

Alpha Strategic PLC
Interim Results for 6 months to 30th September 2009
RNS Number: 2650E



Interim Financial Statements 2009

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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 Registered in England with No. 5387808
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Alpha Strategic PLC
(“Alpha Strategic” or the “Company”)
Interim Results for the period ended 30th September, 2009

Dear Shareholder

The Company is pleased to announce its Interim Results for the 6 months ended 30 September 2009. During the period to 30 September 2009, the Company has successfully acquired a new source of revenue through the completion of its transaction with IKOS Asset Management (“IKOS”). With this transaction Alpha Strategic reinforced the effectiveness of its business model and now enjoys a second, non-correlated revenue stream which serves to expand and diversify the Company’s income base.

The IKOS transaction relates to the IKOS G10 Currency Fund Class, one of IKOS’ flagship funds. Under the agreement, Alpha Strategic will receive 7.2% of IKOS’ aggregate management and performance fees relating to the fund. The Company is guaranteed a minimum income of USD 800,000 in the first twelve months of the agreement. IKOS is one of the world’s most established alternative investment managers, specialising in global quantitative investment strategies. The G10 Fund is up 6.8% since the transaction in July, and up 14% for the 9 months to the end of September 2009.

Having achieved strong performance in 2008, Winton’s Global Futures Fund (“GFF”) is having a difficult 2009. Assets under management have shrunk and as a result have yielded reduced revenue to Alpha. This is the result of two factors; (i) the fund’s 21%+ performance last year, coupled with its weekly liquidity terms, resulted in the fund experiencing redemptions in late 2008 and early 2009 as investors withdrew cash to fund losses elsewhere; and (ii), to the end of September 2009 GFF was down 8.22%. Currently, the fund has recovered nearly 50% of these losses, but it will take more positive performance to get back over the high water mark so that performance fees can be earned once again and, therefore, give investors the confidence they need to invest.

In spite of tight control of overheads, the result for the period ended 30 September 2009 is not as strong as the Board would have liked. This is in part a consequence of the IFRS treatment of the minimum guaranteed income from the IKOS transaction. Under IFRS, the Company has had to treat the guaranteed income as an asset, rather than income, which has resulted in a significant non-cash amortisation charge to the income statement.

Outlook

Alpha Strategic will earn further income of at least USD 400,000 from IKOS in the second half of the financial year. In addition to this, Winton is enjoying a spell of better performance which should put the GFF in a position to remit fees in 2010 and accrue further funds under management. The Company maintains significant cash balances and its net assets have grown significantly.

The Company continues to pursue a number of promising discussions with high quality hedge fund managers to both expand and diversify its revenue stream for shareholders. In addition, Alpha Strategic continues to keep tight control of its overheads to maintain its low cost base. The Directors believe that Alpha Strategic is well placed to benefit from developments in the hedge fund industry.



Colin Barrow,
Chairman
17th December, 2009

Alpha Strategic PLC
Consolidated statement of comprehensive income
For the 6 months ended 30 September 2009

	Six Months ended 30 September 2009 (Unaudited) £000	Six Months ended 30 September 2008 (Unaudited) £000	Year ended 31 March 2009 (Audited) £000
Revenue	159	181	342
Administrative expenses	(281)	(245)	(515)
Amortisation	(123)	-	-
Total administration expenses	(404)	(245)	(515)
Loss from operations	(245)	(64)	(173)
Finance income			
Interest receivable and similar income	1	49	37
Loss before tax	(244)	(15)	(136)
Tax expense	35	-	(24)
Loss for the period and total comprehensive income attributable to equity holders of the Company	(209)	(15)	(160)
Basic and diluted loss per share	(5.44) p	(0.46) p	(4.33) p

Alpha Strategic PLC
Consolidated balance sheet
As at 30 September 2009

	30 September 2009 (Unaudited) £000	30 September 2008 (Unaudited) £000	31 March 2009 (Audited) £000
Assets			
Non-current assets			
Intangible assets	2,225	415	415
Property, plant and equipment	13	13	11
Total non-current assets	2,238	428	426
Current assets			
Trade and other receivables	238	56	67
Tax receivable	-	-	40
Available-for-sale financial assets	-	1,935	-
Cash and cash equivalents	1,137	368	2,115
Total current assets	1,375	2,359	2,222
Total assets	3,613	2,787	2,648
Liabilities			
Current liabilities			
Trade and other payables	(119)	(60)	(78)
Current tax liabilities	-	(12)	-
	(118)	(72)	(78)
Non-current liabilities			
Deferred tax	(103)	-	-
Total liabilities	(221)	(72)	(78)
Total net assets	3,392	2,715	2,570
Capital and reserves attributable to the equity holders of the Company			
Share capital	95	83	83
Share premium	2,649	2,649	2,649
Merger reserve	1,342	323	323
Retained earnings	(694)	(340)	(485)
Total capital and reserves	3,392	2,715	2,570

Alpha Strategic PLC
Consolidated statement of cash flows
For the 6 months ended 30 September 2009

	Six Months ended 30 September 2009 (Unaudited) £000	Six Months ended 30 September 2008 (Unaudited) £000	Year ended 31 March 2009 (Audited) £000
Cash flows from operating activities			
Loss after tax for the period	(209)	(15)	(160)
Finance income	(1)	(49)	(37)
Tax expense	(35)	-	24
Depreciation	2		
Amortisation	123	1	3
Cash flows from operating activities before changes in working capital	(120)	(63)	(170)
(Increase)/decrease in trade and other receivables	(171)	292	281
Increase/(decrease) in trade and other payables	41	(23)	(5)
Cash (used)/generated by operating activities	(250)	206	106
Income taxes received/(paid)	40	-	(76)
Net cash flow from operations	(210)	206	30
Cash flows from investing activities			
Purchase of intangible assets	(765)	-	-
Purchases of plant and equipment	(4)	(6)	(6)
Interest received	1	49	37
Cash flow from investing activities	(768)	43	31
Net (decrease)/increase in cash and cash equivalents	(978)	249	61
Cash and cash equivalents at beginning of period	2,115	2,054	2,054
Cash and cash equivalents at end of period	1,137	2,303	2,115
Cash and cash equivalents comprise:			
Available-for-sale financial assets	-	1,935	-
Cash	1,137	368	2,115
	1,137	2,303	2,115

Alpha Strategic PLC
Consolidated statement of changes in equity
For the 6 months ended 30 September 2009

	Ordinary share capital £000 (Unaudited)	Share capital 'A' shares £000 (Unaudited)	Share premium £000 (Unaudited)	Merger reserve £000 (Unaudited)	Retained earnings £000 (Unaudited)	Total equity £000 (Unaudited)
At 1 April 2008	33	50	2,649	323	(325)	2,730
Loss for the period	-	-	-	-	(15)	(15)
At 30 September 2008	33	50	2,649	323	(340)	2,715
Loss for the period	-	-	-	-	(145)	(145)
At 31 March 2009	33	50	2,649	323	(485)	2,570
Issue of shares	12	-	-	1,019	-	1,031
Loss for the period	-	-	-	-	(209)	(209)
At 30 September 2009	45	50	2,649	1,342	(694)	3,392

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 amount subscribed for share capital over the nominal value of ordinary shares issued in respect of the acquisition of Winton Advisers Limited and Acme Advisors Limited in accordance with the Companies Act 1985 and the Companies Act 2006.

Retained earnings represent cumulative losses of the Group attributable to equity holders.

Alpha Strategic PLC
Notes to the interim results
For the 6 months ended 30 September 2009

1 The Group

The Group invests in first division hedge fund managers to build a diversified portfolio of income streams. The Company is a public limited company incorporated and domiciled in England and Wales. The Company has its listing on the Alternative Investment Market ("AIM") of the London Stock Exchange.

2 Basis of preparation

These unaudited consolidated interim financial statements are for the six month period ended 30 September 2009. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2009, which were prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

These interim consolidated financial statements have been prepared in accordance with accounting policies consistent with those set out in the Group's financial statements for the year ended 31 March 2009 and are consistent with the accounting policies the Group will use to prepare its financial statements for the year ended 31 March 2010.

The following new standards and amendments to standards are mandatory for the first time for the financial periods commencing on or after 1 January 2009 and will be applied in the Group's financial statements for the year ended 31 March 2010:

IAS 1 (revised) Presentation of financial statements includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or to retain the Income Statement with a supplementary Statement of Comprehensive Income. The directors have applied the first option in preparing this interim financial information.

IFRS 8 Operating segments. IFRS 8 replaces IAS 14 Segment reporting. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

As these standards are concerned with presentation only they do not have any impact on the results or net assets of the group.

The comparative amounts in these interim consolidated financial statements include extracts from the Group's financial statements for the year ended 31 March 2009. These extracts do not constitute statutory accounts under section 435 of the Companies Act 2006 (the "Act").

The financial information for the full preceding period is based on the statutory accounts for the period ended 31 March 2009. Those accounts, on which the auditors issued an unqualified opinion and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2) –(3) of the Companies Act 1985, have been delivered to the Registrar of Companies.

3 Dividends

No dividend is proposed for the six months ended 30 September 2009 (six months to 30 September 2008: nil; year to 31 March 2009: nil).

4 Loss per share

The basic loss per share has been calculated by dividing the loss for the period of £209,000 (six months to 30 September 2008: loss of £15,000; year to 31 March 2009: loss of £160,000) by the weighted average number of ordinary shares, 3,858,260 (six months to 30 September 2008: 3,308,500; year to 31 March 2009: 3,308,500) in issue during the period.

Diluted earnings per share for the six months to 30 September 2009 is the same as the basic loss per share because the inclusion of conversion rights and warrants would have an anti-dilutive effect on the calculation.

5 Acquisition of Acme Advisors Limited

On 10 July 2009, the Company announced the acquisition of Acme Advisors Limited ("Acme") a company previously owned by IKOS Asset Management Limited ("IAML"). The agreed purchase price of USD 2,800,000 (£1,724,131) was satisfied by the issue of 1,212,121 ordinary shares at a price of 85p and a cash payment of USD 1,127,818 (£693,828). Transaction costs of £71,335 have been capitalised.

Acme is entitled to 7.2% of aggregate management and performance fees received by IAML from the IKOS G10 Currency Fund. Acme will receive at least USD 800,000 during the first year of this revenue sharing agreement. The fair value of this entitlement is £493,720 and this is being amortised over the first twelve months of acquisition.