



**Alpha Strategic PLC**  
**Results for year**  
**ended 31<sup>st</sup> March 2009**

## Financial Highlights

- **Second acquisition completed post year end with guaranteed income in the first year**
- **IKOS Asset Management join Winton Capital as Alpha Shareholders**
- **Income eases on redemptions in line with the industry and low interest rates, despite good performance from Winton**
- **Overheads fall significantly with core administration costs held static**
- **Healthy cash and debtor balance at £2.2 million (2008 - £2.4 million)**

**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](http://www.alphastrategic.co.uk)**

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## Directors and Advisers

<b>Executive Directors:</b>	Colin Barrow – Chairman Nicola Meaden - Chief Executive Kit Malthouse - Finance Director
<b>Non Executive Directors:</b>	Colin Clark
<b>Secretary and Registered Office:</b>	Kit Malthouse 66 Buckingham Gate London SW1E 6AU
<b>Nominated Advisers and Brokers:</b>	Evolution Securities Limited 100 Wood Street London EC2V 7AN
<b>Registrars:</b>	Capita IRG plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Registered Auditors:</b>	BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU
<b>Legal Advisers:</b>	SJ Berwin LLP 10 Queen Street Place London EC4R 1BE  Marriott Harrison Staple Court 11 Staple inn Buildings London WC1V 7QH
<b>Bankers:</b>	HSBC Bank Plc 69 Pall Mall London SW1Y 5EY



## Chairman's Statement

As I write, your company has successfully completed its second transaction and acquired a new source of revenue from the G10 currency fund managed by IKOS Asset Management. It is said that patience is a virtue, and in our case three years of discussions with this highly reputable money manager have paid off. This transaction is seminal for Alpha Strategic, and firmly establishes a bright future for the company. We welcome IKOS to the shareholder roster, and look forward to working with them over the years to come.

This most recent transaction includes an income guarantee in the first year of USD 800,000, which, combined with our income from Winton, and with overheads held at their historically low levels, should firmly move the company into profitability.

These accounts are of course backward rather than forward-looking and as such they include a turbulent period in the global economy. Over the 12 months to March 2009, the world was rocked by a financial firestorm that saw many hedge fund managers pack up their tents. Gratifyingly we had declined to deal with a number of those who folded, believing there to be a large number of firms in the industry who relied for their profits on a bull market rather than skill or research. By contrast both Winton and IKOS showed strong performance through the recent difficult period.

Nonetheless, we were not immune from the effects of what the BBC branded, complete with a specially-designed logo, "The Downturn". Shareholders will know that one of the attractive features of the Global Futures Fund is its weekly liquidity. Unfortunately for Alpha, such were losses in investors' other portfolios that they used the GFF's liquidity as a source of cash, and significant redemptions were experienced during the year in line with the industry, despite positive performance. This had a knock-on effect on Alpha's earnings, which fell accordingly. I am pleased to report however that marketing for the GFF has recently transferred to a new sales organisation in Switzerland and there has been increased interest in the fund from investors.

Now that the worst of the global economic earthquake seems to be over, we see evidence that investors, have a renewed appetite for hedge funds, but are choosing to go with managers who show size and quality balanced with return. In this atmosphere, both Winton and IKOS should prosper, and hence so should Alpha, as this is our strategy too.

One of the objectives of your company is to build a diversified income stream. The issues we experienced last year show the merit of doing so. Now that we have moved from one to two partner managers, whose income is not highly correlated, we begin to strengthen the source of our income to the benefit of all.

During the year, as previously announced, we saw a change in management structure. After three years of solid relationship building, the fruits of which we have recently seen, Kit Malthouse moved aside from being chief executive following his election to the London Assembly and appointment as Deputy Mayor of London. Dr Nicola Meaden moved across from her non executive role to become our new Chief Executive, bringing a wealth of experience and contacts, with Kit fulfilling a part time role as finance director. Our transaction with IKOS is largely down to their excellent teamwork and we are lucky to have such a productive management partnership.

I am pleased to report that our conversations with managers continue, with a number showing strong interest in our approach. Undoubtedly the IKOS transaction and its associated income stream, will make our offer more attractive to potential third and fourth partners and I hope to have further positive news in the near future.

Colin Barrow,  
Chairman.

## 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 revenue fell despite a period of outstanding investment performance by the managers of the Global Futures Fund, Winton Capital Management Limited. Investors' in the fund who had experienced losses elsewhere took advantage of the weekly liquidity provided by the GFF and a number of redemptions took place. In addition the sudden drop in interest rates resulted in a significant fall in our interest earnings from our cash pile. Overall revenue therefore fell to £379,000 (2008 - £669,000).

Ongoing administration costs of the Company rose marginally, but were still held at low levels.

However, despite these issues the Company has maintained a very healthy cash balance, although since the balance sheet date some of this cash has been utilized in our latest acquisition with IKOS Asset Management.

The Company is very cautious about deployment and investment of its cash balance, and during the year the company withdrew its holdings in the Sterling money market account operated by HSBC due to credit risk concerns over this type of product.

The Company's performance was 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 period in question. However Alpha has always been vulnerable while it only had an interest in one partner manager. Pleasingly this is no longer the case, and the latest transaction with IKOS should see a good financial performance for the company in the coming year.

## Directors' Report

The Directors present their report and the audited financial statements for the year ended 31<sup>st</sup> March 2009.

### 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 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 31<sup>st</sup> March 2009 (2008 – nil).

### Directors and their interests

The names of the Directors of the Company at 31<sup>st</sup> March 2009 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:

		31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2008
Colin Barrow	Ordinary Shares of 1p	530,000	500,000
	A Ordinary Shares of £24.75	800	1,000
Nicola Meaden	Ordinary Shares of 1p	100,000	100,000
	A Ordinary Shares of £24.75	600	-
Kit Malthouse	Ordinary Shares of 1p	50,000	50,000
	A Ordinary Shares of £24.75	400	1,000
Colin Clark	Ordinary Shares of 1p	100,000	100,000
	A Ordinary Shares of £24.75	200	-

Details of Directors' remuneration are disclosed in note 9.

### **Directors' Indemnity**

The Company has indemnified the Directors and other officers of the Company against qualifying liabilities in accordance with the provisions of the Companies Act 2006.

### **Capital Structure and Financial Instruments**

The capital structure of the Company is disclosed in note 18 and details of the Company's financial instruments are disclosed in note 20.

### **Creditors Payment Policy**

It is the Group and 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 Group and Company at 31<sup>st</sup> March 2009 represented 41 days of annual purchases (2008: 34 days).

### **Corporate Governance**

The Group is not required to comply with the provisions of the Combined Code as it is listed on the Alternative Investment Market. 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 20.

### **Events after the balance sheet date**

Details of events after the balance sheet date affecting the Group and the Company are given in note 24.

## **Donations**

During the period, the Company made no political or charitable donations (2008 – £Nil).

## **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.

In accordance with 489 of the Companies Act 2006, 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  
**24<sup>th</sup> July 2009**

## **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 regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs (IFRSs) as adopted by the European Union and have also elected to prepare the Parent Company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation

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. However, Directors are also required to:

- properly select and apply 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- make an assessment of the Group's and Company's ability to continue as a going concern.

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

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

We have audited the Group and Parent Company financial statements (the "financial statements") of Alpha Strategic PLC for the year ended 31<sup>st</sup> March 2009 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 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, Chairman's statements and Financial review 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 31<sup>st</sup> March 2009 and of its loss 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 31<sup>st</sup> March 2009;
- 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

**24<sup>th</sup> July 2009**

## Consolidated Income Statement

For the year ended 31<sup>st</sup> March 2009

	Notes	Year to 31 <sup>st</sup> March 2009 £000	Year to 31 <sup>st</sup> March 2008 £000
<b>Revenue</b>	4	<b>342</b>	669
Other administrative expenses		<b>(515)</b>	(505)
Aborted acquisition costs	5	-	(239)
<b>Administrative expenses</b>		<b>(515)</b>	(744)
<b>Loss from operations</b>	6	<b>(173)</b>	(75)
<b>Finance income</b>			
Interest receivable and similar income		<b>37</b>	115
<b>(Loss)/profit before tax</b>		<b>(136)</b>	40
Tax expense	10	<b>(24)</b>	(12)
<b>(Loss)/profit for the year attributable to equity holders of the Company</b>		<b>(160)</b>	28
Basic (loss)/earnings per share	11	<b>(4.33)p</b>	0.85p
Diluted (loss)/earnings per share	11	<b>(4.33)p</b>	0.76p

The notes on pages 19 to 36 form part of these financial statements.

## Consolidated Balance Sheet

As at 31<sup>st</sup> March 2009

	Notes	31 <sup>st</sup> March 2009 £000	31 <sup>st</sup> March 2008 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	415	415
Plant and equipment	13	11	8
		<b>426</b>	423
<b>Current assets</b>			
Trade and other receivables	15	67	348
Current tax receivable		40	-
Available-for-sale financial assets	16	-	1,891
Cash and cash equivalents		2,115	163
		<b>2,222</b>	2,402
<b>Total assets</b>		<b>2,648</b>	2,825
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	18	83	83
Share premium		2,649	2,649
Merger reserve		323	323
Accumulated deficit		(485)	(325)
		<b>2,570</b>	2,730
<b>Current liabilities</b>			
Trade and other payables	17	78	83
Current tax liabilities		-	12
		<b>78</b>	95
<b>Total equity and liabilities</b>		<b>2,648</b>	2,825

The financial statements were approved by the board and authorised for issue on 24<sup>th</sup> July 2009

Kit Malthouse  
Director

The notes on pages 19 to 36 form part of these financial statements.

## Company Balance Sheet

As at 31<sup>st</sup> March 2009

	Notes	31 <sup>st</sup> March 2009 £000	31 <sup>st</sup> March 2008 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	13	11	8
Investment in subsidiary	14	415	415
		<b>426</b>	423
<b>Current assets</b>			
Trade and other receivables	15	96	137
Available-for-sale financial assets	16	-	1,891
Cash and cash equivalents		1,841	53
		<b>1,937</b>	2,081
<b>Total assets</b>		<b>2,363</b>	2,504
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	18	83	83
Share premium		2,649	2,649
Merger reserve		323	323
Accumulated deficit		(1,604)	(1,121)
		<b>1,451</b>	1,934
<b>Current liabilities</b>			
Trade and other payables	17	912	570
<b>Total equity and liabilities</b>		<b>2,363</b>	2,504

The financial statements were approved by the board and authorised for issue on 24<sup>th</sup> July 2009

Kit Malthouse  
Director

The notes on pages 19 to 36 form part of these financial statements.

## Consolidated Cash Flow Statement for the year to 31<sup>st</sup> March 2009

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
Note	£000	£000
<b>Cash flows from operating activities</b>		
(Loss)/profit after tax for the year	(160)	28
Finance income	(37)	(115)
Tax expense	24	12
Depreciation	3	1
<b>Cash flows from operating activities before changes in working capital</b>	<b>(170)</b>	<b>(74)</b>
Decrease/(increase) in trade and other receivables	281	(309)
(Decrease)/increase in trade and other payables	(5)	30
<b>Cash generated from operations</b>	<b>106</b>	<b>(353)</b>
Income taxes paid	(76)	-
<b>Net cash flows from operations</b>	<b>(46)</b>	<b>(353)</b>
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	(6)	(9)
Interest received	37	115
<b>Cash flow from investing activities</b>	<b>31</b>	<b>106</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>61</b>	<b>(247)</b>
Cash and cash equivalents at beginning of the year	2,054	2,301
<b>Cash and cash equivalents at end of the year</b>	<b>2,115</b>	<b>2,054</b>
Cash and cash equivalents for the cash flow statement comprise the following balance sheet items:		
Available-for-sale financial assets	16	1,891
Cash	2,115	163
<b>Cash and cash equivalents at end of the year</b>	<b>2,115</b>	<b>2,054</b>

The notes on pages 19 to 36 form part of these financial statements.

Cash and cash equivalents (which are represented as a single class of assets on the face of the balance sheet) comprise cash at bank and money market deposit investments with a maturity of up to three months. There is no material foreign exchange movement in respect of cash and cash equivalents.

## Company Cash Flow Statement for the year to 31<sup>st</sup> March 2009

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
Note	£000	£000
<b>Cash flows from operating activities</b>		
Loss after income tax for the year	(483)	(600)
Finance income	(32)	(108)
Depreciation	3	1
Cash flows from operating activities before changes in working capital	(512)	(707)
Decrease/(increase) in trade and other receivables	41	(99)
Increase in trade and other payables	342	454
<b>Cash used by operating activities</b>	<b>(129)</b>	<b>(352)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(6)	(9)
Interest received	32	108
<b>Cash flow from investing activities</b>	<b>26</b>	<b>99</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(103)</b>	<b>(253)</b>
Cash and cash equivalents at beginning of the year	1,944	2,197
<b>Cash and cash equivalents at end of the year</b>	<b>1,841</b>	<b>1,944</b>
Cash and cash equivalents for the cash flow statement comprise the following balance sheet items:		
Available-for-sale financial assets	16	1,891
Cash		53
<b>Cash and cash equivalents at end of the year</b>		<b>1,841</b>

The notes on pages 19 to 36 form part of these financial statements.

Cash and cash equivalents (which are represented as a single class of assets on the face of the balance sheet) comprise cash at bank and money market deposit investments with a maturity of up of three months. There is no material foreign exchange movement in respect of cash and cash equivalents.

## Consolidated statement of changes in equity

	31 <sup>st</sup> March 2009					
	Share Capital	Share Capital 'A' shares	Share premium	Merger reserve	Accumulated deficit	Total equity
	£000	£000	£000	£000	£000	£000
At 1st April 2007	33	50	2,649	323	(353)	2,702
Profit for the year and total recognised income and expense for the year	-	-	-	-	28	28
At 1 <sup>st</sup> April 2008	33	50	2,649	323	(325)	2,730
Loss for the year and total recognised income and expense for the year	-	-	-	-	(160)	(160)
<b>At 31<sup>st</sup> March 2009</b>	<b>33</b>	<b>50</b>	<b>2,649</b>	<b>323</b>	<b>(485)</b>	<b>2,570</b>

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

Accumulated deficit represent cumulative losses of the Group attributable to equity holders. There were no changes in equity in the prior year other than the profit for the period.

## Company statement of changes in equity

	31 <sup>st</sup> March 2009					
	Share Capital	Share Capital 'A' shares	Share premium	Merger reserve	Accumulated deficit	Total equity
	£000	£000	£000	£000	£000	£000
At 1st April 2007	33	50	2,649	323	(521)	2,534
Loss for the year and total recognised income and expense for the year	-	-	-	-	(600)	(600)
At 1 <sup>st</sup> April 2008	33	50	2,649	323	(1,121)	1,934
Loss for the year and total recognised income and expense for the year	-	-	-	-	(483)	(483)
<b>At 31<sup>st</sup> March 2009</b>	<b>33</b>	<b>50</b>	<b>2,649</b>	<b>323</b>	<b>(1,604)</b>	<b>1,451</b>

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

**Alpha Strategic PLC**  
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Accumulated deficit 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 significant 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively "IFRSs") as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The balance sheet presentation has been changed during the year from a format that shows net assets and equity to a format that shows total assets and total equity and liabilities. This change in the presentation does not affect total equity, and the change has been made as the directors believe this presentation better reflects the operations of the group.

*a. Standards, amendments and interpretations to published standards not yet effective.*

At the date of authorisation of these consolidated financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations have been endorsed by the EU unless otherwise stated and interpretations are not effective for and have not been applied in the preparation of these consolidated financial statements:

- IAS 1: Presentation of Financial Statements (Revised 2007) (effective as of 1st January 2009)
- IAS 23: Borrowing Costs (Revised 2007) (effective as of 1st January 2009)
- IAS 27: Consolidated and Separate Financial Statements (Amended) (effective as of 1st July 2009 – not yet endorsed by the EU)
- IFRS 2: Share-Based Payments: Vesting conditions and Cancellations (Amended) (effective as of 1st January 2009)
- IFRS 3: Business Combinations (Revised) (effective as of 1st July 2009)
- IFRS 8: Operating Segments (effective as of 1st January 2009)
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective as of 1st July 2008)
- IFRIC Interpretation 15: Agreements for the Construction of Real Estate (effective as of 1st January 2009 – not yet endorsed by the EU)
- IFRIC Interpretation 16: Hedges of a Net Investment in a Foreign Operation (effective as of 1st October 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 17: Distributions of non-cash assets to owners (effective 1st July 2009, not yet endorsed by the EU).
- IFRIC Interpretation 18: Transfers of assets from customers (effective 1st July 2009, not yet endorsed by the EU).
- Amendments to IAS32 Financial Instruments: Presentation and IAS1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for beginning on or after 1st January 2009).

- Amendments to IFRS1 and IAS27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for accounting periods beginning on or after 1st January 2009).
- Amendments to IFRIC 9 and IAS 39 Embedded Derivatives (effective for periods beginning on or after 30th June 2009). This amendment is still to be endorsed by the EU.
- Eligible Hedged Items (Amendment to IAS 39 Financial Instruments: Recognition and Measurement). Entities shall apply the amendment retrospectively for annual periods beginning on or after 1st July 2009. This amendment is still to be endorsed by the EU.

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group's financial statements in the period of initial adoption with the exception of IAS 23: Borrowing Costs (Revised) which will require interest incurred in respect of long-term development projects to be capitalised within the relevant project and of IFRS 3: Business Combinations (Revised), which will require transaction costs arising on business combinations to be expensed to the income statement as opposed to the existing treatment of capitalisation, in the event that acquisitions are undertaken.

### **Basis of consolidation**

The consolidated financial statements include the results of the Company and its subsidiary. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the purchase method of accounting.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

### **Business combinations**

The consolidated financial statements incorporate the results of business combinations using the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Where the fair value of consideration paid exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired the resulting difference is classified as goodwill and presented as a non-current intangible asset. Where the fair value of consideration paid is lower than the fair value of identifiable assets, liabilities and contingent liabilities acquired the difference is taken to the income statement. Goodwill arising from business combinations is assessed for impairment annually.

The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

## **Investments in subsidiaries**

Investments in subsidiaries are shown at cost less provisions for impairment in value. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Details of the Company's subsidiaries are set out in note 14.

## **Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## **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.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Depreciation is charged to the income statement within administrative expenses, as appropriate to the related asset, on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Depreciation is calculated on a straight line basis over the useful life of the plant and equipment over 4 years.

An item of 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.

### **Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing and discontinuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The following criteria are also applied in assessing impairment of specific assets:

#### *Goodwill*

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

### **Financial instruments**

#### *Financial assets*

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

*Trade and other receivables:* These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

*Cash and cash equivalents:* Cash and cash equivalents comprise cash balances and call deposits with major banking institutions realisable within 90 days. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

*Financial liabilities*

The Group classifies its financial liabilities as:

*Trade and other payables:* These are initially recognised at fair-value and then carried at amortised cost using the effective interest rate method. These arise principally from the receipt of goods and services.

## **Revenue**

The Group's revenues arise in respect of services provided to independent hedge investment funds and comprise management fees. 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. The Company's revenue comprises the reimbursement of management expenses.

## **Exceptional items**

Exceptional items are those significant items which are separately disclosed by virtue of their size and incidence to enable a full understanding of the financial performance. Transactions which may give rise to exceptional items are principally abortive acquisition costs. These costs are included within administrative costs.

## **Interest income**

Interest income 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).

## **Leased assets**

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards relating to the ownership of the leased asset.

Operating lease annual rentals are charged to the income statement on a straight line basis over the term of the lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

## **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.

## **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.

### *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
- 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.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities and assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### *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.

## **Capital Disclosures**

Details of the capital structure of the Company and Group are disclosed in note 18.

The group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Neither the Company nor the Group has any debt.

### **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 Group makes estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Value of the Group's goodwill*

The carrying value of the Group's goodwill will ultimately depend upon the future earnings achievable from the relevant investments made by the Group. These may not be in line with current expectations.

#### *Recoverability of trade receivables*

The recovery of the value of the Group's trade and receivables may differ from the amounts estimated.

Operational and financial risks facing the Group are also discussed in note 20.

### **4 Revenue**

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

### **5 Aborted acquisition costs**

There were no exceptional costs during the year ended 31<sup>st</sup> March 2009. Costs of £239,000 were incurred in the year ended 31<sup>st</sup> March 2008 in respect of the proposed acquisition of a minority equity stake a northern European 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 ongoing and no amounts have been included within these financial statements in respect of any potential recovery of costs.

## 6 Loss from operations - Group

Loss from operations is stated after charging:

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	£000	£000
Staff costs (note 9)	252	227
Auditors' remuneration:		
audit services		
Company	8	19
Subsidiary	3	4
review interim statement	4	4
tax services	9	10
other services – corporate finance	3	118
Aborted acquisition costs (note 5)	-	239
Depreciation	3	1
Operating lease rentals:		
Buildings	48	43

## 7 Loss from operations - Company

Loss from operations is stated after charging:

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	£000	£000
Staff costs (note 9)	252	227
Auditors' remuneration:		
for audit services	8	19
review interim statement	4	4
tax services	9	10
other services – corporate finance	3	118
Aborted acquisition costs (note 5)	-	239
Depreciation	3	1
Operating lease rentals:		
buildings	48	43

## 8 Loss for the year - Company

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	£000	£000
Parent Company loss for the year	(483)	(600)

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.

## 9 Directors and Employees

Staff numbers – Group and Company:

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	Number	Number
Administration	5	4

Staff costs - Group and Company:

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	£000	£000
Directors' emoluments	222	200
Staff salaries	12	6
Social security costs	18	21
	<b>252</b>	<b>227</b>
Highest paid director	80	100

Other than the Directors, the Group and Company employed one member of staff.

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 6. Directors' remuneration for the Group and Company is shown below:

Name	Year	Fees/basic salary	Bonus	Total
		£000	£000	£000
Colin Barrow	<b>2009</b>	<b>60</b>	-	<b>60</b>
	2008	60	-	60
Nicola Meaden	<b>2009</b>	<b>80</b>	-	<b>80</b>
	2008	20	-	20
Kit Malthouse	<b>2009</b>	<b>62</b>	-	<b>62</b>
	2008	100	-	100
Colin Clark	<b>2009</b>	<b>20</b>	-	<b>20</b>
	2008	20	-	20
Totals	<b>2009</b>	<b>222</b>	-	<b>222</b>
	2008	200	-	200

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

## 10 Taxation

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	£000	£000
UK Corporation tax		
Current tax on income for the year at 28% (2008 – 30%)	-	12
Adjustment in respect of prior periods	24	-
	24	12

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

(Loss)/profit on ordinary activities before taxation	(136)	40
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 30%)	(38)	12
Effect of		
Expenses not deductible for tax purposes	-	1
Capital allowances in excess of depreciation	-	(1)
Losses carried forward	38	-
Adjustment in respect of prior periods	24	-
Current tax charge	24	12

At 31<sup>st</sup> March 2009 the Company had a deferred tax asset of £128,000 (2008 - £96,000) relating to tax losses carried forward which have not been recognised in the financial statements.

## 11 (Loss)/earnings per share

### Basic

The calculation of the basic (loss)/earnings per share is based upon the net loss after tax attributable to ordinary shareholders of £160,000 (2008: profit £28,000) and a weighted average number of shares in issue for the year of 3,308,500 (2008: 3,308,500).

	Year to 31 <sup>st</sup> March 2009	Year to 31 <sup>st</sup> March 2008
	Group	Group
Basic (loss)/earnings per share (pence)	(4.83)	0.85
(Loss)/profit attributable to equity holders	£(160,000)	£28,000
	Number	Number
Weighted average number of shares	3,308,500	3,308,500

## Diluted

The diluted loss per share in 2009 is the same as the basic loss per share as the loss for the year has an anti-dilutive effect. The diluted earnings per share for 2008 was 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 warrants, of 3,692,408.

## 12 Intangible assets

	<b>Group Goodwill</b>
	<b>£000</b>
Cost	
At 31 <sup>st</sup> March 2009 and 31 <sup>st</sup> March 2008	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.

Funds under management and the fund management fee have been based upon past experience. Discount rates are based upon the Group's beta adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the first five years are based on the economic data pertaining to the region concerned.

	<b>Year to 31<sup>st</sup> March 2009 £000</b>	<b>Year to 31<sup>st</sup> March 2008</b>
Fee income	£0.4m	£0.6m
Fee growth	3%	3%
Administrative costs growth rate	5%	5%

No changes to the carrying value have been considered necessary.

### 13 Plant and equipment

	Group and Company
	£000
Cost	
At 1 <sup>st</sup> April 2007	-
Additions during the year	9
At 1 <sup>st</sup> April 2008	9
Additions during the year	6
At 31 <sup>st</sup> March 2009	15
Depreciation	
At 1 <sup>st</sup> April 2007	-
Charge for the year	1
At 1 <sup>st</sup> April 2008	1
Charge for the year	3
At 31 <sup>st</sup> March 2009	4
Net Book Value	
At 1 <sup>st</sup> April 2008	8
At 31 <sup>st</sup> March 2009	11

No assets are held under operating leases. No assets have been revalued.

### 14 Investment in subsidiary

	Company
	£000
Cost	
At 31 <sup>st</sup> March 2009 and 31 <sup>st</sup> March 2008	415

The following was a subsidiary 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

## 15 Trade and other receivables

	Group 31 <sup>st</sup> March 2009	Company 31 <sup>st</sup> March 2009	Group 31 <sup>st</sup> March 2008	Company 31 <sup>st</sup> March 2008
	£000	£000	£000	£000
Trade debtors	40	-	326	-
Amounts due from subsidiary	-	69	-	69
Other debtors	18	18	12	58
Prepayments	9	9	10	10
	67	96	348	137

The trade debtors, amounts due from subsidiary and other debtors are categorized as loans and receivables. Other than these balances, the Group and Company have no other financial assets classified as loans and receivables. At the balance sheet date none of the trade and other receivable balances is past due but not impaired. There were no material difference between the book value and the fair value of the trade and other receivables.

## 16 Available-for-sale financial assets

	Group 31 <sup>st</sup> March 2009	Company 31 <sup>st</sup> March 2009	Group 31 <sup>st</sup> March 2008	Company 31 <sup>st</sup> March 2008
	£000	£000	£000	£000
Sterling currency fund	-	-	1,891	1,891

At 31st March 2008 the Company held the bulk of its cash as an investment in a sterling currency fund. In December 2008 the Company closed this account and opened a money market deposit account, which is included within cash on the face of the balance sheet. Until the closure of the sterling currency fund shares in the fund were sold to provide working capital. No interest was received on these financial instruments but additional shares in the fund were allocated in lieu of interest. There are no fixed rate financial assets.

## 17 Trade and other payables - current

	Group 31 <sup>st</sup> March 2009	Company 31 <sup>st</sup> March 2009	Group 31 <sup>st</sup> March 2008	Company 31 <sup>st</sup> March 2008
	£000	£000	£000	£000
Trade creditors	42	42	56	56
Amounts due to subsidiary	-	842	-	483
Accruals	22	22	24	24
Taxation and social security	14	6	3	7
	78	912	83	570

The trade creditors, accruals and amounts due to subsidiary are categorised as financial liabilities measured at amortised cost. Other than these balances, the Group and Company have no other financial liabilities measured at amortised cost. There is no material difference between the fair values and book values of Trade and other payables. All financial liabilities fall due within one year.

## 18 Share Capital

	Group and Company at 31 <sup>st</sup> March 2009 and 31 <sup>st</sup> March 2008			
	Authorised		Allotted, called up and fully paid	
	Number	£000	Number	£000
Equity share capital				
Ordinary shares of 1p each	10,050,000	100	3,308,500	33
A Ordinary shares of £24.75 each	2,000	50	2,000	50

### Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital and details of employee share schemes are shown above. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association, the Combined Code, the Companies Acts and related legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. The Company's share capital comprises 'A' ordinary shares and 'Ordinary shares' as disclosed below. See also note 20 below.

### 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 1<sup>st</sup> 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 11<sup>th</sup> 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 1<sup>st</sup> 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 11<sup>th</sup> 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.

## 19 Leases

The Company leases its offices premises on a tenant repairing basis with a break clause within 5 years. The future minimum lease payments under property leases that have initial or remaining terms in excess of one year at 31<sup>st</sup> March 2009 were as follows:

	Group and Company	
	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2008
	£000	£000
<b>Obligations under property leases comprise:</b>		
Rentals due within one year	48	48
Rentals due after more than one year:		
From two to three years	-	12
From one to two years	12	48
	12	60
<b>Total</b>	<b>60</b>	<b>108</b>

## 20. Risk and sensitivity analysis

The Board agrees and reviews policies and financial instruments for risk management. The primary objectives of the treasury function are to provide competitively priced funding for the activities of the Group and to identify and manage financial risk.

The Group's principal financial instruments are:

	Group 31 <sup>st</sup> March 2009	Company 31 <sup>st</sup> March 2009	Group 31 <sup>st</sup> March 2008	Company 31 <sup>st</sup> March 2008
	£000	£000	£000	£000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Trade debtors	40	-	326	-
Amounts due from subsidiary	-	69	-	69
Other debtors	18	18	12	58
Cash and cash equivalents	2,115	1,841	163	53
	<b>2,173</b>	<b>1,928</b>	<b>501</b>	<b>180</b>
<b>Available for sale</b>				
Sterling currency fund	-	-	1,891	1,891
Investment in subsidiary	-	415	-	415
	<b>-</b>	<b>415</b>	<b>1,891</b>	<b>2,306</b>
<b>Total financial Assets</b>	<b>2,173</b>	<b>2,343</b>	<b>2,392</b>	<b>2,486</b>
<b>Financial liabilities</b>				
Trade creditors	42	42	56	56
Amounts due to subsidiary	-	842	-	483
Accruals	22	22	24	24
	<b>64</b>	<b>906</b>	<b>80</b>	<b>563</b>

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

*Liquidity risk*

Liquidity risk is monitored by the Group to ensure that the Group has sufficient resources to meet its financial obligations as they fall due. 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.

There also exists a risk that the market perception of the relevant market risk discount rate used in the assessment of the value of the Group's goodwill worsens.

*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 money market accounts operated by HSBC Plc. The directors have considered in particular the credit rating and structure of HSBC 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 direct impact on the Group's equity.

31 <sup>st</sup> March 2009	Change in rate	Effect £000
Interest rate received	+ 0.5%	11
	+ 1.0%	22
	+ 1.5%	32
Interest rate received	- 0.5%	(11)
	- 1.0%	(22)
	- 1.5%	(32)
31 <sup>st</sup> March 2008	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*

At present the Group is not directly exposed to significant currency risk as its assets, liabilities, revenue and expenditure are denominated in Sterling. Any future exposure to currency risks will be closely monitored by the Board.

**21 Related party transactions**

During the year the Company had income of £nil (2008 - £36,000) arising from management services rendered to its subsidiary. Details of amounts owing to and from the subsidiary are disclosed in notes 15 and 17.

During the year, the Company has incurred costs of £nil (2008 - £10,000) for use of services and occupation of premises owned by Colin Barrow, a director of the Company. There were no amounts outstanding due to Colin Barrow at 31<sup>st</sup> March 2009 and 31<sup>st</sup> March 2008.

Details of directors' remuneration are given in note 9.

### **23 Contingent assets and liabilities**

The directors remain confident 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 Post-balance sheet events**

On 10<sup>th</sup> July 2009 announced that it had entered into an agreement with IKOS Asset Management Limited ('IAML') to receive 7.2% of the aggregate fees received by IAML relating to the IKOS G10 Currency Fund (the 'Fund'). Alpha Strategic will receive at least USD 800,000 during the first year of this revenue sharing agreement.

The Company has acquired Acme Advisors Limited ('Acme'), a wholly owned subsidiary of IAML. Acme has been incorporated to provide sales and distribution advisory services to IAML in respect of the Fund and, for the provision of these services, has an agreement to receive 7.2% of IAML's aggregate management and performance fees from the Fund.

Consideration for the purchase of Acme was USD 2,800,000, to be satisfied by the issue of 1,212,121 ordinary shares of 1 pence each in Alpha Strategic ('Ordinary Shares') at a price of 85p per Ordinary Share and the payment of USD 1,127,818 in cash.

It is not practicable to disclose the carrying value of Acme as there are number of matters which have yet to be resolved due to the proximity of the acquisition to the reporting date.

## **25 Copies of the financial statements**

Copies of the financial statements will be sent to shareholders in due course and can be obtained by contacting the Company secretary at 66 Buckingham Gate, London SW1E 6AU or by visiting the Company website, [www.alphastrategic.co.uk](http://www.alphastrategic.co.uk) where they are available for download.