



Alpha Strategic PLC
Interim Report & Accounts
15 December 2006



Alpha Strategic announces interim results reflecting significant progress.

Alpha Strategic's objective is to invest in high quality hedge fund managers to build a diversified portfolio of income streams arising from diversified strategies and styles, thus creating a route to participation in some of the best performers in the alternative investment industry.

With an experienced management team, and low overheads, Alpha offers numerous benefits to investors and investment managers.

Financial Highlights

- **First acquisition of Winton Advisors completed.**
- **First income received.**
- **Strong growth in funds under management up 300% since acquisition.**
- **Net assets up 8%.**
- **Loss per share held at previous low levels.**
- **Healthy cash balance maintained at £2.4 million.**
- **Forecast to turn cash generative in first half 2007.**

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



**Alpha Strategic PLC
("Alpha" or the "Company")
Interim Results for the 6 months ended 30th September 2006**

Chairman's Statement

The past six months have been an exciting time for the Company. Our first acquisition took longer than many expected, but this was a result of our stated aim of partnering only with managers of the very highest quality. Alpha's objective is to achieve a blend of income from managers using different strategies, but it is a prerequisite that they are first class at what they do.

We completed our first transaction with Winton Capital Management Limited in May through the acquisition of Winton Advisors Limited. This has provided us with a strong foundation for future transactions. These accounts show the first fruits of that acquisition

Fee income has now started to flow from the Global Futures Fund and we believe it will grow rapidly over the coming months. We continue to await approval from the regulators for more public distribution of the fund in Switzerland. However, I note that despite the current limits on marketing, assets in the fund have grown from \$11.5 million to over \$34 million since we completed the transaction. Additionally the manager has shown solid performance during the period and we believe it is likely we should receive more incentive fees in the second half.

We continue to pursue a number of promising conversations with other high quality hedge fund managers.

The Company has successfully contained costs during the period and has maximized its income from our healthy cash balances.

There has been much talk about M&A in the industry over the last year, however few transactions have materialised, and even fewer involving public companies. Alpha has a unique business model that has been carefully designed to address issues for hedge fund managers while building stable revenue for shareholders.

We have been very encouraged by our progress in the last six months. With the growth in funds under management combined with continuing performance levels from Winton, we anticipate being able to report that we have become cash generative in the first half of 2007.

Colin Barrow, Chairman.

Consolidated Profit and Loss Account

For the 6 months ended 30th September 2006

	Notes	6 months to 30 th September 2006 (Unaudited) £'000	Period from Incorporation to 30 th September 2005 (Unaudited) £'000	Period from Incorporation to 30 th March 2006 (Audited) £'000
Turnover		46	-	-
Administrative expenses		(213)	(112)	(282)
Amortisation of goodwill		(12)	-	-
Operating loss	5	(179)	(112)	(282)
Interest receivable and similar income		54	6	73
Loss on ordinary activities before and after tax		(125)	(106)	(209)
Loss per share (pence)	2	(3.8)p	(3.5)p	(11.62)p

Consolidated Balance Sheet

As at 30th September 2006

	Notes	30 th September 2006 (Unaudited) £'000	30 th September 2005 (Unaudited) £'000	31 st March 2006 (Audited) £'000
Fixed Assets				
Intangible assets – goodwill		403	-	-
Current assets				
Debtors		54	57	8
Cash		172	166	73
Investments	3	2,229	2,500	2,476
		2,455	2,723	2,557
Creditors: amounts falling due within one year		(136)	(100)	(37)
Net current assets		2,319	2,623	2,520
Net assets		2,722	2,623	2,520
Capital and reserves				
Called up share capital	4	83	80	80
Share premium account	4	2,973	2,649	2,649
Profit and loss account	4	(334)	(106)	(209)
Shareholders' funds		2,722	2,623	2,520
Reconciliation of movement in shareholders' funds				
		6 months ended 30 th September 2006 (Unaudited) £'000	Period from Incorporation to 30 th September 2005 (Unaudited) £'000	Period from Incorporation to 31 st March 2006 (Audited) £'000
Loss for the financial period		(125)	(106)	(209)
Issue of ordinary shares		327	2,950	2,950
Issue of A shares		-	50	50
Share issue expenses		-	(271)	(271)
Net addition to shareholders' funds		202	2,623	2,520
Shareholders' funds at the start of the period		2,520	Nil	Nil
Shareholders' funds at the end of the period		2,722	2,623	2,520

Consolidated Cash Flow Statement for the 6 months to 30th September 2006

Note	6 months ended 30 th September 2006 (Unaudited) £'000	Period from Incorporation to 30 th September 2005 (Unaudited) £'000	Period from Incorporation to 31 st March 2006 (Audited) £'000
Net cash outflow from operating activities			
	(179)	(112)	(282)
	(46)	(57)	(8)
	99	100	37
	12		
	(114)	(69)	(253)
	54	6	73
	(60)	(63)	(180)
Net cash outflow before use of liquid resources and financing			
	247	-	24
6	(88)		
	-	(2,500)	(2,500)
	99	(2,563)	(2,656)
Net cash inflow/(outflow) before financing			
	-	50	50
	-	2,950	2,950
	-	(271)	(271)
	-	2,729	2,753
	99	166	73
Increase in cash			
Reconciliation of net cash flow to movement in net funds			
	99	166	73
	73	-	-
	172	166	73

Notes to the interim results for the 6 months ended 30th September 2006

1. Basis of preparation

The interim results were approved by the directors on 14th December 2006. The interim results have been prepared in accordance with UK accounting standards and in accordance with the Companies Act 1985. However the interim results are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

Basis of consolidation

The financial statements of the group consolidate those of the parent company and of its subsidiary. Purchased goodwill arising on acquisitions is capitalised and amortised over its expected useful economic life and is subject to review for impairment in value.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is amortised through the Profit and Loss account over a period of 12 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition or in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The consolidated profit and loss account, consolidated balance sheet and consolidated cash flow statement, which are unaudited, have been prepared in accordance with accounting policies consistent with the financial statements for the period ended 31st March 2006 and the additional accounting policies stated above. The comparatives for the period ended 31st March 2006 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

2. Loss per share

The loss per share is calculated on the loss on ordinary activities after tax of £125,000 and using the weighted average number of ordinary shares in issue during the period of 3,220,357. There are no financial instruments in issue which would have a dilutive effect on the loss per share.

3. Investments

The Company holds the bulk of its cash as an investment in a sterling currency fund in order to maximize earnings. At 30th September the value of this holding was £2,228,889.

4. Share capital and reserves

	Ordinary Shares £'000	A Shares £'000	Share premium £'000	Profit & loss account £'000
At 1 st April 2006	30	50	2,649	(209)
Allotments during the period	3	-	324	-
Retained loss for the period	-	-	-	(113)
At 30th September 2006	33	50	2,973	(322)

5. Related party transactions

During the period, the Company has accounted for costs of £20,000 for use of services and occupation of premises owned by Colin Barrow, a director of the Company.

6. Acquisition

Winton Advisors Limited

On 23rd May 2006, the Company acquired the entire issued share capital of Winton Advisors Limited. Consideration for the purchase was £327,010 which was satisfied by the issue of 308,500 ordinary shares of 1 pence each ("Ordinary Shares") in the Company at a price of £1.06 per share.

The table below shows the financial effect of the acquisition:

	£'000
Current assets	
Cash	-
Net assets	-
As represented by:	
Shares issued	327
Cost of acquisition	88
Net assets acquired	-
Goodwill arising on acquisition	415

Winton Advisors Limited is entitled to 50% of the management and incentive fees generated from The ESA Global Futures Fund in exchange for certain advisory services. This equates to approximately 0.5% of funds under management and 10% of profits, subject to a number of performance conditions.

7. Copies of the results

Copies of the interim results will be sent to shareholders in due course and can be obtained by contacting the company secretary at London House, 8 Barton Street, London SW1P 3NE or by visiting the Company website, www.alphastrategic.co.uk where it is available for download.

End