Company number 6223892

ACE LIBERTY & STONE PLC

GROUP REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 24 APRIL 2007 TO 30 APRIL 2008

Merali's
Chartered Accountants & Registered Auditors
Scottish Provident House
76-80 College Road
Harrow, Middlesex
HA1 1BQ

ACE LIBERTY & STONE PLC

FINANCIAL STATEMENTS
AS AT 30 APRIL 2008

CONTENTS	**PAGES**

OFFICERS AND PROFESSIONAL ADVISORS FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

DIRECTORS

Mark Thomas, MRICS, IRRV, Non Executive Chairman
Ismail Ghandour, MBA ,Chief Executive
Ivan Minter, FCA, Finance Director
Keith Pankhurst, MRICS, Non Executive Director

SECRETARY

International Registrars Ltd

REGISTERED OFFICE

Finsgate
5-7 Cranwood Street
London EC1V 9EE

AUDITORS

Merali's
Chartered Accountants & Registered Auditors
Scottish Provident House
76-80 College Road
Harrow, Middlesex
HA1 1BQ

SOLICITORS

Pritchard Engelfield
14 New Street
London EC2M 4HE

BANKERS

HSBC Private Bank Plc
78 St James's Street
London
SW1A 1JB

CHAIRMAN'S STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

I am pleased to present the first financial results of Ace Liberty & Stone Plc covering the period from incorporation on 24 April 2007 to 30 April 2008, during which the shares of the Company were admitted to PLUS on 12 November 2007.

Financial results

The loss for the period was £83,077 on revenue of £80,396. It should be noted that the Company's first transaction was the acquisition of its subsidiary company, Silverdale Worldwide Ltd on 26 September 2007. The Company also had to bear the costs of flotation on PLUS. To that extent these results should not be treated as a general indicator for the business moving forward.

Business and operations

An investment has been made in the Ukoud Tower in Dubai during January 2008 and subsequent progress on the letting of this development has justified this decision.
The Company has raised approximately £1.9 million in cash subscriptions to date and this puts the Company in a strong position to take advantage of the present downturn in the property market.

Outlook

Since the period end a residential property in Chelsea has been purchased and a number of possible property acquisitions are being evaluated both in the UK and abroad.

Mark Thomas
Chairman

Date 29 September 2008

DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

The Directors of Ace Liberty & Stone Plc have pleasure in submitting the consolidated balance sheet of the company as at 30th April 2008, and related consolidated statement of income, consolidated changes in shareholders equity, and consolidated cash flow for the period from incorporation on 24 April 2007 to 30 April 2008.

Principal activity

The principal activity of the parent Ace Liberty & Stone Plc and the subsidiary undertaking Silverdale Worldwide Limited during the period was that of property investment. The Company was incorporated in England and Wales on 24 April 2007 and commenced trading in October 2007.

Review of the business

The loss for the year after taxation was £83,077. A more detailed review is in the Chairman's Statement on page 2.

Principal risk and uncertainties

The group's assets are its investment property holdings and the group's performance is dependent on these assets. Factors including changes to tenancy profiles, or levels, across the portfolio, have an impact on the value of the assets, and the properties' financial performances are also affected by market conditions for property as an asset class, which are in turn are also dependent on a variety of external factors. In adverse conditions a reduction in property values could occur, which could be amplified by the effect of the company's borrowings.

Analysis of performance by reference to key performance indicators.

The most important measure of the group's performance is its increase in net asset value. Net assets of the group increased by £ 2,476,568 from incorporation.

Future developments

The directors consider that the programme of investment undertaken since the PLUS listing will continue and will result in an increase in the group's profits during the period ending 30 April 2009. Further details are provided in the Chairman's Statement on page 2.

Directors

The following directors were appointed and have held office during the period:

Mark Thomas	(appointed 19/07/2007)
Ismail Ghandour	(appointed 24/04/2007)
Ivan Minter	(appointed 24/04/2007)
Keith Pankhurst	(appointed 19/07/2007)

Directors' interests in the shares of the parent undertaking, Ace Liberty & Stone PLC, including family interests, were as follows:

	30.04.08
Mark Thomas	400,000
Ismail Ghandour	19,500,000
Ivan Minter	1,500,000
Keith Pankhurst	400,000

DIRECTORS' REPORT (continued.)
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

The directors hold options over the Company's ordinary shares as follows:

	Number of Options Granted	Exercise price	Date from which exercisable & Grant Date	Expiry date
		£		
Ismail Ghandour	8,400,000	0.01	26.09.07	26.09.2012
Ivan Minter	1,200,000	0.01	26.09.07	26.09.2012
Mark Thomas	1,200,000	0.01	26.09.07	26.09.2012
Keith Pankhurst	1,200,000	0.01	26.09.07	26.09.2012
	12,000,000			

Creditors payment policy

The group's payment policy for the forthcoming year is to agree terms of payment with all suppliers before business is transacted, to ensure suppliers are aware of the agreed terms and to settle accounts in accordance with those terms.

Charitable and political donations

No such donations were made in the period.

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

Merali's have signified their willingness to continue in office and a resolution to re-appoint them, as auditor will be proposed at the Annual General Meeting.

The directors have prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

…………………………

Ivan Minter
Director

Date 29 September 2008

DIRECTORS' RESPONSIBILITIES
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

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

Company law requires the directors to prepare financial statements for each financial Period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial Period the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACE LIBERTY & STONE FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2007

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Ace liberty & Stone Plc for the period ended 30 April 2008 which comprise the consolidated Income Statement, consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required 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 shareholders as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND THE AUDITOR

The directors' responsibilities for preparing the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether the information given in the Directors' report is consistent with the consolidated financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit work in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the financial statements, and of whether the accounting policies are appropriate for the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACE LIBERTY & STONE PLC (continued)
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

OPINION
In our opinion:

- The group financial statements give a true and fair view, in accordance with IFRSs adopted by the European Union, of the state of the group's affairs as at 30 April 2008 and of its loss for the period then ended;

- The group financial statements have been properly prepared in accordance with the Companies Act 1985 and article 4 of the IAS Regulation; and

- The information given in the Directors' report is consistent with the financial statements.

Meralis
Chartered Accountants & Registered Auditors
Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ

Date 29 September 2008

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

	Notes	2008 £
Revenue	**3**	80,396
Administrative expenses	**5**	(140,511)
Operating loss		(60,115)
Investment income	**7**	47,238
Financial costs	**8**	(70,199)
Loss before taxation		(83,077)
Income tax		-
Loss for period		**(83,077)**
Earnings / (Deficit) per share from continuing operations		
Basic	**9**	(0.0004)
Diluted	**9**	(0.0004)

ACE LIBERTY & STONE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

	Share Capital £	Share Premium Reserve £	Share Option Reserve £	Retained (Deficit)/ Earnings £	Total £
As at 24 April 2007	-	-	-	-	-
Income/ (Loss) for the period			-	(83,077)	(83,077)
Total recognized income/ (deficit) for the period	-	-	-	(83,077)	(83,077)
Cost of share option for the period	-	-	8,880	-	8,880
Issue of share capital	1,892,111	-	-	-	1,892,111
Premium on shares issued during the period	-	658,654	-	-	658,654
Total shareholders' equity carried forward	**1,892,111**	**658,654**	**8,880**	**(83,077)**	**2,476,568**

CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2008
AS AT 30 APRIL 2008

	Notes	2008 £
ASSETS		
Non-current assets		
Investment properties	**10**	2,400,000
Other investments	**11**	251,577
		2,651,577
Current assets		
Trade and other receivables	**12**	23,551
Cash and cash equivalents	**13**	1,467,534
		1,491,085
TOTAL ASSETS		**4,142,662**
EQUITY		
Issued capital and reserves		
Share capital	**16**	1,892,111
Share premium reserve	**17**	658,654
Share option reserve	**18**	8,880
Retained earnings/ (deficit)		(83,077)
Shareholders funds		**2,476,568**
Non-current liabilities		
Bank loan	**14**	1,591,137
		1,591,137
Current liabilities		
Trade and other payables	**15**	74,957
		74,957
TOTAL EQUITY AND LIABILITIES		**4,142,662**

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board and signed on its behalf by

……………………………………..
Ivan Minter
Director

Date 29 September 2008

CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

	Notes	2008 £
Net cash outflow from operating activities	**19**	**(74,745)**
Investing activities		
Return on investments	**21**	47,238
Payment made for the purchase of other investments	**21**	(251,577)
Net cash outflow from investing activities		**(204,339)**
Financing activities		
Proceeds of issue of new share capital	**21**	1,750,765
Payment of the bank loan	**21**	(4,147)
Net cash raised from financing activities		**1,746,618**
Net increase in cash and cash equivalents		**1,467,534**
Cash & cash equivalents as at the beginning of period		-
Cash and cash equivalents at 30 April 2008	**13**	**1,467,534**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

1. Authorisation of consolidated financial statement and the statement of compliance with IFRS's

The group's financial statements for the period were authorised for issue on 30th September 2008 and the consolidated balance sheet signed on the board's behalf by Mr I Minter.

Ace Liberty & Stone Plc is a company incorporated and domiciled in England & Wales under the Companies Act 1985 and the registered office details is shown on the information page. It was formerly registered as a private company on 24 April 2007, and was re-registered as a public limited company on 2 November 2007.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by European Union. The principal accounting policies adopted by the company are set out in note 2.

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

IFRS 8	Operating Segments
IFRIC 15	Agreement for the construction of real estate

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company when the relevant standards and interpretations come into effect.

2 Significant accounting policies

Basis of preparation
The financial statements are presented in pounds sterling and are prepared on the historical cost basis as modified by the revaluation of investment properties. The preparation of financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Revenue
Revenue represents sale of properties, sale of services, and rental income from investment properties; excluding value added tax.

Sale of property
Revenue on sale of plots of land and properties is recognized on the basis of the full accrual method as and when all of the following conditions are met:
1) A sale is consummated and contracts are signed;
2) The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
3) The company's receivable is not subject to future subordination;
4) The company has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property; and
5) Work to be completed is both easily measurable and accrued or is not significant in relation to the overall value of the contract.

Significant accounting policies (continued)

Sale of services
Revenue from services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognized to the extent of the expenses recognized that are recoverable.

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

Interest expense recognition
Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

Cost of revenues
Cost of revenues includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of revenues in respect of projects and villas is based on the estimated proportion of the development cost incurred to date to the estimated total development costs for each project. The cost of revenues in respect of land sales is based on the total estimated cost of the land site over the total usable land area in a particular development.
Properties acquired for resale are classified as inventories. Unsold properties are stated at the lower of cost or net realizable value.

Costs incurred in bringing each property to its present location and condition are determined on a first in first out basis and comprise purchase cost and other direct costs such as legal and professional fees, commissions, etc.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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 independent valuers. 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.

Trade and other receivables
Trade and other receivables are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

Other receivables are recognised at fair value.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short-term deposits are defined as deposits with an initial maturity of three months or less.
Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

Significant accounting policies (continued)

Provisions
Provisions are recognized when the company has a present obligation that arises as a consequence of a past event, it is probable that an outflow of resources will be required to settle that obligation and the obligation can be reliably estimated. The provisions are measured as the estimated expenditure that will be required to settle such obligations as at the balance sheet date. Discounting to present value is employed in the estimation process when the effect of the time value of money is material.

Impairments
At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Financial instruments
Financial assets and liabilities are recognized in the company's balance sheet when the company becomes a party to the contractual provision of the instrument.
Trade receivables are non interest bearing and are stated at their nominal value less any appropriate provision for irrecoverable amounts.
Trade payables are non-interest bearing and are stated at their nominal value.
Fixed asset investments are shown at cost less any provision for impairment.

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 income statement over the period of the borrowings, using the effective interest method.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 the option price model and the corresponding expense is recognised over the vesting period. The share based payments expense is recognised as a staff cost and the associated credit entry is made to reserves.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

Significant Accounting Policies (continued)

Inventories
Properties acquired for resale are also classified as inventories. Unsold properties are stated at the lower of cost or net realizable value.

Costs incurred in bringing each property to its present location and condition are determined on a first in first out basis and comprise purchase cost and other direct costs such as legal and professional fees, commissions, etc.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Basis of consolidation
Subsidiary undertakings are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The consolidated financial statements include the financial statements of the company and its undertakings made up to 31 March 2008. The results of a new subsidiary undertaking are included from the date of its acquisition. Where an entity has ceased to be a subsidiary undertaking during the year, its results are included to the date of cessation.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary undertaking are measured at their fair value 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 is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

Where necessary, adjustments are made to the financial statements of subsidiary undertakings to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Revenue-gross rental income

The group only has one business segment, that of property investment and has only one geographical segment. Consequently no segmental information has been presented.

	£
Rental income	80,396

The revenue represents the rental income from investment property in the name of Silverdale Worldwide Limited in Stoke on Trent.

4. Operating loss

Operating profit/ (loss) is stated after charging/ (crediting) the following:

	£
Directors remuneration	10,000
Audit fee	12,925

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

5. Administrative expenses

The following has been included in arriving at operating profit

	£
Directors remuneration	10,000
Rates	1,084
Option cost	8,880
Premises insurance	317
Repairs to premises	30,370
Light & heat	493
Travelling expenses	2,586
Telephone	500
Legal & professional	60,476
Audit fees	12,925
Accountancy fees	7,687
Architect fees	60
Amortized interest expenses	5,133
	140,511

6. Employees and directors

There were no employees of the company other than the directors who served in their professional capacities. The only directors who received remuneration in the period were Mr I Ghandour and Mr I Minter who received £10,000 in total.
The share option charge relating to directors was £8,880. All directors are deemed to be key management personnel.

7. Investment income

	£
Interest received	47,238

8. Financing costs

	£
Interest paid on bank loan	70,199

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

9. Earnings /(Deficit) per share

Basic earnings / (deficit) per share are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares during the year.

Diluted earnings / (deficit) per share are calculated by dividing the net profit attributable to ordinary shareholders after adjustments for instruments that dilute basic Earnings per share by the weighted average of ordinary shares outstanding during the Period (adjusted for the effects of dilutive instruments).

The basic and diluted earnings / (deficit) per share is based on the loss for the period after taxation of £83,077

The weighted average number of ordinary shares outstanding during the period used in the basic earnings per share was 189,211,111

Diluted earnings per share are based on a diluted number of ordinary shares of 196,411,111, as calculated below:

Weighted average number of ordinary shares for the purposes of basic EPS	189,211,111
Weighted average number of shares under options	12,000,000
Dilutive effect of share options	(4,800,000)
Weighted average number of ordinary share for the purposes of diluted EPS	196,411,111

10. Investment properties

	Carrying Value £
Cost at the beginning of the period	-
Additions in the period-Stoke on Trent	2,400,000
At 30 April 2008	2,400,000

The fair value of the group's investment property at 30 April 2008 has been arrived at on the basis of a valuation carried out on 31 March 2006 by Reginald Cook & Co Chartered Surveyors, independent valuers not connected with the company. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.
The company has pledged all of its investment property to secure banking facilities granted to the company.

11. Other investments

	Carrying Value £
Cost at the beginning of the period	-
Additions in the period-Ukoud FZC	251,577
At 30 April 2008	251,577

On 12.02.2008, the company entered into agreement with Ukoud FZC, which is in the process of acquiring a mixed-use tower in Ras Al Khaimah.
The company shall receive in return for its investment a share of the profits generated by the project.
The investment in Ukoud FZC is considered as fixed asset investment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

12. Trade and other receivables

	£
Unamortised finance cost	20,528
Corporation tax refund	1,923
Other receivables	1,100
	3,023

13. Cash and cash equivalents

	£
HSBC current account	7,870
HSBC multi currency account	3,526
Fixed deposit account	1,456,138
	1,467,534

14. Bank loan

Current	**£**
Secured bank loan	**4,717**

Non current	**£**
Secured bank loan	**1,591,137**

The borrowings are repayable as follows:

	£
On demand or within one year	4,717
Payable between two and five years	18,868
More than one year	1,572,269
	1,595,854

The subsidiary, Silverdale Worldwide Limited has a loan of £1,600,000 with Britannia Building Society. This loan is due to be repaid on 28th March 2032 . £1,600,000 was drawn down under this facility and at 30 April 2008 the balance outstanding, after repayments made in the period, was £1,595,854. The loan is secured by a debenture comprising fixed and floating charges over all the assets and undertakings of its parent company, Ace Liberty & Stone Plc including all present and future freehold and leasehold property, book and other debts, chattels and goodwill and uncalled capital.

Interest on the loan is charged at 1.35% per annum over the Society's LIBOR Rate.

15 Trade and other payables

	£
Bank loan payable within one year (note 14)	4,717
Payable to related parties	33,937
Accruals	36,303
	74,957

16. Share capital

Authorized	**£**
1,000,000,000 ordinary shares class one of £0.01 each	**10,000,000**

Issued and fully paid	**£**
189,211,111 ordinary shares class one of £0.01 each	**1,892,111**

All issued share capital is classified as equity.

Ace Liberty & Stone Plc has one class of ordinary shares which carry no right to fixed income.

On incorporation 40,000,000 ordinary shares of 1p each were issued at par for cash. On 4 October 2007: 80,000,000 ordinary shares of 1p each were issued at par for the acquisition of Silverdale Worldwide Ltd. On 31 October 2007: 51,750,000 ordinary shares of 1p each were issued at a premium of 1p for cash. On 30 November 2007: 5,000,000 ordinary shares of 1p each were issued at a premium of 1p for cash. On 31 December 2007: 1,350,000 ordinary shares of 1p each were issued at a premium of 1p for cash. On 10 January 2008: 11,111,111 ordinary shares of 1p each were issued at a premium of 1.25p for cash.

17. Share premium reserve

	£
Balance at the beginning of the period	-
Premium arising on issue of equity shares	719,889
Expenses of issue of equity shares	61,235
Balance at 30 April 2008	**658,654**

Details of shares issued at premium in note 16.

18. Share option reserve

	£
Balance at the beginning of the period	-
Cost of option for the period	8,800
Balance at 30 April 2008	**8,800**

The share based payment charge is based on the fair value of the share options. Details of these share options are disclosed in the directors' report. The fair value of the share options has been calculated using the Black-Scholes option-pricing model. The inputs into the model are as set out below:

Expected volatility	30%
Expected life	1825 Days
Risk free rate	5.75%

The expected volatility was determined by analysing the daily share price from the plus market within the same industry.
The expected useful life used in the model is based on management's best estimates based on non-transferability, exercise restrictions and behavioural considerations.
The group's share option charge for the year in respect of share options is £ 8,880

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

19. Reconciliation of operating profit to net cash outflow from operating activities

	£
Operating loss from continuing operations	(83,077)
Investment Income	(47,238)
Cost of share option	8,880
Increase in trade and other receivables	(23,551)
Increase in trade and other payables	70,240
Net cash outflow from operating activities	**(74,745)**

20. Financial instruments

	Carrying Value 2008	Fair Value 2008
	£	£
Financial assets		
Held for sale asset	251,577	251,577
Cash and cash equivalents	1,467,434	1,467,434
Trade and other receivables	23,551	23,551
	======	======
Financial liabilities		
Trade and other payables	(74,957)	(74,957)
Bank loan	(1,591,137)	(1,591,137)
	=======	=======

21. Gross cash flow

	£
Acquisition of investments	
Ukoud FZC: investment tower in Ras Al-Khaima	251,577
Returns on investment	
Interest on fixed deposit account	47,577
Financing	
Issue of equity share for cash	1,750,765
Bank loan	
Payment of bank loan	4,147

22. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

Included in the trade and other payables is an amount of 33,939 due to Hind Property Company Limited which is a related party by virtue of common directorship, all such transactions are carried out at arm's length

<u>Other related parties:</u>
Share options granted to the directors on 26.09.2007. Details in the directors' report.

Equity shares issued to the directors and their families. Details in the directors' report.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2008

23. Going concern

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.
For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

24. Financial risk management objectives and policies

Credit risk
The company trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimized.

Liquidity risk
The company has given responsibility of liquidity risk management to the board that has formulated liquidity management tools to service this requirement.
Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Market price risk
The board of directors meets regularly to consider the asset allocation of the portfolio in order to maximise the investment return for the company while minimising the risk associated with particular industry sectors whilst continuing to follow the investment objective. There is, however, no assurance that this objective will be achieved as the value of investment property may fall as well as rise and investors may not recoup the original amount invested. The difference at any one time between the cost of subscribing for shares or redeeming shares may differ. As a result of this, any investments in the company should be viewed as a medium to long-term investment.

Interest risk
The Company has interest rate risk on its outstanding finance loans. Any change to interest rates may result in the loan interest payable either increasing or decreasing. Details of loans in place are outlined in note 12.

Gearing risk
The use of borrowing means that a change in the value of the investment portfolio of the group can be expected to result in a disproportionate movement in the net asset value of the company. Whilst this will have a positive impact on performance in a rising market, it would be unfavourable when the market moves downwards

25. Post balance sheet events.

Property acquisition:
On 18th June 2008, Ace Liberty & Stone Plc acquired a un-modernised residential building in a well regarded Chelsea location in London at a price of £ 1,638,000.

Issue of shares
On 19th August 2008, Ace Liberty & Stone Plc issued 4,000,000 ordinary shares at a price of 2.5p per share in respect of a placing. Following the issue of the shares, the total issued share capital of the company is 193,211,111.