October 2015.
The business of the AGM is set out in the Notice of AGM. The ordinary business of the AGM is the approval of the accounts of the Company for the year ended 30 April 2015 and the consolidated accounts of the Company and its subsidiaries for the same period, the reappointment of Mark Thomas and Ivan Minter who retire by rotation at this AGM, the appointment of Hikmat El-Rousstom who has been appointed as a director since the last AGM and the re-appointment of Baker Tilly UK Audit LLP as auditors.
The special business of the AGM is described on page 30 to 31 of this circular.

SPECIAL BUSINESS
Resolution 6 - To authorise the Directors pursuant to section 551 of the Companies Act 2006
The Companies Act 2006 requires that the authority of the Directors to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company should be subject to the approval of Shareholders in general meeting or to an authority set out in the Company's Articles of Association.
Resolution 6 will be proposed at the AGM, as an ordinary resolution to authorise the Directors to allot unissued shares of the Company up to a total nominal value of £10,000,000. This authority will expire at the next annual general meeting or, if later, 15 months after the passing of the resolution.

Resolution 7 – To disapply the statutory pre-emption rights under section 561 of the Companies Act 2006
The Companies Act 2006 requires that any equity securities issued wholly or partly for cash must be offered to existing Shareholders in proportion to their existing holdings unless otherwise approved by Shareholders in general meeting or accepted under the Company's articles of association. Accordingly, a special resolution (this resolution 7) will be proposed at the AGM, subject to the passing of resolution 6, to vary the Directors' authority to allot equity securities for cash other than on a pro rata basis. This authority will expire at the next annual general meeting or, if later, 15 months after the passing of the resolution.

Resolution 8 – To adopt Articles of Association
In this resolution, which will be a special resolution, we are asking Shareholders to approve the adoption of New Articles of Association to replace the Existing Articles of Association and to reflect the provisions of the Companies Act 2006 and other administrative changes that have been introduced since the existing Articles of Association were adopted in 2007. An explanation of the main changes to be introduced by the New Articles of Association is set out at the end of this document.
A copy of the existing Articles of Association and of the New Articles of Association will be available for inspection at the offices of Bracher Rawlins LLP, 77 Kingsway, London WC2B 6SR between the hours of 10.00 a.m. and 12 noon on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the General Meeting).

Resolution 9 – Share Scheme
The Board of directors have considered a new bonus arrangement under which the senior management will be offered the opportunity to take up a separate class of shares in the Company that will carry the right to participate in the capital value realised on a sale or other realisation of value in the Company.
The A Shares will be allocated to the senior management by the Remuneration Committee of the Board of directors.
The A Shares will form a separate class of shares to be issued by the Company. Members of senior management will be offered the opportunity to receive A Shares. The A Shares will be issued for a nominal payment to the Company. The A Shares will carry rights that entitle the holders to participate in the realisation of value when the Company is sold, either by the sale of its shares or of its undertaking and assets. The A Shares will not carry voting rights and will not participate in dividends unless a dividend in excess of 10% of nominal value is paid on the Ordinary Shares. The particular rights attaching to the A shares can be summarised as follows:-
The A Shares are to be issued fully paid up at their nominal value of £1 per share on the basis that the number of shares will be relatively small. A total of 100 A shares are to be issued and will be held by members of the senior management team.
The A Shares are awarded under an agreement that provides statutory relief from capital gains tax for the participant. The individual members of the senior management team who participate will concede a number of statutory employment rights that they would otherwise be entitled to by virtue of their position as employees and officers of the Company. In return they are able to have A Shares issued to them carrying the entitlement to participate in the growth in the capital value of the Company.

Letter from the Chairman (continued)

To facilitate this statute-based arrangement, those who subscribe for the A Shares may require that the A Shares are redeemed within 20 days after they are issued for an amount of £2,000 which is paid by the Company to redeem all of the A shares held by the person who chooses to invoke the right to redeem.

The A Shares are constituted as a separate class of shares. They will not be subject to listing on the ISDX Growth market, they do not carry any voting rights and they may not be transferred except on the occurrence of an event that involves the realisation of value by all shareholders. After 20 days, if a holder of A Shares ceases to be an employee or officer of the Company in circumstances in which he leaves of his own accord or is summarily dismissed on grounds of misconduct, he is obliged to transfer his shares back to the Company for a nominal amount and as a result ceases to be entitled to participate in a sale or other realisation of value for the holders of shares of the Company.

On a sale of shares in the Company that involves a purchaser acquiring more than 50 per cent of the ordinary shares of the Company, the value attributed to entire share capital of the Company will be determined and a proportion of that value will be allocated to the A Shares. For this purpose the amount allocated to the A shares will be determined by the following formula:-

((Market Price x ISC) – Base Value) x Percentage

For this purpose the expressions used in the formula have the following meanings:-

"Market Price" is the amount per share to be paid by the purchaser to acquire all of the issued shares of the Company.

"ISC" means the total number of issued shares of the Company (on a fully diluted basis)

"Base Value" means the greater of £18,700,000 or the number of Ordinary Shares in the issued share capital on the date of sale multiplied by 2.75pence

"Percentage" is calculated according to the following table

The value attributed to the issued shares on a sale or other realisation (pence)	Percentage
Up to 4.50	0.00
4.51 to 4.75	10.00
4.76 to 5.00	11.25
5.01 to 5.25	12.50
5.26 to 5.50	13.70
5.51 to 5.75	15.05
5.76 to 6.00	16.20
Over 6.00	17.50

Accordingly in the event that a sale of a majority interest in the Ordinary Shares takes place, the price that is to be paid for those shares prior to any participation by the A Shares will be determined – this will be based on the Purchaser's offer for the entire issued share capital of the Company. If and to the extent that the amount offered by the purchaser is greater than the values shown in the table above, the percentage of the total consideration shown in the column set opposite the relative values will be allocated to the A Shares.

The holders of the A Shares have the right to require that any person who purchases more than fifty per cent of the issued shares must acquire the A shares at a value that is determined according to the formula set out above. Accordingly if a purchaser wishes to acquire a controlling interest in the Company (which would be governed by the Takeover Code) and the price that is offered (taking into account the allocation to the A Shares) is within the figures shown in the column of values shown above, the holders of A Shares will be able to require that their shares are purchased at an aggregate value that represents the proportion of the total value shown opposite in the table set out above.

The person acquiring the controlling interest will be able to require the holders of the A Shares to sell their holdings of A Shares at the price determined by the formula if for any reason they have not exercised their right to require their shares to be purchased.

If the Company were to sell all of its undertaking and assets rather than there being a sale of its issued shares, the net proceeds of the sale, after settling all creditors, would be available to be distributed to the holders of the Ordinary Shares and the A Shares. In determining the allocation of net assets between the Ordinary Shares and the A Shares, the same calculation that would be applied on a sale of issued shares will be applied. The division of the proceeds of a sale of shares would be the same as the division of the proceeds of sale after all of the undertaking and assets of the Company had been sold.

The structure in which the A Shares are to be introduced and allotted to members of the senior management team is to be the subject of a resolution that will be presented at the AGM to be approved by the shareholders by way of an ordinary resolution. Those members of the senior management team who are holders of Ordinary Shares will abstain from voting on this resolution. The various rights and restrictions attaching to the A Shares are to be contained in the new Articles of Association to be adopted by Special Resolution at the Annual General meeting.

Letter from the Chairman (continued)

ACTION TO BE TAKEN

The Form of Proxy for use by Shareholders at the Annual General Meeting is enclosed. If you are unable to be present at the Annual General Meeting, please complete and sign the Form of Proxy and return it to the Company's registrars, Share Registrars Limited of Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, to be received as soon as possible, and in any event by no later than 12.00 noon on 27 October 2015.

You are entitled to appoint a proxy to attend and to exercise all or any of your rights to vote and to speak at the Annual General Meeting instead of you. However, the completion and return of the Form of Proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so. Your attention is drawn to the notes to the Form of Proxy.

Yours sincerely

Keith Pankhurst
Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Ace Liberty & Stone Plc (incorporated and registered in England and Wales with registered number 06223892) (the "**Company**") will be held at 12.00 noon on 29 October 2015 at the offices of Abchurch Communications, 125 Old Broad Street, London EC2N 1AR (the "**Meeting**") to consider and if thought fit, to pass resolutions 1 to 6 and 9 as ordinary resolutions of the Company and resolutions 7 and 8 as special resolutions of the Company.

ORDINARY BUSINESS

As Ordinary Resolutions

1. To receive and adopt the statement of accounts for the year ended 30 April 2015, together with the reports of the directors and the auditors thereon and the consolidated accounts of the Company and its subsidiaries for the same period.
2. That Mark Thomas, a Director retiring by rotation in accordance with the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.
3. That Ivan Minter, a Director retiring by rotation in accordance with the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.
4. That Hikmat El-Rousstom, a Director appointed since the last Annual General Meeting and offering himself for re-election in accordance with the Company's Articles of Association be and is hereby re-elected as a Director of the Company.
5. To re-appoint Baker Tilly UK Audit LLP as auditors of the Company and to authorise the Directors to fix the remuneration of Baker Tilly UK Audit LLP.

SPECIAL BUSINESS

As an Ordinary Resolution

6. That in accordance with Section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**"Rights"**) up to an aggregate nominal amount of £10,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2016 or the date falling fifteen months after the passing of this Resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

   This authority is in substitution for all previous authorities conferred on the Directors in accordance with Section 551 of the Companies Act 2006, but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

As a Special Resolution

7. That the Directors be and they are hereby empowered (in substitution for and to the exclusion of any other existing powers save to the extent that the same have been previously exercised) pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) of the Company for cash pursuant to the authority conferred on them by Resolution 6 to allot relevant securities as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment. This power shall (unless previously revoked or varied by the Company in General Meeting) expire fifteen months after the date of the passing of this Resolution or at the conclusion of the Annual General Meeting of the Company to be held in 2016 whichever first occurs save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

As a Special Resolution

8. That the draft regulations to be produced at the General Meeting be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

As an Ordinary Resolution

9. That the creation and implementation of the Employee Share Scheme (as defined in the circular) be and it is hereby approved.

Notice of Annual General Meeting (continued)

Dated: 5 October 2015

By order of the Board

International Registrars Limited

Secretary

Registered office: Finsgate, 5-7 Cranwood Street, London EC1V 9EE

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. 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 below and in the notes to the proxy 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.

3. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To be valid, a form of proxy and the power of attorney or other written authority, if any, under which it is signed, or an office or notarially certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority, must be delivered to Share Registrars Limited of Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, no later than 12.00 noon on 27 October 2015 (or 48 hours before the time fixed for any adjourned meeting or, in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for taking the poll at which the proxy is to attend, speak and vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day and where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, at the meeting at which the poll was demanded).

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy complete and submit more than one proxy form and make it clear how many shares the proxy has voting rights over. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by you on the record date will result in the proxy appointment being invalid.

5. 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 no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. Use of the proxy form does not preclude 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. 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 the registrars of the Company, Share Registrars Limited of Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL (in the case of a member which is a company, the revocation notice must be executed in accordance with note 10 below).

   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. The revocation notice must be received by the registrars of the Company no later than 48 hours before the time fixed for the holding of the Meeting or any adjourned meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and vote.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.

8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. In the case of joint holders, where more than one of the joint holders 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).

10. In the case of a member which is a company, the form of proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney.

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises power over the same share.

12. Except as provided above, members who have general queries about the Meeting should call Share Registrars Limited on 01252 821390 (no other methods of communication will be accepted).

13. You may not use any electronic address provided either in this notice of annual 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.

Explanatory notes to resolution 8 set out in the notice of annual general meeting

1. **General**

Since the existing Articles of Association were adopted company law and practice has changed significantly, including the passing of the Companies Act 2006. As a result, the existing Articles of Association are now out of date in a number of areas. It is intended therefore to replace the existing Articles of Association, to reflect the changes in the Companies Act 2006 and to bring them up to date generally. To adopt the new Articles of Association will require the shareholders to pass a special resolution.

2. **Articles which Duplicate Statutory Provisions**

Provisions in the existing Articles of Association which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

3. **Authorised Share Capital**

To reflect the abolition under the Companies Act 2006 of the concept of authorised share capital as from 1 October 2009, all references to authorised share capital have been omitted from the proposed new Articles of Association.

4. **Memorandum of Association**

Pursuant to section 28 of the Companies Act 2006, the existing memorandum of association of the Company is to be treated as a provision of the Articles of Association and is therefore included as an appendix to the new Articles of Association.

5. **Form of Resolution**

The Companies Act 2006 removes the concept of extraordinary resolutions and as a result, where the existing Articles of Association required an extraordinary resolution to be passed, a special resolution is now required.

4. **Convening General and Annual General Meetings**

The provisions in the existing Articles of Association dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. **Votes of Members**

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the existing Articles of Association proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose.
Also, under the Companies Act 2006 multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The new Articles of Association reflect all of these new provisions.

6. **Age of Directors on Appointment**

The Companies Act 2006 has removed the limit on the age at which a director can be appointed.

7. **Conflicts of Interest**

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect.
The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. As from 1 October 2008, the New Articles of Association give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

Explanatory notes to resolution 8 set out in the notice of annual general meeting (continued)

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict (from the date when the relevant provisions of the Companies Act 2006 come into force). First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

8. **Electronic and Web Communications**

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The new Articles of Association allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications.
Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent.
The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

9. **Directors' Indemnities**

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme.

10. **General**

Generally the opportunity has been taken to bring clearer language into the New Articles of Association and in some areas to conform the language of the new Articles of Association.

Form of proxy for use at the Annual General Meeting of Ace Liberty & Stone plc
to be held at 12 noon on 29 October 2015 at the offices of Abchurch Communications, 125 Old Broad Street, London EC2N 1AR (the **"Meeting"**)

I/We being (a) member(s) of Ace Liberty & Stone Plc (the **"Company"**) hereby appoint the Chairman of the Meeting or (see note 3 overleaf):-

………

as my/our proxy to attend, speak and vote on my/our behalf at the Meeting and at any adjournment of the Meeting. I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X':-

ORDINARY BUSINESS	**RESOLUTION**	**FOR**	**AGAINST**	**WITHHELD**
Resolution 1 (Ordinary)	To consider and adopt the statement of accounts for the year ended 30 April 2015 and the reports of the directors and auditors thereon and the consolidated accounts of the Company and its subsidiaries for the same period			
Resolution 2 (Ordinary)	To re-elect Mark Thomas as a director of the Company			
Resolution 3 (Ordinary)	To re-elect Ivan Minter as a director of the Company			
Resolution 5 (Ordinary)	To re-appoint Baker Tilly UK Audit LLP as auditors of the Company			
SPECIAL BUSINESS	**RESOLUTION**	**FOR**	**AGAINST**	**WITHHELD**
Resolution 6 (Ordinary)	To authorise the directors to allot relevant equity securities up to a maximum nominal amount set out in and in accordance with the terms set out in the Notice of the General Meeting			
Resolution 7 (Special)	Subject to, and conditional upon, resolution 6 being passed, to empower the directors to allot relevant equity securities pursuant to section 570 of the Companies Act 2006			
Resolution 8 (Special)	To adopt new Articles of Association			
Resolution 9 (Ordinary)	To approve the Employee Share Scheme			

If no indication is given, my/our proxy will vote or abstain from voting at his/her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is properly put before the Meeting (including any resolution to adjourn the Meeting).

Date………………………………………Signed……………………………………………………………………………

(Please complete in BLOCK CAPITALS including initials and surnames of joint holders if applicable).

Name in full………

Address……

………

Joint Holders………

<u>PLEASE RETURN TO THE ADDRESS PER NOTE 6 OVERLEAF</u>

Form of proxy for use at the Annual General Meeting of Ace Liberty & Stone plc (continued)

Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Use of this form does not preclude a member 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.
3. A proxy need not be a member of the Company but must attend the Meeting to represent you. To appoint as your proxy a person other than the Chairman of the Meeting, the words "the Chairman of the Meeting" should be struck out and the name and address of the other person be inserted in block capitals in the space provided. If you sign and return this proxy form with no name inserted in the space provided, the Chairman of the Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the Meeting and are aware of your voting intentions.
4. The manner in which the proxy is to vote should be indicated by marking the appropriate box with an ‘X’. To abstain from voting on a resolution, select the relevant “Vote withheld” box. 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 no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy complete and submit more than one proxy form and make it clear how many shares the proxy has voting rights over. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member on the record date will result in the proxy appointment being invalid.
6. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be in writing and delivered to Share Registrars Limited of Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, no later than 12.00 noon on 27 October 2015 (or 48 hours before the time fixed for any adjourned meeting or in the case of a poll to be taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for taking the poll at which the proxy is to attend, speak and to vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day and where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, at the meeting at which the poll was demanded).
7. In the case of a member which is a company, the form of proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney.
8. In the case of joint holders, where more than one of the joint holders 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).
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. For details of how to revoke your proxy appointment see the notes to the notice of Meeting.
11. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Company’s register of members at 12.00 noon on 27 October 2015 (or in the case of adjournment 48 hours before the time of the adjourned meeting) will be entitled to attend and vote at the meeting. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.