

Alpha Strategic PLC
Results for the year ended at 31st March 2008



Alpha Strategic PLC
Results for year
ended 31st March 2008

Financial Highlights

- **Revenue up 350% to £669k (2007 - £191k)**
- **Total revenue increases to £784k (2007 - £301k)**
- **Pre tax profit of £40k (2007 - (loss) £144k) despite significant non- recurring aborted transaction costs**
- **Excellent investment performance with funds under management in the Global Futures Fund at \$37.8 million**
- **Healthy cash and debtor balance at £2.4 million (2007 - £2.3 million)**
- **Global Futures Fund marketing territory extended to Germany and Austria**

To obtain a copy of this report, and for comprehensive information on the Company and its Directors, please visit our website at:

www.alphastrategic.co.uk

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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 66 Buckingham Gate London SW1E 6AU
Nominated Advisers:	Strand Partners Limited 26 Mount Row London W1K 3SQ
Nominated Brokers:	Landsbanki Securities (UK) 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 55 Baker Street London W1U 7EU
Legal Advisers:	SJ Berwin LLP 10 Queen Street Place London EC4R 1BE Marriott Harrison Staple Court 11 Staple inn Buildings London WC1V 7QH
Bankers:	HSBC plc 69 Pall Mall London SW1Y 5EY



Chairman's Statement

The second full year of operation of the Company has been very active, although sadly frustrating. Our financial performance has been very satisfactory with operating revenue up 350% and good cost control, marred only by abortive acquisition costs, much of which we hope to recover.

As you will see from the accounts within this report, the performance on the Global Futures Fund (the "GFF") has been outstanding. During a period of fluctuating fortunes for many in the hedge fund industry, our partners, Winton Capital proved their quality and turned in an excellent year, returning over 30% on the GFF Class D units. This has resulted in a rise in revenue for Alpha, up over 300% undoubtedly adding to the future marketability of the GFF.

During the year the GFF achieved regulatory approval under proviso from the Swiss authorities, and at the date of this report work is still ongoing to address one remaining technical issue between the Swiss and Luxembourg regulatory authorities. The lawyers concerned are optimistic that this work will soon be completed and full marketing can then commence. In the meantime it has been agreed with Winton Capital that the marketing territory for the fund will be extended from Switzerland to include Germany and Austria, and we anticipate that this will increase the growth in funds under management significantly. At the date of this report funds under management stand at approximately \$37.8 million.

The year began with the prospect of a very large transaction undertaken in partnership with a major investment bank. Following extensive discussions between us a joint project was agreed whereby we would attempt to bring together three to five revenue streams from a group of larger hedge fund managers and acquire them simultaneously. After many weeks of work we were successful in attracting two such managers to the project but neither would proceed without at least a third. At that point there was a downturn in perceptions of market valuation, and as the summer progressed, the increased volatility in the stock market meant that it became impossible for us to continue with the proposal.

In July of 2007 we were introduced to a medium sized Scandinavian hedge fund manager. One of the principals had indicated that he wished to exit the company and dispose of his holding. Following a number of meetings and visits to Scandinavia, we satisfied ourselves that the firm would be a good fit with the Alpha model and successfully negotiated a transaction over the course of the summer. Heads of terms were agreed, and we proceeded to initiate formal due diligence and prepare legal work. However as we approached completion of the transaction in late November it became apparent that relations between the three principals were deteriorating badly. Shortly before we were due to announce the transaction to our Shareholders; we were informed that our acquisition would be viewed by the remaining hedge fund principals as "hostile".

We considered that taking an hostile position in an overseas company would not be in the best interests of our Shareholders or indeed commensurate with the Alpha philosophy and hence we reluctantly decided to withdraw from the transaction.

At such an advanced point in the process, we had obviously incurred significant professional fees, and we obtained an undertaking that, given their sudden change of heart, and in consideration of our withdrawal, the hedge fund manager concerned would settle those fees.

Sadly, a couple of months later the hedge fund manager decided to withdraw from this promise. Following legal advice we decided to initiate legal proceedings for the recovery of our fees and that litigation is now ongoing.

Finally as the New Year began we revived a transaction that we have been working on for over two years and agreed outline terms for the acquisition of a significant revenue share from a seeding platform that wished to effect a disposal. However the underlying manager experienced a performance dip in the first quarter of 2008 and hence the transaction was called off for the time being.

On 1st May 2008 our Chief Executive, Kit Malthouse, was elected to the London Assembly and was appointed by the new Mayor of London as Deputy Mayor with responsibility for Policing in the Capital. This new position will obviously impact Kit's ability to continue as chief executive on a full time basis, and following discussions with the board, it has been agreed that we will search for a new executive to take on the bulk of the work that Kit has thus far undertaken. Kit has agreed to continue as chief executive until we select a suitable candidate and to assist in the search process. Following a new appointment we envisage that Kit will continue as a director of the Company, but in a more transactional role, utilizing the contacts and knowledge he has accumulated over the last three years.

Throughout the year we have continued to actively market the Alpha offering and have held a number of promising meetings with a variety of managers at various stages of evolution and as I write we have a number of nascent conversations ongoing. What is apparent to us is that our model of operation is receiving ever increasing appreciation and credibility within the industry and hence we feel confident in continuing to pursue our chosen strategy.

We are fortunate that after nearly three years of effort our high level market contacts in the industry are good, and our networks extensive. We enjoy the support and assistance of a number of prominent professional firms and prime brokerage houses and this undoubtedly adds credibility to our offering. We continue to search diligently for our next acquisition with, as ever, quality being our major concern.

We remain grateful to our advisors, shareholders and partners for their continued support and help as we seek to execute our stated aim of bringing the very best performers in the hedge fund industry to the public market.

Colin Barrow, Chairman.

Operating and financial review

The Company is designed to have a low overhead, flat management structure and hence its financial performance is relatively transparent.

During the year total revenue rose significantly following a period of outstanding investment performance by the managers of the Global Futures Fund, Winton Capital Management Limited. This resulted in total management fees accruing to the Company of £669,000. Overall revenue rose to £784,000 which included interest earnings from our Sterling liquidity fund.

Ongoing administration costs of the Company rose marginally, but were still held at low levels. During the year the Company relocated its offices, which resulted in a slight rise in rental charges. We continue to be very cost conscious, our aim being to maximize returns and move to a position where a dividend may be paid.

Despite this excellent performance, we experienced significant non-recurring transaction abort fees during the year, which are now the subject of recovery proceedings (Note 6) and this depressed overall performance.

However, despite these costs the Company moved into profit and has maintained a very healthy cash balance.

The Company is very cautious about deployment and investment of its cash balance, and all surplus funds are held in a Sterling money market account operated by HSBC.

The Company's performance is of course entirely dependent upon the fees generated by the investment results of the Global Futures Fund. As mentioned this has been excellent over the last year and given the intent to widen the marketing territory and the imminent resolution of any remaining regulatory issues in Switzerland and Luxembourg, we expect a significant uplift in funds under management and hence fees due to the Company in the next financial year.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st March 2008.

Principal Activities

The principal activity of the Group and the Company is to acquire shares in, or enter joint ventures with, or provide services to, hedge fund management businesses, so as to acquire high quality diversified revenue streams.

Review of the Business and Future Activities

Details of operations, business development and current projects are set out in the Chairman's statement on page 4 and the Operating and financial review on page 6.

The results for the year are set out in the Consolidated income statement on page 13.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31st March 2008.

Directors and their interests

The names of the Directors of the Company at 31st March 2008 and of those who served during the year, and details of their beneficial shareholdings, are listed below.

Current Directors and their interests in the share capital of the Company:

		At 1st April 2007 and 31st March 2008
Colin Barrow	Ordinary Shares of 1p	500,000
	A Ordinary Shares of £24.75	1,000
Kit Malthouse	Ordinary Shares of 1p	50,000
	A Ordinary Shares of £24.75	1,000
Colin Clark	Ordinary Shares of 1p	100,000
Nicola Meaden	Ordinary Shares of 1p	100,000

Substantial Shareholders

At 31st March 2008 the substantial shareholders of the Company were as follows:

Colin Barrow	15.11%
David Harding	11.25%
Roy Nominees Ltd	10.00%
Winton Capital Management Ltd	9.32%
IPGL Limited	8.33%
MOX Securities Nominees Ltd	5.01%
Malcolm Easey	5.00%
Horizon Management DP Ltd	4.50%
HSDL Nominees Ltd	3.45%
Colin Martin Clark	3.02%
Nicola Marie Meaden	3.02%

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. Trade creditors of the Company at 31st March 2008 represented 34 days of annual purchases (2007: 34 days).

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 being appropriate to the size of the Company.

Going concern

Based on a review of the Company's budgets and cash flow plans, the Directors are satisfied that the Company has sufficient resources to continue its operations and to meet its commitments for the foreseeable future.

Principal risks

Details of the principal risks affect the Group and the Company are given in note 21.

Auditors

The Directors, having prepared the financial statements, have requested the Auditors to take whatever steps and to undertake whatever inspections they consider appropriate for the purposes of giving their reports. Each Director has responsibility for ensuring that as far as he/she is aware, there is no relevant audit information of which the Auditors are unaware, and that he/she has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information (that is, relevant to the preparation of the Auditors' reports) and to establish that the Company's Auditors are aware of that information. During the year the Directors confirm that they have performed their responsibilities as stated.

Alpha Strategic PLC
Results for the year ended at 31st March 2008

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
19th June 2008

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The directors have chosen to prepare financial statements for the Company in accordance with IFRSs.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- 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 entity's financial position and financial performance.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report to the shareholders of Alpha Strategic PLC

We have audited the Group and parent Company financial statements (the "financial statements") of Alpha Strategic PLC for the year ended 31st March 2008 which comprise the consolidated income statement, the consolidated and Company balance sheets, the consolidated and Company cash flow statements, the consolidated and Company statements of changes in equity 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 annual report and 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 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 the directors report, the chairman's statement and the operating and financial review 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 Group's and 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 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 Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31st March 2008 and of its profit for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 31st March 2008;
- 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

19th June 2008

Consolidated Income Statement

For the year ended 31st March 2008

	Notes	Year to 31 st March 2008 £'000	Year to 31 st March 2007 £'000
Revenue	5	669	191
Other administrative expenses		(505)	(445)
Aborted acquisition costs	6	(239)	-
Administrative expenses		(744)	(445)
Loss from operations	7	(75)	(254)
Finance income			
Interest receivable and similar income		115	110
Profit/(loss) before tax		40	(144)
Tax expense	11	12	-
Profit/(loss) for the year attributable to equity holders of the Company		28	(144)
Basic earnings/(loss) per share	12	0.85p	(4.41)p
Diluted earnings/(loss) per share	12	0.76p	(4.41)p

The notes on pages 19 to 39 form part of these financial statements.

Consolidated Balance Sheet

As at 31st March 2008

	Notes	31 st March 2008 £'000	31 st March 2007 £'000
Assets			
Non-current assets			
Intangible assets	13	415	415
Property, plant and equipment	14	8	-
Total non-current assets		423	415
Current assets			
Trade and other receivables	16	348	39
Available-for-sale financial assets	17	1,891	2,134
Cash and cash equivalents		163	167
Total current assets		2,402	2,340
Total assets		2,825	2,755
Liabilities			
Current liabilities			
Trade and other payables	18	(83)	(53)
Current tax liabilities		(12)	-
Total liabilities		(95)	(53)
Total net assets		2,730	2,702
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	83	83
Share premium reserve		2,649	2,649
Merger reserve		323	323
Retained earnings		(325)	(353)
Total capital and reserves		2,730	2,702

The financial statements were approved by the board and authorised for issue on **19th June 2008**

Kit Malthouse
Director

The notes on pages 19 to 39 form part of these financial statements.

Company Balance Sheet

As at 31st March 2008

	Notes	31 st March 2008 £'000	31 st March 2007 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	8	-
Investment in subsidiary	15	415	415
Total non-current assets		423	415
Current assets			
Trade and other receivables	16	137	38
Available-for-sale financial assets	17	1,891	2,134
Cash and cash equivalents		53	63
Total current assets		2,081	2,235
Total assets		2,504	2,650
Liabilities			
Trade and other payables	18	(570)	(116)
Total liabilities		(570)	(116)
Total net assets		1,934	2,534
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	83	83
Share premium reserve		2,649	2,649
Merger reserve		323	323
Retained earnings		(1,121)	(521)
Total capital and reserves		1,934	2,534

The financial statements were approved by the board and authorised for issue on **19th June 2008**

Kit Malthouse
Director

The notes on pages 19 to 39 form part of these financial statements.

Consolidated Cash Flow Statement for the year to 31st March 2008

	Note	Year to 31 st March 2008 £'000	Year to 31 st March 2007 £'000
Cash flows from operating activities			
Profit/(loss) after tax for the year		28	(144)
Finance income		(115)	(110)
Tax expense		12	-
Depreciation		1	-
Cash flows from operating activities before changes in working capital		(74)	(254)
Increase in trade and other receivables		(309)	(31)
Increase in trade and other payables		30	16
Cash used by operating activities		(353)	(269)
Cash flows from investing activities			
Purchases of plant and equipment		(9)	-
Acquisition of subsidiary undertaking		-	(89)
Interest received		115	110
Cash flow from investing activities		106	21
Net decrease in cash and cash equivalents		(247)	(248)
Cash and cash equivalents at beginning of the year		2,301	2,549
Cash and cash equivalents at end of the year		2,054	2,301
Cash and cash equivalents comprise:			
Available-for-sale financial assets	17	1,891	2,134
Cash		163	167
Cash and cash equivalents at end of the year		2,054	2,301

The notes on pages 19 to 39 form part of these financial statements.

Company Cash Flow Statement for the year to 31st March 2008

	Note	Year to 31 st March 2008 £'000	Year to 31 st March 2007 £'000
Cash flows from operating activities			
Loss after income tax for the year		(600)	(312)
Finance income		(108)	(110)
Depreciation		1	-
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Cash flows from operating activities before changes in working capital		(707)	(422)
Increase in trade and other receivables		(99)	(30)
Increase in trade and other payables		454	79
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Cash used by operating activities		(352)	(373)
Cash flows from investing activities			
Purchase of plant and equipment		(9)	-
Acquisition of subsidiary undertaking		-	(89)
Interest received		108	110
<hr/>			
Cash flow from investing activities		99	21
<hr/>			
Net decrease in cash and cash equivalents		(253)	(352)
Cash and cash equivalents at beginning of the year		2,197	2,549
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Cash and cash equivalents at end of the year		1,944	2,197
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Cash and cash equivalents comprise:			
Available-for-sale financial assets	17	1,891	2,134
Cash		53	63
<hr/>			
Cash and cash equivalents at end of the year		1,944	2,197

The notes on pages 19 to 39 form part of these financial statements.

Consolidated statement of changes in equity

	31 st March 2008					
	Share Capital	Share Capital 'A' shares	Share premium	Merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 st April 2007	33	50	2,649	323	(382)	2,673
Amortisation written back (note 4)	-	-	-	-	29	29
Restated balance	33	50	2,649	323	(353)	2,702
Profit for the year	-	-	-	-	28	28
At 31st March 2008	33	50	2,649	323	(325)	2,730

Share Capital is the amount subscribed for ordinary shares and A ordinary shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

The merger reserve comprises the excess the amount subscribed for share capital over the nominal value of ordinary shares issued in respect of the acquisition of Winton Advisors Limited in accordance with the Companies Act 1985.

Retained earnings represent cumulative losses of the Group attributable to equity holders. There were no changes in equity in the prior year other than the loss for the period.

Company statement of changes in equity

	31 st March 2008					
	Share Capital	Share Capital 'A' shares	Share premium	Merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 st April 2007	33	50	2,649	323	(521)	2,534
Loss for the year	-	-	-	-	(600)	(600)
At 31st March 2008	33	50	2,649	323	(1,121)	1,934

Share Capital is the amount subscribed for ordinary shares and A ordinary shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

The merger reserve comprises the excess the amount subscribed for share capital over the nominal value of ordinary shares issued in respect of the acquisition of Winton Advisors Limited in accordance with the Companies Act 1985.

Retained earnings represent cumulative losses of the Company attributable to equity holders. There were no changes in equity in the prior year other than the loss for the period.

1. Corporate information

Alpha Strategic PLC is a Company incorporated in England.

2. Basis of preparation and accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the Company and the Group to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs"), and are in accordance with IFRS as issued by the IASB.

This is the first time the Company and Group have prepared financial information in accordance with IFRS, having previously prepared its financial statements in accordance with UK GAAP. Details of the effects of the transition are given in note 4 below.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1st January 2008 or later periods and which the Group has decided not to adopt early. These are:

IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1st January 2009).

This standard sets out requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It replaces IAS 14, Segmental Reporting. The Group expects to apply this standard in the accounting period beginning on 1st April 2009. As this is a disclosure standard it will not have impact on the results or net assets of the Group.

IAS 23, Borrowing Costs (revised) (effective for accounting periods beginning on or after 1st January 2009).

The revised IAS 23 is still to be endorsed by the EU. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale. There is not expected to be impact on the Group's accounts from its adoption.

IFRIC 11, IFRS 2 - Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1st March 2007).

IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether: (a) the employee's rights to the entity's equity instruments were granted by the entity itself or

by its shareholder(s); or (b) the share-based payment arrangement was settled by the entity itself or by its shareholder(s). There is not expected to be impact on the Group's accounts from its adoption.

IFRIC 12, Service Concession Arrangements (effective for accounting periods beginning on or after 1st January 2008).

IFRIC 12 is still to be endorsed by the EU. IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Group's operations due to the absence of such arrangements.

IFRIC 13, Customer Loyalty Programmes (effective for accounting periods beginning on or after 1st July 2008).

IFRIC 13 is still to be endorsed by the EU. IFRIC 13 addresses sales transactions in which the entities grant their customers award credits that, subject to meeting any further qualifying conditions, the customers can redeem in future for free or discounted goods or services. IFRIC 13 is not relevant to the Group's operations due to absence of such arrangements.

IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1st January 2008).

IFRIC 14 is still to be endorsed by the EU. IFRIC 14 clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. IFRIC 14 is not relevant to the Group's operations due to absence of such arrangements.

IAS 1 - Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009, yet to be endorsed by the EU) replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005.

IAS 1 amends some of the terminology used in regard to the primary statements. Furthermore it introduces a requirement to include a complete set of financial statements a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements. In addition the requirements in regard to the presentation of changes in equity and income and expenses are altered.

Management is currently assessing the impact of the amendments on the accounts.

Amendments to IAS 32, "Financial Instruments: Presentation" and IAS 1, "Presentation of Financial Statements" - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009, yet to be endorsed by the EU)

IAS 32 is amended by requiring some financial instruments that meet the definition of a financial liability to be classified as equity. The amendment addresses the classification of some puttable financial instruments, and instruments, or components of instruments,

that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation.

Management is currently assessing the impact of the amendments on the accounts.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements' (amendments effective for annual periods beginning on or after 1 January 2009, yet to be endorsed by EU)

The amendment addresses issues re the determination of the costs of investment in a subsidiary, jointly controlled entity or associate in the separate financial statements of an entity at the date of transition to IFRS. In regard to a new parent entity's separate financial statements, the amendments require changes where:

- a parent company or a single entity (an existing entity) decides to reorganise its operating structure by forming a new parent entity, such that the existing entity becomes a wholly-owned subsidiary of the new parent; and
- the new parent is formed in a manner that does not change:
 - the relative ownership interests of the owners of the existing entity; or
 - the equity, assets and liabilities of the Group.

Management is currently assessing the impact of the amendments on the accounts.

Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27, 'Consolidated and separate financial statements' (both effective for accounting periods beginning on or after 1st July 2009).

This revised standard and amendments are still to be endorsed by the EU. The revised IFRS 3 and amendments to IAS 27 arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the accounts.

Management is currently assessing the impact of the amendments on the accounts.

Amendment to IFRS 2, Share-based payments: vesting conditions and cancellations (effective for accounting periods beginning on or after 1st January 2009).

This amendment is still to be endorsed by the EU. The Amendment to IFRS 2 is of particular relevance to companies that operate employee shares save schemes. This is because it results in an immediate acceleration of the IFRS 2 expense that would otherwise have been recognised in future periods should an employee decide to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan. This amendment is not relevant to the Group's operations due to absence of such arrangements.

Management is currently assessing the impact of the amendments on the accounts.

Annual improvement project encompassing amendments of several standards which result in accounting changes for presentation, recognition or measurement

purposes (all changes effective for accounting periods starting on or after 1 January 2009, yet to be endorsed by EU):

This review will result in a number of changes to existing standards and management is currently assessing the impact of the amendments on the accounts.

B Revenue

The Group's revenues arise in respect of services provided to independent hedge investment funds and comprise management fees and the reimbursement to the Group of management expenses. Revenues are recognised only to the extent that the services provided are eligible to be recovered. This is the Group's only business segment and all of the business is conducted within the United Kingdom.

C Interest income

Revenue is recognised as interest accrues (using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

D Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

E Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

There were no Business combinations that took place prior to 1st April 2006, the date of transition. The acquisition of Winton Advisors Limited took place on 23rd May 2006. The adjustment on adoption of IFRS is shown in note 4.

F Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

The adjustment on adoption of IFRS is shown in note 4.

G Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill. Impairment charges are included in the administrative expenses line item in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of recognised income and expense. An impairment loss recognised for goodwill is not reversed.

H Foreign Currency

The consolidated financial statements are presented in Sterling which is the Group's and the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity.

I Financial assets

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost

Held-to-maturity investments and loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or Group of financial assets is impaired.

J Retirement benefits

The Group does not operate any defined benefit pension scheme arrangements. Contributions to defined contribution pension scheme arrangements are included in administrative costs on an accruals basis.

K Financial liabilities

Financial liabilities and other short-term monetary items are initially recognised at fair value, plus any directly attributable transaction costs, and subsequently recognised at amortised cost.

L Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

M Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Other taxes

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and associated receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

N Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

- Leasehold improvements over the term of the lease.
- Plant and equipment over 4 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

O *Dividends*

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders this is when dividends are paid. No dividends payable are classified as a finance cost.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. There were no indicators of impairment at 31st March 2008.

4 Transition to IFRS

The consolidated financial information for the year ended 31st March 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time.

The Group's transition date to IFRS is 1st April 2006. The rules for first-time adoption of IFRS are set out in IFRS 1 'First time adoption of International Financial Reporting Standards'. In preparing the IFRS financial information, these transition rules have been applied to the amounts reported previously under generally accepted accounting principles in the United Kingdom ('UK GAAP'). The date to which the last UK GAAP financial statements were produced was 31st March 2007. IFRS 1 generally requires full retrospective application of the Standards and Interpretations in force at the first reporting date. However, IFRS 1 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process. In preparing these financial statements, neither the Group nor the Company has taken advantage of the exemptions offered by IFRS 1.

Explanations of differences between UK GAAP and IFRS giving rise to adjustments in the reconciliations:

In accordance with IAS 38: 'Intangible Assets', previous amortisation of goodwill has been written back to the income statement. This adjustment had no effect at the IFRS transition date but increased net assets at 31st March 2007 by £29,000 and increased the profit for the year ended 31st March 2007 by £29,000.

Adjustments to the cash flow statement

The transition from UK GAAP to IFRS has no effect upon the figures reported in the cash flows generated by the Company or the Group. The IFRS cash flow statement is presented in a different format from that required under UK GAAP with cash flows split into three categories of activities - operating activities, investing activities and financing activities.

Reconciliation between UK GAAP and IFRS

Reconciliations and explanatory notes on how the transition to IFRS has affected profit and net assets previously reported under UK Generally Accepted Accounting Principles are given below:

Consolidated income statement account reconciliation for the year ended 31st March 2007:

	UK GAAP	Adjustment	IFRS
	£'000	£'000	£'000
Revenue	191	-	191
Administrative expenses	(474)	29	(445)
Profit from operations	(283)	29	(254)
Finance income			
Interest receivable and similar income	110	-	110
Profit/(loss) before tax	(173)	29	(144)
Tax expense	-	-	-
Profit/(loss) for the year attributable to equity holders of the Company	(173)	29	(144)

There were no IFRS adjustments to the Company income statement account reconciliation for the year ended 31st March 2007.

There were no IFRS adjustments to either the consolidated or Company balance sheet at 1st April 2006.

Alpha Strategic PLC
Results for the year ended at 31st March 2008
Notes forming part of the financial statements - continued

Consolidated balance sheet reconciliation at 31st March 2007:

	UK GAAP	Adjustment	IFRS
	£'000	£'000	£'000
Assets			
Non-current assets			
Intangible assets	386	29	415
Total non-current assets	<u>386</u>	<u>29</u>	<u>415</u>
Current assets			
Trade and other receivables	39	-	39
Available-for-sale financial assets	2,134	-	2,134
Cash and cash equivalents	167	-	167
Total current assets	<u>2,340</u>	<u>-</u>	<u>2,340</u>
Total assets	2,726	29	2,755
Liabilities			
Current liabilities			
Trade and other payables	(53)	-	(53)
Total liabilities	<u>(53)</u>	<u>-</u>	<u>(53)</u>
Total net assets	<u>2,673</u>	<u>29</u>	<u>2,702</u>
Capital and reserves attributable to the equity holders of the Company			
Share capital	83	-	83
Share premium reserve	2,649	-	2,649
Merger reserve	323	-	323
Retained earnings	(382)	29	(353)
Total equity	<u>2,673</u>	<u>29</u>	<u>2,702</u>

5 Revenue

The Group's entire revenue is generated in the UK from the one business segment that of providing services to hedge fund management businesses. The Group has no other geographical or business segments.

The Company had income of £36,000 (2007 - £23,000) arising from management services rendered to its subsidiary.

6 Aborted acquisition costs

Costs of £239,000 were incurred in the year in respect of the proposed acquisition of a minority equity stake a Scandinavian hedge fund management company. The Company negotiated terms to acquire this stake and, following board approval by both Alpha and the target, initiated formal due diligence and the legal work required to effect an acquisition. As the transaction neared completion we were notified that the target management wished us not to proceed with the transaction and, in return for our withdrawal, undertook to cover our significant professional costs. In January of 2008 the management of the target company withdrew from this undertaking and, following legal advice, the Company is seeking to recover its costs through the courts. The litigation is at an early stage and no amounts have been included within these financial statements in respect of any potential recovery of costs.

7 Loss from operations - Group

Loss from operations is stated after charging:

	Year to 31 st March 2008	Year to 31 st March 2007
	£'000	£'000
Staff costs (note 10)	227	242
Auditors' remuneration:		
audit services		
Company	19	10
Subsidiary	4	2
review interim statement	4	-
tax services	10	2
other services – corporate finance	118	-
Depreciation	1	-
Operating lease rentals:		
buildings	43	40

8 Loss from operations - Company

Loss from operations is stated after charging:

	Year to 31 st March 2008	Year to 31 st March 2007
	£'000	£'000
Staff costs (note 10)	227	242
Auditors' remuneration:		
for audit services		
Company	10	10
Subsidiary	2	2
review interim statement	4	-
tax services	10	2
other services – corporate finance	118	-
Depreciation	1	-
Operating lease rentals:		
buildings	43	40

9 Loss for the year - Company

	Year to 31 st March 2008	Year to 31 st March 2007
	£'000	£'000
Parent Company loss for the year	(600)	(312)

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own income statement in these financial statements.

10 Directors and Employees

Staff numbers – Group and Company:

	Year to 31 st March 2008	Year to 31 st March 2007
	Number	Number
Administration	5	4
	5	4

Staff costs - Group and Company:

	Year to 31 st March 2008	Year to 31 st March 2007
	£'000	£'000
Directors' emoluments	202	219
Staff salaries	4	-
Social security costs	21	23
	227	242
Highest paid director	100	113

Other than the Directors, the Group and Company employed one member of staff who joined during the year.

Key management personnel consist of only the Directors. The interests in the Company's shares of each Director are shown in the Directors' Report on page 7. Directors' remuneration for the Group and Company is shown below:

Name	Year	Fees/basic salary	Bonus	Total
		£'000	£'000	£'000
Colin Barrow	2008	60	-	60
	2007	60	-	60
Kit Malthouse	2008	100	-	100
	2007	100	13	113
Colin Clark	2008	20	-	20
	2007	20	-	20
Nicola Meadon	2008	20	-	20
	2007	20	-	20

Neither the Group nor the Company operates any defined pension schemes.

11 Taxation

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:

	Year to 31 st March 2008	Year to 31 st March 2007
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	40	(144)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30%	12	(43)
Effect of		
Expenses not deductible for tax purposes	1	-
Capital allowances in excess of depreciation	(1)	-
Losses carried forward	-	52
Current tax charge	12	-

At 31st March 2008 the Company had a deferred tax asset of £114,000 (2007 - £114,000) relating to tax losses carried forward which have not been recognised in the financial statements.

12 Earnings/(loss) per share

Basic

The calculation of the basic earnings per share is based upon the net profit after tax attributable to ordinary shareholders of £28,000 (2007: a loss of £144,000) and a weighted average number of shares in issue for the year of 3,308,500 (2007: 3,264,549).

	Year to 31 st March 2008	Year to 31 st March 2007
	Group	Group
Basic earnings/(loss) per share (pence)	0.85	(4.41)
Profit attributable to equity holders	£28,000	£(144,000)
	Number	Number
Weighted average number of shares	3,308,500	3,264,549

Diluted

The diluted earnings per share for 2008 is based upon the net profit after tax attributable to ordinary shareholders of £28,000 and a weighted average number of shares in issue for the year, as adjusted for the maximum shares that could be in issue following

conversion of the A ordinary shares and allotments under the warrants, of 3,692,408. The diluted loss per share in 2007 is the same as the basic loss per share as the loss for the year has an anti-dilutive effect.

	Year to 31st March 2008
	Group
Diluted earnings per share (pence)	0.76
Profit attributable to equity holders	£28,000
	Number
Weighted average number of shares	3,692,408

13 Intangible assets

	Group Goodwill £'000
Cost	
At 31 st March 2008 and 31 st March 2007	415

The carrying value of the goodwill, which arises solely from the shareholding in Alpha Winton Limited acquired in 2006 and which is the Group's only cash generating unit, has been reviewed for potential impairment. Alpha Winton Limited's recoverable amount is based on value in use using projections of the Company's performance over five years, the maximum term permitted under IAS 36. The projections include budgeted income and expenditure based on current activity. A risk-adjusted discount rate of 12% has been applied to the projections. No changes to the carrying value have been deemed necessary.

14 Property, plant and equipment

	Group and Company £'000
Cost	
At 1 st April 2007	-
Additions during the year	9
At 31 st March 2008	9
Depreciation	
At 1 st April 2007	-
Charge for the year	1
At 31 st March 2008	1
Net Book Value	
At 1 st April 2007	-
At 31 st March 2008	8

No assets are held under operating leases.

15 Investment in subsidiary

	Company £'000
Cost	
At 31 st March 2008 and 31 st March 2007	415

The following was a subsidiary undertaking held directly by the Company at the end of the year:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Alpha Winton Limited	England	100%	Fund services

16 Trade and other receivables

	Group 31 st March 2008 £'000	Company 31 st March 2008 £'000	Group 31 st March 2007 £'000	Company 31 st March 2007 £'000
Trade debtors	326	-	27	-
Amounts due from Group undertakings	-	69	-	26
Prepayments and other debtors	22	68	12	12
	348	137	39	39

At the year end, there were no receivables which are past due or impaired.

17 Available-for-sale financial assets

	Group 31 st March 2008 £'000	Company 31 st March 2008 £'000	Group 31 st March 2007 £'000	Company 31 st March 2007 £'000
Trade debtors	1,891	1,891	2,134	2,134

The Company holds the bulk of its cash as an investment in a sterling currency fund in order to maximise earnings. During the year shares in the fund were sold to provide working capital. At 31st March 2008 the cost and value of this holding was £1,890,920 (2007 - £2,134,289). There is no material difference between the book-value and the fair-value of these investments at 31st March 2007 and 31st March 2008. No interest is received on these financial instruments but additional shares in the fund are allocated in lieu of interest. There are no fixed rate financial assets.

18 Trade and other payables - current

	Group 31 st March 2008	Company 31 st March 2008	Group 31 st March 2007	Company 31 st March 2007
	£'000	£'000	£'000	£'000
Trade creditors	56	56	38	38
Amounts due to Group undertakings	-	483	-	63
Accruals	24	24	10	10
Taxation and social security	2	7	5	5
	84	570	53	116

19 Share Capital

	Group and Company at 31 st March 2008 and 31 st March 2007			
	Authorised Number	£'000	Allotted, called up and fully paid Number	£'000
Equity share capital				
Ordinary shares of 1p each	10,050,000	100	3,308,500	33
A Shares of £24.75 each	2,000	50	2,000	50

A ordinary shares

The holders of A ordinary 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 ordinary shares may exercise in whole or in part the conversion rights attaching to the A ordinary shares held. On conversion of all or part of the A ordinary shares, each share shall convert into ordinary shares as equals 0.005% of the fully diluted equity. All A ordinary 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.

On 1st August 2005, the Company granted a warrant to subscribe for ordinary shares in the Company. The principal terms of the warrant are as follows:

- The holders will be entitled to subscribe at the placing price of £1 for such number of ordinary shares which are equivalent to one per cent. of the issued ordinary share capital of the Company at the time of exercise, excluding any ordinary shares created as a result of conversion of the A ordinary shares and excluding ordinary shares issued as a result of prior exercise of the warrant;
- The warrant may be exercised at any time during the period of five years from the date of Admission of 11th August 2005;
- Ordinary shares issued on the exercise of the warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the ordinary shares in issue on the date of such exercise;

- The number of ordinary shares issued on exercise of the warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and
- If a takeover offer is made to all holders of ordinary shares, the Company will use reasonable endeavours to procure a comparable offer to the holder of the option.

On 1st August 2005, the Company granted a warrant to subscribe for ordinary shares. The principal terms of the warrant are as follows:

- The holder will be entitled to subscribe at the placing price of £1 for 15,000 ordinary shares;
- The warrant may be exercised at any time during the period of five years from the date of Admission on 11th August 2005;
- Ordinary shares issued on the exercise of the holder of the warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the ordinary shares in issue on the date of such exercise;
- The number of ordinary shares issued on exercise of the warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and
- If a takeover offer is made to all holders of ordinary shares, the Company will use reasonable endeavours to procure a comparable offer to the holder of the option.

20 Leases

The future minimum lease payments under property leases that have initial or remaining terms in excess of one year at 31st March 2008 were as follows:

	Group and Company	
	31 st March 2008 £'000	31 st March 2007 £'000
Obligations under property leases comprise:		
Rentals due within one year	48	43
Rentals due after more than one year:		
After five years	-	-
From four to five years	-	-
From three to four years	-	12
From two to three years	12	48
From one to two years	48	48

21. Risk and sensitivity analysis

The Group and Company ("the Group") are exposed through its operations to one or more of the following financial risks:

Liquidity risk

The liquidity risk of the Group is managed centrally. Surplus funds not allocated to future investment and working capital requirements are held on deposit. The Group utilises long-term sterling based financial deposits to achieve optimal returns on funds invested. The Group intends to maintain a balance of funding designed to finance working capital requirements and future investment. Where appropriate to

fund new investments the Board will seek additional funds from the issue of share capital.

Undrawn bank facilities

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

Market operational and pricing risks

The Group operated only in the United Kingdom. The Group's revenues are derived from management services provided to hedge funds. The level of fees achieved is entirely dependent upon the performance of these funds and the level of funds under management within them, with a flat management fee being charged and a performance related fee subject to a "high water mark" also due on any profits made by the fund.

Credit risk

The Group is exposed to credit risk in respect of management fees for services chargeable to the hedge fund management companies with whom it had a contractual relationship and interest receivable from its investments. The Group carefully monitors the credit status of its counterparties to ensure that fees and interest due are paid promptly.

The Group utilises sterling based long-term deposits and money market accounts operated by HSBC Plc. The directors have considered in particular the credit rating and structure of both HSBC and the Sterling Liquidity Fund to which the Company subscribes and satisfied themselves that any risk to the Company's cash position is minimal.

Cash flow interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate investments). There is no impact on the Group's equity.

	Change in rate	Effect £'000
Interest rate received	+ 0.5%	9
	+ 1.0%	19
	+ 1.5%	28
Interest rate received	- 0.5%	(9)
	- 1.0%	(19)
	- 1.5%	(28)

Currency risk

The Group is not directly exposed to currency risk as its assets, liabilities, revenue and expenditure are denominated in Sterling.

22 Related party transactions

During the year, the Company has incurred costs of £10,000 (2007 - £40,000) for use of services and occupation of premises owned by Colin Barrow, a director of the Company. At 31st March 2008, £nil (2007 - £12,118) had been accrued in respect of rent to be paid to Colin Barrow. There were no amounts outstanding due to Colin Barrow at 31st March 2007 and 31st March 2008.

Details of directors' remuneration are given in note 10.

23 Contingent assets and liabilities

The directors remain confident that that the professional fees under recovery in the litigation mentioned in Note 5 will eventually accrue to the Company however no amounts have been included in these accounts with reference to those fees and there were no other contingent assets or liabilities.

24 Copies of the financial statements

Copies of the financial statements will available on the company website, www.alphastrategic.co.uk in due course or can be obtained by contacting the Company secretary at 66 Buckingham Gate, London SW1E 6AU.