
ALPHA PROSPECTS PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2011

ALPHA PROSPECTS PLC

COMPANY INFORMATION

DIRECTORS

Christopher Kenneth Foster
Steven Freudmann
Robert Philip Painting (resigned 23/2/2011)
Timothy Edward Baldwin (appointed 19/9/2011)

COMPANY SECRETARY

Christopher Kenneth Foster

COMPANY NUMBER

05813575

REGISTERED OFFICE

2nd Floor Suite
30 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

AUDITORS

Calder & Co
Statutory Auditor & Chartered Accountants
1 Regent Street
London
SW1Y 4NW

ALPHA PROSPECTS PLC

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ALPHA PROSPECTS PLC

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2011**

The chairman presents his statement for the period.

I am pleased to present the financial results for Alpha Prospects Plc for the 12 month period ending 31 August 2011.

The loss for the 12 month period is £472,637 (2010 - £386,261). This is mainly due to write downs in value of the company's investment share portfolio and outstanding loans. During the year shareholders' funds decreased from £493,438 to £445,199.

During the year the Board has continued to look for investment opportunities and we expect to announce further share stakes during 2012. In this regard Alpha will be looking to raise further funds during the coming year.

The Directors do not propose to pay a dividend for the period ended 31 August 2011.

In last year's statement I said the Company planned during 2011 to strengthen its board and in this regard we were delighted to have appointed Tim Baldwin to the Board in September this year. Tim is currently the Chairman of both AIM listed TXO Plc and Ram Active Media Plc. Tim has extensive knowledge of the oil and gas and mining sectors. He is also Chairman of Hill Street Investments Plc, which currently owns a 25.19% in the Company.

During the year Rob Painting stepped down from the Board and I would like to take this opportunity of thanking him for his help and guidance during the last three years.

On behalf of the Board I would like to take this opportunity of thanking the Company's professional advisors for their support and assistance throughout the year.

Name Steven Freudmann
Chairman

Date 19 January 2012

ALPHA PROSPECTS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2011

The directors present their report and the financial statements for the year ended .

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year under review was that of adopting its new investment strategy of acquiring or investing in listed and unlisted companies.

BUSINESS REVIEW

Further details of the company's activities during the year can be found in the Chairman's Statement.

KEY PERFORMANCE INDICATORS

The company's share price on the PLUS quoted market and its levels of shareholders' funds and liquidity are perceived as its principal key performance indicators and are under regular review.

RESULTS

The loss for the year, after taxation, amounted to £472,637 (2010 - loss £386,261).

ALPHA PROSPECTS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2011

DIRECTORS

The directors who served during the year were:

Christopher Kenneth Foster
Steven Freudmann
Robert Philip Painting (resigned 23/2/2011)

Timothy Baldwin was appointed after date on 19 September 2011.

POST BALANCE SHEET EVENTS

On 6 January 2012 the company issued an unsecured loan note to Mr Christopher Foster, a director, for £50,000.

FUTURE DEVELOPMENTS

The company plans to seek investment opportunities in the following sectors; exploration and mining, digital media, publishing, electrical technology, food and wine and health and beauty.

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

At present, due to the company's size, risk and audit management is addressed by the Board. As the company grows, the Board will consider establishing an audit and risk management committee. The main risks identified by the Directors are dealt with individually below.

PRICE RISK

Alpha currently has holdings in Active Energy Group Plc, RAM Active Media Plc and Hill Street Investments Plc, all of which are subject either directly or indirectly to fluctuations in market prices and on underlying investment values.

CREDIT RISK

Alpha Prospects plc is currently subject to credit risk in respect of its principal debt as outlined in Note 10 to the accounts.

CURRENCY RISK

Alpha Prospects plc only transacts its business in Sterling at the present time. It is not therefore, exposed to either translation or transaction foreign exchange risk. For this reason it does not need to hedge against variations in exchange rates.

INTEREST RATE RISK

Alpha Prospects plc would only be exposed to interest rate changes on deposits as the company presently has no debt.

LIQUIDITY AND CASH FLOW RISK

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable demands and to invest cash profitably. It does this primarily by managing its cash balances and making informed decisions regarding the investments made.

ALPHA PROSPECTS PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2011**

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the company's policy to agree appropriate terms of payment with each supplier on an individual basis for each transaction or series of transactions and to abide by those terms based on the timely submission of satisfactory invoices. Trade Creditors outstanding at the balance sheet date were £29,599 (2010 - £656) and represented 133 days' purchases (2010 - 7 days).

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Calder & Co, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
Christopher Kenneth Foster
Director
19 January 2012

ALPHA PROSPECTS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALPHA PROSPECTS PLC

We have audited the financial statements of Alpha Prospects plc for the year ended 31 August 2011, set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ALPHA PROSPECTS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALPHA PROSPECTS PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

EMPHASIS OF MATTER

Without qualifying our opinion we draw attention to Note 10 to the financial statements. In 2008 the Company made an investment, by way of an interest bearing loan of £250,000 to Alpha Consolidations Limited ("ACL"). Repayment of the loan is due on 31 October 2014. The terms of the agreement provide for interest to be rolled up and paid at the end of the term. In addition, the terms of the agreement also allow that if ACL is sold then the loan will become repayable in full by the purchaser. Alpha Prospects plc owns 20% of ACL and holds options over 100% of the remaining shares in ACL.

Repayment of the loan is dependent upon the generation of sufficient profits after tax by ACL by the repayment date. The directors believe that ACL's current activity should, in the medium term, produce sufficient profitability to allow for repayment of the loan to Alpha Prospects plc. However, as repayment of the loan is contingent upon the successful completion of purchase and sale contracts by third parties, significant uncertainty exists as to its recoverability. Under the circumstances, a provision of £125,000 has been made for the impairment of this loan in the financial statements.

Recoverability of the loan is not considered determinative as regards the Company's ability to continue as a going concern but due to the materiality of the loan, we draw attention to it.

In addition, the company holds an investment in Hill Street Investments PLC ("HSIP") with a carrying value at the Balance Sheet date of £281,409. HSIP's principal activity is investing in both listed and private companies. HSIP's largest single investment comprises shares in a listed company, Pathfinder Minerals Plc ("Pathfinder"), which shares have been suspended. For the reasons explained in Note 9 the board believe that the HSIP investment in Pathfinder neither was, at 31 August 2011, nor has now been, permanently impaired. Moreover the board is of the view that in the event that the investment in Pathfinder did become permanently impaired it would not permanently impair the value of the company's investment in HSIP.

Recoverability of the carrying value of the HSIP investment is not considered determinative as regards the company's ability to continue as a going concern but due to the materiality of the value of HSIP's investment in Pathfinder and the direct link to the value of Alpha Prospect plc's investment in HSIP, we draw attention to the matter.

Ian Rosmarin (Senior statutory auditor)

for and on behalf of

Calder & Co

Statutory Auditor

Chartered Accountants

1 Regent Street

London

SW1Y 4NW

20 January 2012

ALPHA PROSPECTS PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2011

	Note	2011 £	2010 £
TURNOVER	1,2	-	(200)
Administrative expenses	22	<u>(457,744)</u>	<u>(386,067)</u>
OPERATING LOSS		(457,744)	(386,267)
Loss on disposal of investments		(14,897)	-
Interest receivable and similar income		<u>4</u>	<u>6</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(472,637)	(386,261)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(472,637)</u>	<u>(386,261)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account.

The notes on pages 10 to 18 form part of these financial statements.

EARNINGS PER SHARE

Basic EPS (pence)	7	(0.37)	(0.37)
Diluted EPS (pence)	7	(0.37)	(0.37)

ALPHA PROSPECTS PLC
REGISTERED NUMBER: 05813575

BALANCE SHEET
AS AT 31 AUGUST 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	8		694		925
Investments	9		339,604		202,398
			340,298		203,323
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	10	126,200		251,200	
Debtors: amounts falling due within one year	10	17,045		3,523	
Cash at bank		6,580		49,235	
		149,825		303,958	
CREDITORS: amounts falling due within one year	11	(44,924)		(13,843)	
NET CURRENT ASSETS			104,901		290,115
TOTAL ASSETS LESS CURRENT LIABILITIES			445,199		493,438
CAPITAL AND RESERVES					
Called up share capital	12		673,800		532,334
Share premium account	13		974,509		691,577
Profit and loss account	13		(1,203,110)		(730,473)
SHAREHOLDERS' FUNDS	14		445,199		493,438

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 January 2012 .

.....
Christopher Kenneth Foster
 Director

.....
Steven Freudmann
 Director

The notes on pages 10 to 18 form part of these financial statements.

ALPHA PROSPECTS PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	15	(53,659)	(73,323)
Returns on investments and servicing of finance	16	4	6
Capital expenditure and financial investment	16	11,000	-
DECREASE IN CASH IN THE YEAR		(42,655)	(73,317)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2011

	2011 £	2010 £
Decrease in cash in the year	(42,655)	(73,317)
MOVEMENT IN NET FUNDS IN THE YEAR	(42,655)	(73,317)
Net funds at 1 September 2010	49,235	122,552
NET FUNDS AT 31 AUGUST 2011	6,580	49,235

The notes on pages 10 to 18 form part of these financial statements.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	25% reducing balance
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1.4 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2011 £	2010 £
Management services	-	(200)

All turnover arose within the United Kingdom.

3. AUDITORS' REMUNERATION

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	16,075	10,000
Fees payable to the company's auditor and its associates in respect of:		
All other services	2,548	1,837

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2011 £	2010 £
Wages and salaries	4,167	28,333
Social security costs	106	2,346

The average monthly number of employees, including the directors, during the year was as follows:

	2011 No.	2010 No.
Directors	2	2

5. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	4,167	28,333
Amounts paid to third parties for directors' remuneration services	5,000	3,334

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

6. TAXATION

	2011 £	2010 £
UK corporation tax charge on loss for the year	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 27.17% (2010 - 28%).

The exceptional item shown in the profit and loss account (Note 22 refers) consists of an impairment of fixed asset investments and of a convertible loan which has been disallowed for taxation purposes.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has tax losses available to carry forward against future taxable profits of £423,127 (2010 - £355,423).

A deferred tax asset of £267,051 (2010 - £169,901) has not been recognised in the accounts as recoverability of the asset is not considered to be sufficiently certain.

7. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on losses of £472,637 (2010 - £386,261) and on 127,706,091 (2010 - 105,085,953) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share are based on the same figures as the basic earnings per share as there are no potentially dilutive factors to consider.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

8. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 September 2010 and 31 August 2011	1,522
DEPRECIATION	
At 1 September 2010	597
Charge for the year	231
At 31 August 2011	828
NET BOOK VALUE	
At 31 August 2011	694
<i>At 31 August 2010</i>	925

9. FIXED ASSET INVESTMENTS

	Listed investments £	Unlisted investments £	Total £
COST OR VALUATION			
At 1 September 2010	454,688	-	454,688
Additions	-	424,398	424,398
Disposals	(59,714)	-	(59,714)
At 31 August 2011	394,974	424,398	819,372
IMPAIRMENT			
At 1 September 2010	252,290	-	252,290
Charge for the year	118,306	142,989	261,295
Disposals	(33,817)	-	(33,817)
At 31 August 2011	336,779	142,989	479,768
NET BOOK VALUE			
At 31 August 2011	58,195	281,409	339,604
<i>At 31 August 2010</i>	202,398	-	202,398

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

9. FIXED ASSET INVESTMENTS (continued)

LISTED INVESTMENTS

The market value of the listed investments at 31 August 2011 was £58,195 (2010 - £202,398).

UNLISTED INVESTMENTS

The company's unlisted investments comprise shares in Hill Street Investments plc ("HSIP"), a company which invests in listed and private companies. HSIP's largest single investment is a holding in a listed company, Pathfinder Minerals Plc ("Pathfinder"). Pathfinder's Mozambique subsidiary, Companhia Miniera de Naburi S.A.R.L. holds two mining licenses which constitute the greater part of the value of Pathfinder. Pathfinder requested suspension of its shares on 11 November 2011 when a former director of that company asserted that the company was no longer the holder of the two aforementioned licences. The former director further asserted that a company of which he was a shareholder, Pathfinder Mocambique S.A., and which neither was, nor is now associated with Pathfinder, had amalgamated the licenses and was having them processed as a new license application by the Ministry of Mineral Resources of Mozambique in the name of Pathfinder Mocambique S.A.

The board of HSIP believe that this matter will be satisfactorily resolved by Pathfinder without material loss to Pathfinder's value. The board further believes that there is no evidence that the value of the licences was impaired at 31 August 2011 or is impaired now, but in the interests of clarity they believe the matter should be noted in these accounts. Although the value of shares in Pathfinder comprise approximately half of the value of HSIP, in the unlikely event of their permanent impairment the board believes that, in the light of HSIP's other activities and investments, its investment in HSIP would not itself be permanently impaired.

10. DEBTORS

	2011 £	2010 £
DUE AFTER MORE THAN ONE YEAR		
Loan	125,000	250,000
Rent deposit	1,200	1,200
	<u>126,200</u>	<u>251,200</u>
	2011 £	2010 £
DUE WITHIN ONE YEAR		
Trade debtors	(200)	(200)
PAYE/NI recoverable	1,021	-
VAT repayable	5,162	1,377
Prepayments and accrued income	11,062	2,346
	<u>17,045</u>	<u>3,523</u>

ALPHA PROSPECTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

10. DEBTORS (continued)

Included within Debtors is a loan of £250,000 to Alpha Consolidations Limited. Repayment of the loan is due by 31 October 2014. Based on the current net book values and trading results of the company the recoverability of this loan is uncertain.

It is however the opinion of the board that significant profits could be achieved by Alpha Consolidations Limited as a result of its role as a joint agent, with the company, in the purchase by third party principals of an airport. It is envisaged that a successful outcome of these transactions would in due course provide sufficient profitability to allow for the full repayment of the loan to the company. However, under the circumstances a provision of £125,000 has been made for the impairment of the loan in the financial statements.

**11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	14,529	656
Social security and other taxes	-	1,944
Wages and salaries	472	210
Other creditors	15,338	268
Accruals and deferred income	14,585	10,765
	44,924	13,843

12. SHARE CAPITAL

	2011 £	2010 £
ALLOTTED, CALLED UP AND FULLY PAID		
134,760,024 (2010 - 106,466,775) Ordinary shares of £0.005 each	673,800	532,334
	673,800	532,334

During the year the company issued the following Ordinary Shares:

	Nominal Value £	Consideration Received £
1 December 2010		
28,293,249 Ordinary Shares of 0.5p at 1.5p each	141,466	424,399
Total issued in year	141,466	424,399
In issue at 1 September 2010	532,334	1,223,910
Total in issue at 31 August 2011	673,800	1,931,241

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

13. RESERVES

	Share premium account £	Profit and loss account £
At 1 September 2010	691,577	(730,473)
Loss for the year		(472,637)
Premium on shares issued during the year	282,932	
	974,509	(1,203,110)
At 31 August 2011	974,509	(1,203,110)

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	493,438	579,699
Loss for the year	(472,637)	(386,261)
Shares issued during the year	141,466	60,000
Share premium on shares issued (net of expenses)	282,932	240,000
	445,199	493,438
Closing shareholders' funds	445,199	493,438

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating loss	(457,744)	(386,267)
Depreciation of tangible fixed assets	231	309
Impairments of fixed assets	261,295	252,290
Decrease in debtors	111,478	81,983
Increase/(decrease) in creditors	31,081	(21,638)
	(53,659)	(73,323)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(53,659)	(73,323)

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	4	6
	4	6

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 £	2010 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Sale of listed investments	11,000	-

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2010 £	Cash flow £	31 August 2011 £
Cash at bank and in hand	49,235	(42,655)	6,580
NET FUNDS	49,235	(42,655)	6,580

18. MAJOR NON-CASH TRANSACTIONS

During the year under review the company undertook a share exchange with Hill Street Investments plc with a value of £424,398 (2010 - RAM Active Media plc £300,000). This transaction was completed as a wholly non-cash transaction and does not therefore appear in the cash flow statement.

19. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH DIRECTORS

During the year under review the company paid Early Equity plc, a shareholder, £5,000 (2010 - £3,334) in respect of the services of R Painting as a non-executive Director. These services were supplied at normal market rates. Mr R Painting, a Director of Alpha Prospects plc, is a Director and 15.22% shareholder in Early Equity plc. Addworth plc, a shareholder in Alpha Prospects plc, is also a 30.43% shareholder in Early Equity plc.

On 1 December 2010 the company undertook a share swap with Hill Street Investments plc. As part of this transaction Alpha Prospects plc issued 28,293,249 Ordinary 0.5p Shares at 1.5p each in exchange for 65,292 Ordinary £1 shares in Hill Street Investments plc at £6.50 each. As a result Hill Street Investments plc became a 26.12% shareholder in Alpha Prospects plc and Alpha Prospects plc held a 3.88% interest in Hill Street Investments plc.

During the year under review a Director, Mr C Foster, incurred expenses of £17,607 (2010 - £1,514) on behalf of the company. At the balance sheet date £15,090 (2010 - £16) remained repayable to Mr Foster.

ALPHA PROSPECTS PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

20. POST BALANCE SHEET EVENTS

On 6 January 2012 Mr Christopher Foster, a director of the company, was issued with an unsecured loan note for £50,000 which is repayable one year after the date of issue. Mr Foster has however, undertaken not to request repayment in accordance with the terms of the note should it prejudice the rights of other creditors.

Attention is drawn to Note 9 in respect of a post balance sheet event relating to a material underlying investment in the company's unlisted fixed asset investment.

21. CONTROLLING PARTY

The company was controlled by a combination of Hill Street Investment plc and OMX Securities at the balance sheet date. As such, there is no ultimate controlling party.

22. EXCEPTIONAL ADMINISTRATION EXPENSES

Included in administration expenses is the impairment of the company's fixed asset investments of £261,295 (2010 - £252,290) (See note 9) and the impairment of a convertible loan of £125,000 (2010 - £Nil) (See note 10)

Administration expenses include non-recurring costs of £Nil (2010 - £61,000) relating to the write off of funds advanced to The Travel Club Limited on 17 March 2009.

These items are considered to be exceptional by virtue of their size and attention is therefore drawn to their inclusion in the financial statements.