



Alpha Strategic PLC
Report and Accounts

For the period from incorporation to 31st March 2006

Registered Number 5387808

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Directors and Advisers

Executive Directors:	Colin Barrow – Chairman Kit Malthouse – Chief Executive
Non Executive Directors:	Colin Clark Nicola Meaden
Secretary and Registered Office:	Kit Malthouse 8 Barton Street London SW1P 3NE
Nominated Advisers:	Strand Partners 26 Mount Row London W1K 3SQ
Brokers:	Teather and Greenwood Limited Beaufort House 15 St Botolph Street London EC3A 7QR
Registrars:	Capita IRG plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registered Auditors:	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL
Legal Advisers:	SJ Berwin LLP 10 Queen Street Place London EC4R 1BE
Bankers:	HSBC plc 69 Pall Mall London SW1Y 5EY

Chairman's Statement

It is with great pleasure that we present this our first annual report. It has been an eventful and pleasing first period.

Since our successful flotation in August 2005 we have been pursuing our stated aim of seeking to acquire revenue streams from hedge fund management businesses. We have held discussions with a large number of managers and their advisers, informing the industry about our business model and the benefits to hedge fund managers. The reception has been universally positive and we have established a number of relationships, which we believe should prove fruitful in the future

Throughout, we have stressed that our primary concern in selecting target acquisitions is quality. We firmly believe that the long term future of the company will be determined by only entering into arrangements with large, high quality managers who have the financial strength, track record and foresight to see the many advantages of the Alpha model.

We were therefore extremely pleased, that following the period end, we were successful in completing our first transaction with one of the highest quality managers in London, Winton Capital Management Limited.

Winton, who manage over US \$5 billion in a style based upon the statistical properties of market behaviour, was founded by David Harding, one of the original creators of the AHL trading system (now part of Man Group PLC).

We agreed to acquire a subsidiary company from Winton, called Winton Advisors Limited, which provides certain services in return for an entitlement to half the fees due on a US \$100 million capacity sub-fund based in Luxembourg.

The fund is aimed at the Swiss institutional market and is therefore in the process of seeking Swiss regulatory approval in addition to the Luxembourg approval already granted. This will facilitate the marketing process and we expect the fund to reach capacity within 12 months. If Winton perform to their historic average of approximately 20% return, then our share of the annual management and performance fees once capacity has been reached, would be around US \$2.5 million. Funds under management have risen since the acquisition to US \$16.5m.

The key component of this transaction however is the very high quality that Winton represent. We believe this can only add to the future success of the company, and will doubtless make us more attractive to future candidate managers.

During the period we also appointed Nicola Meaden as a non-executive director. Nicola brings many years of top level experience in the hedge fund industry, and has already been an invaluable addition to the board. Our thanks go to her and our senior non-executive director, Colin Clark, for their wise counsel and work during the period. Our thanks also go to our shareholders for their continuing support

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Chairman's Statement (continued)

In financial terms, the result for the period is satisfactory. Cost containment was uppermost in our mind, and I am pleased that, despite the fairly heavy cost of flotation, we have maintained a very healthy cash balance.

Colin Barrow CBE
Chairman
18 July 2006

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Directors' Report

The directors present their report and the audited financial statements for the period ended 31st March 2006

Principal Activities

The principal activity of the company is to acquire shares in, or enter joint ventures with, hedge fund management businesses, so as to acquire a high quality diversified revenue stream.

Review of the Business

The profit and loss account is set out on page 13.

The company was incorporated on 10th March 2005 under the name Tribepride plc.

On 30th June 2005 the two subscriber and only shares in issue were transferred, one each to Colin Barrow and Kit Malthouse.

By written resolution passed on 8th July 2005 the authorized share capital was increased by £50,000 by the creation of 500 Ordinary Shares of £1 each and 2,000 A Shares. On the same day, both subscriber shares were fully paid up and Colin Barrow and Kit Malthouse subscribed further for 249 Ordinary shares and 1,000 A Shares each.

The name of the company was changed to Alpha Strategic PLC on 11th July 2005.

By ordinary resolution passed on 1st August 2005 each of the Ordinary Shares of £1 each was subdivided into 100 Ordinary Shares. On 11th August 2,950,000 Ordinary Shares were placed at a price of £1 and the company was admitted to trading on AIM.

Since admission the company has pursued the objectives laid out in the admission document.

Further details of the review of the business are given in the Chairman's Statement on pages 4 and 5.

Post Balance Sheet Event

On 22nd May 2006 the company announced the acquisition of the entire share capital of Winton Advisors Limited. Consideration for the purchase was £327,010 satisfied by the issue of 308,500 Ordinary Shares of 1 pence each at a price of £1.06 per share. The shares were admitted to trading on AIM on 26th May 2006.

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Directors' Report (continued)

Dividends

The directors do not recommend the payment of a dividend for the period ended 31st March 2006.

Directors and their interests

Colin Barrow and Kit Malthouse were appointed directors on 30th June 2005. Kit Malthouse was also appointed company secretary on that date. Colin Clark was appointed as a director on 11th July 2005. Nicola Meaden was appointed as a director on 4th October 2005.

The names of the directors of the company at 31st March 2006 and of those who served during the period, and details of their beneficial shareholdings are listed below.

Current Directors		31 st March 2006	
Colin Barrow	Ordinary Shares of 1p A Shares of £24.75	500,000 1,000	16.66%
Kit Malthouse	Ordinary Shares of 1p A Shares of £24.75	50,000 1,000	1.66%
Colin Clark	Ordinary Shares of 1p	100,000	3.33%
Nicola Meaden	Ordinary Shares of 1p	100,000	3.33%

Substantial Shareholders

At 31st March other than the directors, the substantial shareholders of the company were as follows:

Malcolm Easey	5.00%
David Harding	11.25%
Horizon Management DP Limited	4.50%
HSDL Nominees Limited	3.45%
IGPL Limited	8.33%
OMX Securities Nominees Limited	5.01%
Roy Nominees Limited	10.00%

Directors' Report (continued)

Employees

There were no employees of the company other than the directors during or at the end of the financial period.

Creditors Payment Policy

It is the company's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions.

Corporate Governance

The directors fully support the recommendations of the Combined Code on Corporate Governance. As the company continues to grow, the directors will review their compliance with the Code from time to time and will adopt such of the provisions as the directors consider appropriate to the size of the company.

Going concern

The directors are confident that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Risk Management

The directors consider proper risk management to be crucial to the company's future success and give a high priority to ensuring that adequate systems and structures are in place to measure, analyse and limit exposure to risk. The directors have established key procedures to ensure that internal controls are effective and are commensurate with a company of this size. A key control procedure is the day to day supervision of the business by the directors. Other internal control procedures and reviews for effectiveness by the Board continue to be developed.

Further details are given in note 10.

Investment Strategy

In compliance with the AIM rules, a resolution will be proposed at the Annual General Meeting to approve the continuation of the Company's investment strategy.

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Directors' Report (continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

In accordance with s. 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for the reappointment of BDO Stoy Hayward LLP as auditor of the company. A resolution will also be proposed authorising the directors to determine the auditor's remuneration.

By Order of the Board

Kit Malthouse
Company Secretary
18 July 2006

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 Auditors Reports to the Shareholders of Alpha Strategic PLC

We have audited the financial statements of Alpha Strategic PLC for the period ended 31st March 2006 which comprise the Profit and Loss Account, the Reconciliation of Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the 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 financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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 other transactions 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 report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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Independent Auditors Reports to the Shareholders of Alpha Strategic PLC (continued)

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 reasonable assurance that the 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 financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2006 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

London
18 July 2006

Alpha Strategic PLC
Report and Accounts for the period ended 31st March 2006

Profit and Loss Account For the period ended 31 st March 2006	Notes	Period from Incorporation to 31 st March 2006 £'000
Administrative expenses		(282)
Operating Loss	2	<u>(282)</u>
Interest receivable and similar income		73
Loss on ordinary activities before tax		<u>(209)</u>
Taxation on loss on ordinary activities	4	-
Loss for the period	9	<u>(209)</u>
Loss per share (pence)	5	<u><u>(11.62)p</u></u>

There are no recognised gains or losses for the period other than the loss for the period.

Alpha Strategic PLC
Report and Accounts for the period ended 31st March 2006

Reconciliation of movement in Shareholders' funds	Period from Incorporation to 31 st March 2006 £'000
Loss for the financial period	(209)
Issue of Ordinary Shares	2,950
Issue of A Shares	50
Share issue expenses	(271)

Net addition to Shareholders' funds	2,520
Shareholders' funds at the start of the period	-

Shareholders' funds at the end of the period	2,520
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Alpha Strategic PLC
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Balance Sheet As at 31 st March 2006	Notes	31 st March 2006 £'000
Current assets		
Debtors	6	8
Investments	7	2,476
Cash		73
		<hr/>
		2,557
Creditors: Amounts falling due within one year	8	(37)
		<hr/>
Net current assets		2,520
		<hr/>
Net assets		2,520
		<hr/> <hr/>
Capital and Reserves		
Called up share capital	9	80
Share Premium Account	9	2,649
Profit and Loss Account	9	(209)
		<hr/>
Shareholders' Funds		2,520
		<hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 18 July 2006

Kit Malthouse
Director

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Cash Flow statement for the period ended 31 st March 2006	Notes	Period from Incorporation to 31 st March 2006 £'000		
Net cash outflow from operating activities	11	(253)		
Net cash inflow from returns on investment and servicing of finance – interest received		73		

Net cash outflow before use of liquid resources and financing		(180)		
Management of liquid resources				
Sale of investment		24		
Purchase of investments		(2,500)		

Net cash outflow before financing		(2,656)		
Financing				
Issue of A shares		50		
Issue of Ordinary Shares		2,950		
Share issue costs		(271)		

		2,753		

Increase in cash		73		
		=====		
Reconciliation of net cash flow to movement in net funds		Period from Incorporation to 31 st March 2006 £'000		
Increase in cash		73		
Cash outflow from change in liquid resources		(2,476)		

Movement in net funds resulting from cash flows and closing net funds		(2,403)		
		=====		
Analysis of changes in net funds	On incorporation	Cash movement	Non-cash movement	At 31 st March 2006
Cash	-	73	-	73
Other liquid resources	-	(2,476)	-	(2,476)
	-----	-----	-----	
Total	-	(2,403)	-	(2,403)
	=====	=====	=====	=====

Notes to the Financial Statements
for the period ended 31st March 2006 (continued)

1. Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

2. Operating Loss

The operating loss for the period is stated after charging:

	Period from Incorporation to 31 st March 2006 £'000
Auditors' remuneration - audit fees	10
Auditors' remuneration – non-audit fees	1
	<u>11</u>

Auditors' remuneration of £12,500 in respect of share issue costs has been charged against the share premium reserve.

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Notes to the Financial Statements
for the period ended 31st March 2006 (continued)

3. Directors Emoluments

Amounts paid to directors during the period were:

	Period from Incorporation to 31 st March 2006 £'000
Directors Emoluments	159
Highest Paid Director	75

Other than the directors there were no other employees during the period.

4. Taxation

There is no charge due to the loss incurred in the period. The tax assessed for the period varies from the standard rate of corporation tax in the UK. The differences are explained below:

	Period from Incorporation to 31 st March 2006 £'000
Loss on ordinary activities before taxation	(209)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(63)
Effect of:	
Expenses not deductible for tax purposes	1
Losses carried forwards	62
Current tax charge	-

At 31st March 2006, the company had a deferred tax asset of £62,000 relating to tax losses carried forwards which had not been provided for in the financial statements.

Notes to the Financial Statements
for the period ended 31st March 2006 (continued)

5. Loss per share

The loss per share is calculated on the loss on ordinary activities after tax of £209,027 and using the weighted average number of shares in issue during the period of 1,798,259. There were no instruments in issue which had a dilutive effect on the loss per share.

6. Debtors

	31 st March 2006 £'000
Prepayments	6
Taxation and social security	2

	8
	=====

7. Investments

During the period the company has used the £2,500,000 of the cash raised during the flotation to purchase shares in a sterling currency fund in order to maximize earnings. During the period certain shares in the fund were sold to provide working capital and at 31st March 2006 the carrying and market value of this holding was £2,475,685. The investment is unlisted.

8. Creditors falling due within one year

	31 st March 2006 £'000
Trade Creditors	27
Accruals	10

	37
	=====

Notes to the Financial Statements
for the period ended 31st March 2006 (continued)

9. Share capital and reserves

	Authorised		Allotted, called up and fully paid	
	Number	£'000	Number	£'000
Equity share capital				
Ordinary shares of 1p each	10,050,000	100	3,000,000	30
A Shares of £24.75 each	2,000	50	2,000	50
	Ordinary Shares	A Shares	Share premium Account	Profit & loss account
	£'000	£'000	£'000	£'000
On incorporation	-	-	-	-
Allotments during the period	30	50	2,920	-
Share issue expenses	-	-	(271)	-
Retained loss for the period	-	-	-	(209)
At 31 st March 2006	30	50	2,649	(209)

During the period the company undertook the following share transactions:

8 March 2005	2 ordinary shares of £1 each issues at par for cash
8 July 2005	498 Ordinary Shares of £1 each issued at par for cash
8 July 2005	2,000 A Shares of £24.75 each issued at par for cash
1 August 2005	each ordinary share of £1 each was subdivided into 100 Ordinary Shares of 1p each
11 August 2005	2,950,000 Ordinary Shares of 1p each issued at a premium of 99p per share for cash

The holders of the A Shares do not have the right to vote at general meetings and do not have the right to be paid any dividend. Conditional on the market price of each ordinary share being double the placing price for 30 consecutive business days within the period between the first and fifth anniversary of admission to AIM and thereafter the market price of each ordinary share being three times the placing price for 30 consecutive business days, a holder of A Shares may exercise in whole or in part the conversion rights attaching to the A Shares held, with the exchange being on the basis of a fixed interest in ordinary shares in exchange for each A share.

Notes to the Financial Statements
for the period ended 31st March 2006 (continued)

9. Share capital and reserves (continued)

At 31 March 2006 the performance criteria for conversion had not been met. Had the criteria been met at 31 March 2006 and all of the A Shares had been converted at that date, an additional 300,000 Ordinary Shares would have been issued.

All A Shares which are in issue and remain unconverted after the tenth anniversary of the date of admission to AIM shall be converted into deferred shares. These deferred shares would have no voting rights or dividend entitlement, being entitled to the initial amount subscribed for the A shares on liquidation of the company.

10. Financial instruments

The company's financial instruments comprise, for the purpose of FRS 13, cash and investments. The main risks arising from the company's instruments are market risk, interest rate risk and liquidity risk. The company is not directly exposed to foreign currency risk. The policies for managing each of these risks are summarised below.

As permitted by FRS 13, no disclosures have been made in respect of short term debtors and creditors.

Market risk

Market risk is the risk of loss arising from adverse movements in the level or volatility of market prices of current asset investments. The company monitors market risk on a regular basis.

Interest rate risk

Floating rate financial assets comprise:

	31 st March 2006 £'000
Cash	73
Investments	2,476

	2,549
	=====

Interest is received on the cash at bank at variable rates based upon LIBOR. No interest is received on the investments. There are no fixed rate financial assets.

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Notes to the Financial Statements
for the period ended 31st March 2006 (continued)

10. Financial instruments (continued)

Liquidity risk

The company's financial assets were due within one year throughout the period.

Undrawn bank facilities

The Group had no undrawn committed bank borrowing facilities available to it.

11. Reconciliation of operating loss to cash flows

	Period from Incorporation to 31 st March 2006 £'000
Operating loss	(282)
Movement in debtors	(8)
Movement in creditors	37

Net cash outflow from operating activities	(253)
	=====

12. Related party transactions

During the period, the company has accounted for costs of £33,333 for use of services and occupation of premises owned by Colin Barrow, a director of the company.

During the period the company has paid £492 to County Asset Finance Limited, a company controlled by Kit Malthouse, a director of the company. This represents a recharge of costs incurred in use of County Asset Finance's Companies House account, and was recharged at cost.

13. Post Balance Sheet Event

Detail of the post balance sheet event is given in the Directors' Report.

14. Copies of the results

Copies of the financial statements can be obtained by contacting the company secretary at London House, 8 Barton Street, London SW1P 3NE.