

Company Registration No. 05813575 England & Wales

ALPHA PROSPECTS PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2012

ALPHA PROSPECTS PLC

COMPANY INFORMATION

Directors	C K Foster S Freudmann T E Baldwin
Secretary	C K Foster
Company Number	05813575
Registered Office	2nd Floor 30 Clarendon Road Watford, Hertfordshire WD17 1JJ
Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
ISDX Corporate Adviser	Peterhouse Corporate Finance Limited 31 Lombard Street London, EC3V 9BQ
Bankers	National Westminster Bank Plc 134 Aldersgate Street London EC1A 4JA
Solicitors	Pritchard Englefield Solicitors 14 New Street London EC2M 4HE
Registrars	Share Registrars Limited 27/28 Eastcastle Street London, W1W 8DH

ALPHAPROSPECTS PLC

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ALPHA PROSPECTS PLC

CHAIRMAN'S STATEMENT

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 2012.

The total comprehensive loss for the 12 month period is £505,694 (2011 - £472,637). Of this £215,747 (2011: £261,295), related to write downs in the value of the Company's investment share portfolio and £125,000 (2011: £125,000) related to write downs against loan receivables. Net assets during the year increased by over £1 million following the issue of shares in consideration for investments acquired.

In last year's statement the Board announced that it was going to continue to look for investment opportunities and expected to announce further investments in 2012. I am delighted to report that this was the case. During the year, the Company made two significant investments, namely, Coleridge Resources Inc. in the US ("Coleridge"), and RAM Active Media plc ("RAM") in the UK. Alpha also acquired an investment in Alpha Prospects Australia Pty Ltd in Tasmania.

Coleridge is a company with coal rights in Kentucky scanning a large acreage. Alpha acquired 25% of Coleridge for shares in Alpha in March of this year.

In June, Alpha acquired an 11% stake in RAM for a 5% stake in Alpha. RAM is a digital media holding company quoted on AIM with a market cap of over £3 million.

Alpha has also identified a number of exciting opportunities in the energy and resource sectors and the Board hopes that these opportunities will come to fruition during 2013.

Following the Company's year-end, Alpha has agreed, subject to certain conditions being satisfied, to subscribe for a 2 million shares in Tasmania Oil and Gas Ltd, a new joint venture Company, for a consideration to be satisfied by the issue of 33,333,333 shares in Alpha.

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

Steven Freudmann
Chairman

ALPHA PROSPECTS PLC

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 August 2012.

Principal activities

The principal activity of the Company was acquiring or investing in listed and unlisted companies.

Review of business & future developments

Information on the Company's activities is contained in the Chairman's Statement on page 1.

Key performance indicators

Management regularly review financial results compared to budgets and forecasts. In addition, key performance indicators are monitored to highlight any unexpected trends and appropriate action taken if required. These KPIs include:

- The commerciality of each investment is evaluated regularly.
- Costs are monitored against plan and current needs.
- Cash is monitored closely to ensure the Company avoids an overdraft at all times.

Results and dividends

The results for the year are set out on pages 9 and 10. The Directors do not recommend the payment of a dividend for the year.

Directors

The following directors have held office since 1 September 2011:

C K Foster
S Freudmann
T E Baldwin appointed on 19 September 2011

Directors' interests

The Directors' interests in the share capital of the Company at the year-end were as stated below:

	Ordinary Shares of 1p	
	31 August 2012	1 September 2011
C K Foster	37,500,000	37,500,000
S Freudmann	9,390,000	9,390,000
T E Baldwin	3,050,000	1,250,000

The interests of Directors (including persons connected with them within the meaning of Section 253 to 255 of the Companies Act 2006) holding office at 31 August 2012 in the options over the share capital of the Company were as follows:

3 pence options	31 August 2012 Number	31 August 2011 Number
C K Foster	6,000,000	-
S Freudmann	1,300,000	-
T Baldwin	6,000,000	-

Policy and practice on payment of creditors

The Company's policy is to pay its suppliers, generally, by the end of the month following that in which the suppliers' invoices are received. In respect of the financial period ended 31 August 2012, creditors' days have been calculated at 152 days (2011: 74 days).

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DIRECTORS' REPORT

Financial Risk Management

The Company's exposure to the variety of financial risks is as follows:

(a) Market Risk

Price risk

The price paid for utilities is subject to market movement, however as these costs are not significant for the company this will have minimal impact on the operations of the company.

Fair value and cash flow interest rate risk

The company does not have significant cash balances which expose it to movements in market interest rates.

(b) Credit risk

Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

(c) Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense.

(d) Foreign exchange risk

The Company does not have any direct exposure to foreign exchange risk but indirectly through its investments.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity as required.

Other risks management

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk and credit risk. As all the Company's assets and liabilities are denominated in sterling it is not exposed to any foreign exchange risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

Substantial shareholdings

On 7 January 2013, the following were holders of 3 per cent or more of the Company's issued share capital:

Registered holder	Ordinary Shares of 0.5 pence	Percentage of issued share capital
Christopher Kenneth Foster	37,500,000	18.05%
Hill Street Investments Plc*	30,205,792	14.54%
RAM Active Media Plc*	25,643,012	12.34%
Lunbros	24,434,666	11.76%
Tony Freudmann	16,050,000	7.72%
Plus Investors Plc	10,500,000	5.05%
Steven Freudmann	9,390,000	4.50%
Timothy Foster	7,562,500	3.63%

*Timothy Baldwin holds directorships in these companies.

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DIRECTORS' REPORT

Save as set out above, the Directors are not aware of any other persons with a holding of 3 per cent or more of the Company's issued share capital.

Health and safety

Alpha Prospects Plc's statement of general health and safety policy is to:

- Provide adequate control of the Health & Safety risks arising from the Company's work activities;
- Consult with Company employees on matters affecting their health and safety;
- Provide and maintain safe equipment;
- Ensure safe handling and use of substances;
- Provide information, instruction and supervision for employees;
- Ensure all employees are competent to do their tasks, and to give them adequate training;
- Prevent accidents and cases of work related ill health;
- Maintain safe and healthy working conditions;
- Review and revise this policy as necessary at regular intervals

AGM Notice

The notice of the Annual General Meeting is contained in a separate sheet issued within this report.

Auditors

The auditors Shipleys LLP were appointed on 24 August 2012 and have indicated their willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution proposing that Shipleys LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities

The statement of directors' responsibilities can be found on page 5 of these financial statements. The statement of directors' responsibilities forms part of the directors' report.

On behalf of the Board

C K Foster
Director

2nd Floor Suite
30 Clarendon Road
Watford
WD17 6DL

7 January 2013

ALPHA PROSPECTS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 the financial performance and cash flows of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether in preparation of the Company financial statements the Company has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

ALPHA PROSPECTS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA PROSPECTS PLC

We have audited the financial statements of Alpha Prospects plc for the year ended 31 August 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 which 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 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 (set out on page 5) 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 (APB'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 annual 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 the 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 2012 and of the its loss for the year then ended;
- have been prepared in accordance with IFRSs as adopted by the European Union; 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 MEMBERS 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 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.

Joseph Kinton (Senior Statutory Auditor)
for and on behalf of Shipleys LLP, Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

7 January 2013

ALPHA PROSPECTS PLC

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

		2012	2011
	Note	£	£
Continuing operations			
Revenue		-	-
Cost of sales		-	-
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Gross profit		-	-
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Administrative expenses		(164,947)	(71,449)
Administrative expenses - exceptional item	5	(125,000)	(125,000)
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		(289,947)	(196,449)
Loss on disposal of assets	5	-	(14,897)
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Operating Loss		(289,947)	(211,346)
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Finance income	18	-	4
Finance costs	18	-	-
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Finance income - net		-	4
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Loss before income tax		(289,947)	(211,342)
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Income tax expense	19	-	-
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Loss for the year from continuing operations		(289,947)	(211,342)
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Loss per share			
Basic loss per share - continuing and total operations	20	(0.18)p	(0.17)p
Diluted loss per share - continuing and total operations	20	(0.18)p	(0.17)p

The notes on pages 13 to 24 are an integral part of these consolidated financial statements.

ALPHA PROSPECTS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 August 2012

	2012	2011
	£	£
Loss for the year	(289,947)	(211,342)
Other comprehensive loss:		
Changes in fair value of available for sale financial assets	(215,747)	(261,295)
Other comprehensive loss for the year, net of tax	(215,747)	(261,295)
Total comprehensive loss for the year	(505,694)	(472,637)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 19.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 24 are an integral part of these consolidated financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2012

	Note	2012 £	2011 £
Assets			
Non-current assets			
Property, plant & equipment	6	-	694
Available-for-sale financial assets	7	1,648,857	339,604
		1,648,857	340,298
Current assets			
Trade and other receivables	8	12,783	143,245
Cash and cash equivalents	9	9,068	6,580
		21,851	149,825
Total assets		1,670,708	490,123
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	10	1,038,911	673,800
Share premium account		2,134,397	974,509
Shares to be issued reserve		50,491	-
Retained earnings	12	(1,708,804)	(1,203,110)
Total equity		1,514,995	445,199
Liabilities			
Current liabilities			
Trade and other payables	13	155,713	44,924
		155,713	44,924
Total liabilities		155,713	44,924
Total equity and liabilities		1,670,708	490,123

The notes on pages 13 to 24 are an integral part of these consolidated financial statements.

The financial statements were approved by the board of directors on 7 January 2013 and are subject to the approval of the shareholders at the Annual General Meeting on 7 February 2013 and signed on its behalf by:

C K Foster
Director

S Freudmann
Director

Company Number: 05813575 (England & Wales)

ALPHA PROSPECTS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2012

	Share capital	Share premium	Retained earnings	Shares to be issued reserve	Total
	£	£	£	£	£
Balance at 1 September 2010	532,334	691,577	(730,473)	-	493,438
Loss for year	-	-	(211,342)	-	(211,342)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(261,295)	-	(261,295)
Transactions with owners:					
Issue of share capital	141,466	282,932	-	-	424,398
Cost of share capital issue	-	-	-	-	-
Balance as at 31 August 2011	673,800	974,509	(1,203,110)	-	445,199
Loss for the period	-	-	(289,947)	-	(289,947)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(215,747)	-	(215,747)
Transactions with owners:					
Issue of share capital	365,111	1,159,888	-	-	1,524,999
Costs of issue of share capital	-	-	-	-	-
Share options issued	-	-	-	50,491	50,491
Balance as at 31 August 2012	1,038,911	2,134,397	(1,708,804)	50,491	1,514,995

ALPHA PROSPECTS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

	Note	2012 £	2011 £
Cash flows from operating activities			
Loss before tax		(289,947)	(211,342)
Adjustments for:			
Depreciation	6	-	231
Equity-settled share based payment transactions	11	50,491	-
Net finance income recognised in profit or loss		-	(4)
Loss on disposal of plant & equipment	5	694	-
Loss on disposal of financial assets	5	-	14,897
		(238,762)	(196,218)
Changes in working capital:			
Decrease in trade and other receivables	8	130,462	111,478
Increase in trade and other payables	13	110,788	31,081
Cash generated/(used in) operations		2,488	(53,659)
Interest paid		-	-
Net cash generated from /(used in) operating activities		2,488	(53,659)
Cash flows from investing activities			
Interest received	18	-	4
Acquisition of investment		(45,000)	-
Net cash used in investing activities		(45,000)	4
Cash flows from financing activities			
Proceeds from sale of investments		-	11,000
Proceeds from issue of shares	10	45,000	-
Net cash generated from financing activities		45,000	11,000
Increase/(decrease) in cash equivalents		2,488	(42,655)
Cash and cash equivalents at beginning of year		6,580	49,235
Cash and cash equivalents at end of year		9,068	6,580

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1. GENERAL INFORMATION

Alpha Prospects PLC (the 'company') is an investment holding company.

The company is a public limited company which is listed on the ISDX market and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 30 Clarendon Road, Watford, Hertfordshire, WD17 1JJ

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The functional and presentational currency for the financial statements is sterling. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 First time adoption of IFRS

The financial statements have been prepared in accordance with IFRS as adopted by the European Union for the first time for the year ended 31 August 2012. Details of the effects of the adoption of IFRS are given in note 21 to these financial statements.

The results, assets and liabilities of the Company for the year ended 31 August 2011 together with the opening position of the Company at 1 September 2010, the date of transition to IFRS, have been restated in accordance with IFRS and details of the restatements are given in note 21 to the financial statements. The statutory financial statements for the year ended 31 August 2011 were prepared under United Kingdom Generally Accepted Accounting Practice and delivered to the Registrar of Companies.

2.1.2 Going concern

The Board has a strategic plan for the next two years which sees the Company towards profitability. Central to this are proposed cash injection from a quoted plc, monetisation of available for sale financial assets, fundraising on the ISDX market and issue of convertible loans.

Whilst the Directors are presently uncertain as to the outcome of the fundraising, they believe that it is appropriate for the financial statements to be prepared on the going concern basis having considered the forecasts for the twelve-month period from the date of signing these financial statements and believe that the Company's financial resources will be sufficient to enable the Company to continue in operation for the foreseeable future after taking into account the successful and planned fundraising. The financial statements do not include any adjustments that would result if the Company is unable to continue as a going concern.

2.1.3 Changes in accounting policy and disclosures Standards in effect in 2011 adopted by the Company

The following standards, interpretations, and amendments to standards have been adopted in the financial statements.

- Revised IAS 24, 'Related party disclosures',
- Improvements to IFRS (issued May 2010),
- Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition,
- Amendment to IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these financial statements as they are not as yet effective. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Amendment to IAS 12, 'Deferred tax: recovery of underlying assets',
- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income,
- Amendment to IAS 32, 'Offsetting financial assets and financial liabilities',
- Amendment to IFRS 7, 'Financial instruments: disclosures - offsetting financial assets and financial liabilities',
- IFRS 9, 'Financial instruments',
- IFRS 10, 'Consolidated financial statements',
- IFRS 11, 'Joint arrangements',
- IFRS 12, 'Disclosures of interests in other entities',
- IFRS 13, 'Fair value measurement',
- IAS 19, 'Employee benefits',
- IAS 27 (revised 2011), 'Separate financial statements'
- IAS 28 (revised 2011), 'Associates and joint ventures'

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these financial statements.

2.2 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All assets are depreciated in order to write off the costs, less anticipated residual values of the assets over their useful economic lives on a reducing balance basis as follows:

- Office equipment: 25%

Items of property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the useful economic life of the asset.

2.3 Financial assets

The Company classifies its financial assets as either at fair value through profit and loss, or as available for sale financial assets. The Company does not hold any held to maturity financial assets or financial assets classified as loans and receivables.

The classification is dependent on the purpose for which the financial assets are acquired and is determined by the Directors on initial recognition.

Financial assets at fair value through profit or loss are financial assets which are held for trading. A financial asset is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as effective hedges. Such assets are classified as current assets. Financial assets at fair value through profit or loss are shown at fair value at each reporting date with changes in fair value shown in the income statement.

Available for sale financial assets consist of equity investments in other companies where the Company does not exercise either control or significant influence. Available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown in the statement of comprehensive income.

Where financial assets are quoted the fair value at each reporting date is based on the quoted bid price at that date. Where an available for sale financial asset consists of an equity investment in an unquoted company where a reliable fair value cannot be determined, such investments are shown at cost less impairment.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

2.4 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised at fair value subsequently measured at amortised cost using the effective interest method, less any appropriate allowance for estimated irrecoverable amounts.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.6 Share capital

Ordinary shares of the Company are classified as equity. Mandatorily redeemable preference shares and other classes of share where an obligation exists to transfer economic benefits are classified as liabilities.

Costs directly attributable to issue of new shares are shown in equity as a deduction.

2.7 Reserves

The Company financial statements include the following reserves: share premium account, shares to be issued reserve and retained earnings. Premiums paid on the issue of share capital, less any costs relating to these, are posted to the share premium account. The Company issues share options that are accounted for as share-based payments; this charge is credited to the shares to be issued reserve (see policy on share-based payments). Also the Company classifies the liability elements of convertible loan notes as part of the shares to be issued reserve.

2.8 Trade payables

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. As the payment period of trade payables is short future, cash payments are not discounted as the effect is not material.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the balance sheet date.

2.9 Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any difference between the proceeds (net of transaction costs) and the redemption value being recognised over the period of the borrowings.

Borrowing costs incurred which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

The fair value of the liability portion of convertible loan stock is determined using a market interest rate for a comparable loan stock with no conversion option. This amount is recorded as a liability on an amortised cost basis until the loan stock is redeemed or converted. The remainder of the carrying amount of the loan stock is allocated to the conversion option and shown within equity.

2.10 Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profit as shown in the income statement, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax liability for the year is calculated using tax rates which have either been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates which have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.11 Share-based payments

The cost of share-based payment arrangements, which occur when employees receive shares or share options, is recognised in the income statement over the period over which the shares or share options vest.

The expense is calculated based on the value of the awards made, as required by IFRS 2, 'Share-based payment'. The fair value of the awards is calculated by using the Black-Scholes option pricing model taking into account the expected life of the awards, the expected volatility of the return on the underlying share price, the market value of the shares, the strike price of the awards and the risk-free rate of return. The charge to the income statement is adjusted for the effect of service conditions and non-market performance conditions such that it is based on the number of awards expected to vest. Where vesting is dependent on market-based performance conditions, the likelihood of the conditions being achieved is adjusted for in the initial valuation and the charge to the income statement is not, therefore, adjusted so long as all other conditions are met.

Where an award is granted with no vesting conditions, the full value of the award is recognised immediately in the income statement.

2.12 Provisions

Provisions are recognised in the balance sheet where there is a legal or constructive obligation to transfer economic benefits as a result of a past event. Provisions are discounted using a rate which reflects the effect of the time value of money and the risks specific to the obligation, where the effect of discounting is material.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as interest expense.

3. FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Directors regularly review and agree policies for managing each of these risks which are summarised below and overleaf.

Foreign currency risks

The Company has no direct exposure to foreign currency risk although some of its investments are based overseas and themselves have exposure to foreign currencies, in particular US Dollars.

Credit risk

Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers including committed transactions and outstanding receivables. The Company reviews its banking arrangements carefully to minimise such risks and has put in place credit control procedures to mitigate against risks arising from customers.

Liquidity risk

The Company's objective is to maintain sufficient funding. Management monitors monthly forecasts of the Company's expected cash flows to ensure that a sufficiently liquid position is maintained. The need for additional resources is identified and sourced in a timely fashion.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity as required.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

Interest rate risk

The Company has no significant exposure to interest rate risk.

Other risks management

The Company's operations expose it to a variety of financial risks that include liquidity risk and credit risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Company being IFRS as adopted by the European Union, requires the Directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

The significant judgements made by management in applying the Company's accounting policies as set out above, and the key sources of estimation, were:

- Share-based compensation plans include plans under which shares and options to purchase shares, based on the performance of the businesses, are awarded. The fair value of options granted is estimated using the Black-Scholes option pricing model. The key factors involve, but are not limited to, the expected share price volatility, expected change in dividend rate and contracted option life. These assumptions may differ from actual results due to changes in economic conditions. Refer to note 11 for further information on share-based compensation.

5. OPERATING PROFIT

Operating profit for the year is stated after charging/ (crediting) the following:

	2012	2011
	£	£
Depreciation of owned property, plant and equipment	-	231
Auditors' remuneration – audit	18,000	16,075
Auditors' remuneration – non-audit – taxation	2,000	-
Auditors' remuneration – non-audit – all other services	-	2,548
Loss on disposal of plant and equipment	694	-
Loss on disposal of available for sale financial assets	-	14,897
Administrative expenses – exceptional loss	125,000	125,000

'Administrative expenses – exceptional item' relates to the write off of the loan to Alpha Consolidations Limited following the dissolution of the company in May 2012.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

6. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £
Cost	
At 1 September 2011	1,522
Disposals	(1,522)
At 31 August 2012	-
Depreciation	
At 1 September 2011	828
Charge for the year	-
Released on disposal	(828)
At 31 August 2012	-
Net book value as at 31 August 2012	-
Cost	
At 1 September 2010	1,522
Additions	-
At 31 August 2011	1,522
Depreciation	
At 1 September 2010	597
Charge for the year	231
At 31 August 2011	828
Net book value as at 31 August 2011	694

7. AVAILABLE FOR SALE FINANCIAL ASSETS

	2012 £	2011 £
Beginning of year	339,604	454,688
Additions	1,525,000	424,398
Disposals	-	(59,714)
Decreases in fair value transferred to equity	(215,747)	(479,768)
End of year	1,648,857	339,604

Available for sale financial assets include the following:

	2012 £	2011 £
Listed equity securities	522,634	58,195
Unlisted equity securities – fair value	1,126,203	281,409
	1,648,587	339,604

The fair values of unlisted securities for which a fair value can be reliably determined are calculated based on net assets per share of the related entity. Where the fair value of an unlisted security cannot be reliably determined, it is stated at cost less any provision for impairment.

8. TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Trade receivables	-	(200)
	-	(200)
Other receivables	9,583	132,383
Prepayments and accrued income	3,200	11,062
	12,783	143,245

As at 31 August 2012, other receivables is stated net of a provision of £250,000 (2011: £125,000) for amounts impaired and provided against.

Movement of the Company's provision for impairment of other receivables are as follows:

	£
At 1 September 2010	-
Provision for receivables impairment during the year	125,000
At 31 August 2011	125,000
Provision for receivables impairment during the year	125,000
At 31 August 2012	250,000

9. CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Cash at bank and on hand	9,068	6,580
Cash and cash equivalents in statement of cash flows	9,068	6,580

10. SHARE CAPITAL

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

	2012	2011
Issued, allotted, called up and fully paid:		
Ordinary shares	207,782,246	134,760,024
	£	£
Ordinary shares of £0.005	1,038,911	673,800

On 24 February 2012 the company issued 49,000,000 ordinary shares of 0.5p each at a price of 2 pence each in satisfaction of the purchase consideration of 375 common stock of Coleridge Resources Inc valued at £980,000.

On 27 June 2012 the company issued 1,800,000 ordinary shares of 0.5p each at a price of 2.5 pence each raising £45,000 for working capital purposes.

On 28 June 2012 the company issued 22,222,222 ordinary shares of 0.5p each at a price of 2.25 pence each in satisfaction of swap for 22,222,222 RAM Active Media Plc shares valued at £500,000.

11. SHARE BASED PAYMENT

The company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Vesting of the options is conditional on the completion of one year service from the date of grant of the options (the vesting period). The exercise price of the option is normally equal to the market price of an ordinary share in the company at the date of grant. The options may be exercised over periods ranging from one to ten years from the date of grant and lapse if not exercised by that date.

	2012	Options	2011	Options
	Average exercise price (pence)		Average exercise price (pence)	
At 1 September	-	-	-	-
Granted	3.00	13,300,000	-	-
At 31 August	3.00	13,300,000	-	-

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date - 31 August	Exercise price (pence)	Shares	
		2012	2011
2019	3.00	13,300,000	-
		13,300,000	-

As at 31 August 2012, none of the outstanding share options were exercisable. The weighted average fair value of the options granted during the year was determined using the Black-Scholes option pricing model and was 0.84 pence per option. The significant inputs to the model were a weighted average share price of 3 pence, exercise price as shown above, an expected option life of seven years, expected volatility of 18.2% and a risk-free rate of return of 3%. The volatility is based on analysis of the volatility of the company's historical share price.

The total share-based payment expense recognised in the income statement in respect of share options granted to directors is £50,491.

12. RETAINED EARNINGS

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

At 1 September 2010	£
Total comprehensive loss for the year	(730,473)
<hr/>	
At 31 August 2011	(1,203,110)
<hr/>	
At 1 September 2011	(1,203,110)
Total comprehensive loss for the year	(505,694)
<hr/>	
At 31 August 2012	(1,708,804)

13. TRADE AND OTHER PAYABLES

	2012	2011
	£	£
Trade payables	60,211	14,529
Other payables	75,235	15,810
Accruals and deferred income	20,267	14,585
<hr/>		
	155,713	44,924

Included in other payables is an unsecured creditor of £69,513 being total amount lent to the Company at zero interest rate by Christopher Foster (a director).

14. DEFERRED TAXATION

No deferred tax asset has been recognised in respect of trading losses or in respect of timing differences on fixed assets, due to the uncertainty as to when these losses will be recoverable. The amount of the Company's unprovided deferred tax asset is £163,480 (2011: £267,051).

15. AUDITOR REMUNERATION

During the year the Company obtained the following services from the company's auditor:

	2012	2011
	£	£
Fees payable to company's auditor for the audit of financial statements	18,000	16,075
Fees payable to the company's auditor for other services:		
- Other services pursuant to legislations	-	2,548
- Tax services	2,000	-
<hr/>		
	20,000	18,623

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

16. EMPLOYEE BENEFIT EXPENSE

	2012	2011
	£	£
Wages and salaries, including termination benefits	1,485	9,167
Social security costs	-	106
Share options granted to directors	50,491	-
	51,976	9,273

The average monthly number of employees, including directors, employed by the Company during the year was:

Directors	3	2
-----------	---	---

17. DIRECTORS' EMOLUMENTS

	2012	2011
	£	£
Emoluments, including benefits in kind	1,485	9,167
	1,485	9,167

The emoluments of the highest paid director were as follows:

	2012	2011
	£	£
Emoluments, including benefits in kind	1,485	5,000
Pension costs	-	-
	1,485	5,000

18. FINANCE INCOME AND COSTS

	2012	2011
	£	£
Bank interest receivable	-	4
Net finance income recognised in loss	-	4

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

19. TAX EXPENSE

	2012 £	2011 £
Company		
Current tax charge	-	-
Deferred tax	-	-
Total tax charge / (credit) for period	-	-

The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 26/27%. The difference can be reconciled as follows:

	2012 £	2011 £
Loss before taxation	(289,947)	(211,342)
Tax calculated at the applicable rate based on loss for the year	(76,836)	(57,422)
Expenses not allowable	15,860	4,747
Creation of tax losses	60,976	52,675
	-	-

There is no tax charge for fair value loss on available for sale financial assets.

20. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Loss attributable to equity holders of the company (£)	(289,947)	(211,342)
Weighted average number of ordinary shares in issue	164,468,342	127,706,091
Basic loss per share (pence per share)	(0.18)	(0.17)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume the conversion of all dilutive potential ordinary shares. Due to the loss for the year diluted loss per share is the same as the basic loss per share.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

21. FIRST TIME ADOPTION OF IFRS

For all periods up to and including the year ended 31 August 2011, the Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). In preparing the financial statements for the year ended 31 August 2012 the Company has adopted International Financial Reporting Standards (IFRS) as adopted by the European Union for the first time.

The accounting policies set out in note 2 to the financial statements have been applied in preparing the financial statements for the year ended 31 August 2012 and the comparative financial information for the year ended 31 August 2011. The retrospective application of IFRS to the comparative financial information is required, with certain limited exceptions, by IFRS 1 'First time adoption of IFRS'.

The Company has not needed to adjust any balances for the Income statement for the year ended 31 August 2011 and the statement of financial position as at 1 September 2010 and 31 August 2011 under IFRS

22. CONTROL

In the opinion of the Directors there is no one controlling party of the Company.

23. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year:

Borrowings

On 6 January 2012 Christopher Foster, a director of the Company was issued with a zero rated unsecured loan note for £50,000. The loan is repayable on the date falling one year after date of issue of the loan note. Christopher Foster has however undertaken not to request repayment on due date should it prejudice the rights of other creditors. At 31 August 2012 the Company owed a total of £72,320.89 to Christopher Foster of which £69,513.53 was an unsecured loan and £1,807.36 was for expenses incurred on behalf of the Company.

At 31 August 2012 the Company owed £250 to Steven Freudmann, a director. The amount remained payable from prior period.

Equity transactions

On 28 June 2012 the Company undertook a share swap with RAM Active Media plc ("RAM"), valued at £500,000. The transaction entailed the issue of 22,222,222 ordinary shares of 0.5p at a price of 2.25p in exchange for 50,000,000 ordinary shares of 1p at a price of 1p in RAM. T E Baldwin a director of the Company is a director of RAM.

24. EVENTS AFTER REPORTING DATE

On 12 October 2012 the Company agreed, subject to certain conditions being satisfied, to subscribe for a 2 million shares in Tasmania Oil and Gas Ltd, a new joint venture Company, for a consideration to be satisfied by the issue of 33,333,333 shares in Alpha.

Company Registration No. 05813575 England & Wales

ALPHA PROSPECTS PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2012

ALPHA PROSPECTS PLC

COMPANY INFORMATION

Directors	C K Foster S Freudmann T E Baldwin
Secretary	C K Foster
Company Number	05813575
Registered Office	2nd Floor 30 Clarendon Road Watford, Hertfordshire WD17 1JJ
Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
ISDX Corporate Adviser	Peterhouse Corporate Finance Limited 31 Lombard Street London, EC3V 9BQ
Bankers	National Westminster Bank Plc 134 Aldersgate Street London EC1A 4JA
Solicitors	Pritchard Englefield Solicitors 14 New Street London EC2M 4HE
Registrars	Share Registrars Limited 27/28 Eastcastle Street London, W1W 8DH

ALPHAPROSPECTS PLC

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ALPHA PROSPECTS PLC

CHAIRMAN'S STATEMENT

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 2012.

The total comprehensive loss for the 12 month period is £505,694 (2011 - £472,637). Of this £215,747 (2011: £261,295), related to write downs in the value of the Company's investment share portfolio and £125,000 (2011: £125,000) related to write downs against loan receivables. Net assets during the year increased by over £1 million following the issue of shares in consideration for investments acquired.

In last year's statement the Board announced that it was going to continue to look for investment opportunities and expected to announce further investments in 2012. I am delighted to report that this was the case. During the year, the Company made two significant investments, namely, Coleridge Resources Inc. in the US ("Coleridge"), and RAM Active Media plc ("RAM") in the UK. Alpha also acquired an investment in Alpha Prospects Australia Pty Ltd in Tasmania.

Coleridge is a company with coal rights in Kentucky scanning a large acreage. Alpha acquired 25% of Coleridge for shares in Alpha in March of this year.

In June, Alpha acquired an 11% stake in RAM for a 5% stake in Alpha. RAM is a digital media holding company quoted on AIM with a market cap of over £3 million.

Alpha has also identified a number of exciting opportunities in the energy and resource sectors and the Board hopes that these opportunities will come to fruition during 2013.

Following the Company's year-end, Alpha has agreed, subject to certain conditions being satisfied, to subscribe for a 2 million shares in Tasmania Oil and Gas Ltd, a new joint venture Company, for a consideration to be satisfied by the issue of 33,333,333 shares in Alpha.

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

Steven Freudmann
Chairman

ALPHA PROSPECTS PLC

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 August 2012.

Principal activities

The principal activity of the Company was acquiring or investing in listed and unlisted companies.

Review of business & future developments

Information on the Company's activities is contained in the Chairman's Statement on page 1.

Key performance indicators

Management regularly review financial results compared to budgets and forecasts. In addition, key performance indicators are monitored to highlight any unexpected trends and appropriate action taken if required. These KPIs include:

- The commerciality of each investment is evaluated regularly.
- Costs are monitored against plan and current needs.
- Cash is monitored closely to ensure the Company avoids an overdraft at all times.

Results and dividends

The results for the year are set out on pages 9 and 10. The Directors do not recommend the payment of a dividend for the year.

Directors

The following directors have held office since 1 September 2011:

C K Foster
S Freudmann
T E Baldwin appointed on 19 September 2011

Directors' interests

The Directors' interests in the share capital of the Company at the year-end were as stated below:

	Ordinary Shares of 1p	
	31 August 2012	1 September 2011
C K Foster	37,500,000	37,500,000
S Freudmann	9,390,000	9,390,000
T E Baldwin	3,050,000	1,250,000

The interests of Directors (including persons connected with them within the meaning of Section 253 to 255 of the Companies Act 2006) holding office at 31 August 2012 in the options over the share capital of the Company were as follows:

3 pence options	31 August 2012 Number	31 August 2011 Number
C K Foster	6,000,000	-
S Freudmann	1,300,000	-
T Baldwin	6,000,000	-

Policy and practice on payment of creditors

The Company's policy is to pay its suppliers, generally, by the end of the month following that in which the suppliers' invoices are received. In respect of the financial period ended 31 August 2012, creditors' days have been calculated at 152 days (2011: 74 days).

ALPHA PROSPECTS PLC

DIRECTORS' REPORT

Financial Risk Management

The Company's exposure to the variety of financial risks is as follows:

(a) Market Risk

Price risk

The price paid for utilities is subject to market movement, however as these costs are not significant for the company this will have minimal impact on the operations of the company.

Fair value and cash flow interest rate risk

The company does not have significant cash balances which expose it to movements in market interest rates.

(b) Credit risk

Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

(c) Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense.

(d) Foreign exchange risk

The Company does not have any direct exposure to foreign exchange risk but indirectly through its investments.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity as required.

Other risks management

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk and credit risk. As all the Company's assets and liabilities are denominated in sterling it is not exposed to any foreign exchange risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

Substantial shareholdings

On 7 January 2013, the following were holders of 3 per cent or more of the Company's issued share capital:

Registered holder	Ordinary Shares of 0.5 pence	Percentage of issued share capital
Christopher Kenneth Foster	37,500,000	18.05%
Hill Street Investments Plc*	30,205,792	14.54%
RAM Active Media Plc*	25,643,012	12.34%
Lunbros	24,434,666	11.76%
Tony Freudmann	16,050,000	7.72%
Plus Investors Plc	10,500,000	5.05%
Steven Freudmann	9,390,000	4.50%
Timothy Foster	7,562,500	3.63%

*Timothy Baldwin holds directorships in these companies.

ALPHA PROSPECTS PLC

DIRECTORS' REPORT

Save as set out above, the Directors are not aware of any other persons with a holding of 3 per cent or more of the Company's issued share capital.

Health and safety

Alpha Prospects Plc's statement of general health and safety policy is to:

- Provide adequate control of the Health & Safety risks arising from the Company's work activities;
- Consult with Company employees on matters affecting their health and safety;
- Provide and maintain safe equipment;
- Ensure safe handling and use of substances;
- Provide information, instruction and supervision for employees;
- Ensure all employees are competent to do their tasks, and to give them adequate training;
- Prevent accidents and cases of work related ill health;
- Maintain safe and healthy working conditions;
- Review and revise this policy as necessary at regular intervals

AGM Notice

The notice of the Annual General Meeting is contained in a separate sheet issued within this report.

Auditors

The auditors Shipleys LLP were appointed on 24 August 2012 and have indicated their willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution proposing that Shipleys LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities

The statement of directors' responsibilities can be found on page 5 of these financial statements. The statement of directors' responsibilities forms part of the directors' report.

On behalf of the Board

C K Foster
Director

2nd Floor Suite
30 Clarendon Road
Watford
WD17 6DL

7 January 2013

ALPHA PROSPECTS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 the financial performance and cash flows of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether in preparation of the Company financial statements the Company has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

ALPHA PROSPECTS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA PROSPECTS PLC

We have audited the financial statements of Alpha Prospects plc for the year ended 31 August 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 which 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 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 (set out on page 5) 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 (APB'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 annual 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 the 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 2012 and of the its loss for the year then ended;
- have been prepared in accordance with IFRSs as adopted by the European Union; 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 MEMBERS 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 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.

Joseph Kinton (Senior Statutory Auditor)
for and on behalf of Shipleys LLP, Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

7 January 2013

ALPHA PROSPECTS PLC

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

		2012	2011
	Note	£	£
Continuing operations			
Revenue		-	-
Cost of sales		-	-
<hr/>			
Gross profit		-	-
<hr/>			
Administrative expenses		(164,947)	(71,449)
Administrative expenses - exceptional item	5	(125,000)	(125,000)
<hr/>			
		(289,947)	(196,449)
Loss on disposal of assets	5	-	(14,897)
<hr/>			
Operating Loss		(289,947)	(211,346)
<hr/>			
Finance income	18	-	4
Finance costs	18	-	-
<hr/>			
Finance income - net		-	4
<hr/>			
Loss before income tax		(289,947)	(211,342)
<hr/>			
Income tax expense	19	-	-
<hr/>			
Loss for the year from continuing operations		(289,947)	(211,342)
<hr/>			
Loss per share			
Basic loss per share - continuing and total operations	20	(0.18)p	(0.17)p
Diluted loss per share - continuing and total operations	20	(0.18)p	(0.17)p

The notes on pages 13 to 24 are an integral part of these consolidated financial statements.

ALPHA PROSPECTS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 August 2012

	2012	2011
	£	£
Loss for the year	(289,947)	(211,342)
Other comprehensive loss:		
Changes in fair value of available for sale financial assets	(215,747)	(261,295)
Other comprehensive loss for the year, net of tax	(215,747)	(261,295)
Total comprehensive loss for the year	(505,694)	(472,637)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 19.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 24 are an integral part of these consolidated financial statements.

ALPHA PROSPECTS PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2012

	Note	2012 £	2011 £
Assets			
Non-current assets			
Property, plant & equipment	6	-	694
Available-for-sale financial assets	7	1,648,857	339,604
		1,648,857	340,298
Current assets			
Trade and other receivables	8	12,783	143,245
Cash and cash equivalents	9	9,068	6,580
		21,851	149,825
Total assets		1,670,708	490,123
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	10	1,038,911	673,800
Share premium account		2,134,397	974,509
Shares to be issued reserve		50,491	-
Retained earnings	12	(1,708,804)	(1,203,110)
Total equity		1,514,995	445,199
Liabilities			
Current liabilities			
Trade and other payables	13	155,713	44,924
		155,713	44,924
Total liabilities		155,713	44,924
Total equity and liabilities		1,670,708	490,123

The notes on pages 13 to 24 are an integral part of these consolidated financial statements.

The financial statements were approved by the board of directors on 7 January 2013 and are subject to the approval of the shareholders at the Annual General Meeting on 7 February 2013 and signed on its behalf by:

C K Foster
Director

S Freudmann
Director

Company Number: 05813575 (England & Wales)

ALPHA PROSPECTS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2012

	Share capital	Share premium	Retained earnings	Shares to be issued reserve	Total
	£	£	£	£	£
Balance at 1 September 2010	532,334	691,577	(730,473)	-	493,438
Loss for year	-	-	(211,342)	-	(211,342)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(261,295)	-	(261,295)
Transactions with owners:					
Issue of share capital	141,466	282,932	-	-	424,398
Cost of share capital issue	-	-	-	-	-
Balance as at 31 August 2011	673,800	974,509	(1,203,110)	-	445,199
Loss for the period	-	-	(289,947)	-	(289,947)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(215,747)	-	(215,747)
Transactions with owners:					
Issue of share capital	365,111	1,159,888	-	-	1,524,999
Costs of issue of share capital	-	-	-	-	-
Share options issued	-	-	-	50,491	50,491
Balance as at 31 August 2012	1,038,911	2,134,397	(1,708,804)	50,491	1,514,995

ALPHA PROSPECTS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

	Note	2012 £	2011 £
Cash flows from operating activities			
Loss before tax		(289,947)	(211,342)
Adjustments for:			
Depreciation	6	-	231
Equity-settled share based payment transactions	11	50,491	-
Net finance income recognised in profit or loss		-	(4)
Loss on disposal of plant & equipment	5	694	-
Loss on disposal of financial assets	5	-	14,897
		(238,762)	(196,218)
Changes in working capital:			
Decrease in trade and other receivables	8	130,462	111,478
Increase in trade and other payables	13	110,788	31,081
Cash generated/(used in) operations		2,488	(53,659)
Interest paid		-	-
Net cash generated from /(used in) operating activities		2,488	(53,659)
Cash flows from investing activities			
Interest received	18	-	4
Acquisition of investment		(45,000)	-
Net cash used in investing activities		(45,000)	4
Cash flows from financing activities			
Proceeds from sale of investments		-	11,000
Proceeds from issue of shares	10	45,000	-
Net cash generated from financing activities		45,000	11,000
Increase/(decrease) in cash equivalents		2,488	(42,655)
Cash and cash equivalents at beginning of year		6,580	49,235
Cash and cash equivalents at end of year		9,068	6,580

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1. GENERAL INFORMATION

Alpha Prospects PLC (the 'company') is an investment holding company.

The company is a public limited company which is listed on the ISDX market and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 30 Clarendon Road, Watford, Hertfordshire, WD17 1JJ

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The functional and presentational currency for the financial statements is sterling. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 First time adoption of IFRS

The financial statements have been prepared in accordance with IFRS as adopted by the European Union for the first time for the year ended 31 August 2012. Details of the effects of the adoption of IFRS are given in note 21 to these financial statements.

The results, assets and liabilities of the Company for the year ended 31 August 2011 together with the opening position of the Company at 1 September 2010, the date of transition to IFRS, have been restated in accordance with IFRS and details of the restatements are given in note 21 to the financial statements. The statutory financial statements for the year ended 31 August 2011 were prepared under United Kingdom Generally Accepted Accounting Practice and delivered to the Registrar of Companies.

2.1.2 Going concern

The Board has a strategic plan for the next two years which sees the Company towards profitability. Central to this are proposed cash injection from a quoted plc, monetisation of available for sale financial assets, fundraising on the ISDX market and issue of convertible loans.

Whilst the Directors are presently uncertain as to the outcome of the fundraising, they believe that it is appropriate for the financial statements to be prepared on the going concern basis having considered the forecasts for the twelve-month period from the date of signing these financial statements and believe that the Company's financial resources will be sufficient to enable the Company to continue in operation for the foreseeable future after taking into account the successful and planned fundraising. The financial statements do not include any adjustments that would result if the Company is unable to continue as a going concern.

2.1.3 Changes in accounting policy and disclosures Standards in effect in 2011 adopted by the Company

The following standards, interpretations, and amendments to standards have been adopted in the financial statements.

- Revised IAS 24, 'Related party disclosures',
- Improvements to IFRS (issued May 2010),
- Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition,
- Amendment to IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these financial statements as they are not as yet effective. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Amendment to IAS 12, 'Deferred tax: recovery of underlying assets',
- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income,
- Amendment to IAS 32, 'Offsetting financial assets and financial liabilities',
- Amendment to IFRS 7, 'Financial instruments: disclosures - offsetting financial assets and financial liabilities',
- IFRS 9, 'Financial instruments',
- IFRS 10, 'Consolidated financial statements',
- IFRS 11, 'Joint arrangements',
- IFRS 12, 'Disclosures of interests in other entities',
- IFRS 13, 'Fair value measurement',
- IAS 19, 'Employee benefits',
- IAS 27 (revised 2011), 'Separate financial statements'
- IAS 28 (revised 2011), 'Associates and joint ventures'

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these financial statements.

2.2 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All assets are depreciated in order to write off the costs, less anticipated residual values of the assets over their useful economic lives on a reducing balance basis as follows:

- Office equipment: 25%

Items of property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the useful economic life of the asset.

2.3 Financial assets

The Company classifies its financial assets as either at fair value through profit and loss, or as available for sale financial assets. The Company does not hold any held to maturity financial assets or financial assets classified as loans and receivables.

The classification is dependent on the purpose for which the financial assets are acquired and is determined by the Directors on initial recognition.

Financial assets at fair value through profit or loss are financial assets which are held for trading. A financial asset is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as effective hedges. Such assets are classified as current assets. Financial assets at fair value through profit or loss are shown at fair value at each reporting date with changes in fair value shown in the income statement.

Available for sale financial assets consist of equity investments in other companies where the Company does not exercise either control or significant influence. Available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown in the statement of comprehensive income.

Where financial assets are quoted the fair value at each reporting date is based on the quoted bid price at that date. Where an available for sale financial asset consists of an equity investment in an unquoted company where a reliable fair value cannot be determined, such investments are shown at cost less impairment.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

2.4 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised at fair value subsequently measured at amortised cost using the effective interest method, less any appropriate allowance for estimated irrecoverable amounts.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.6 Share capital

Ordinary shares of the Company are classified as equity. Mandatorily redeemable preference shares and other classes of share where an obligation exists to transfer economic benefits are classified as liabilities.

Costs directly attributable to issue of new shares are shown in equity as a deduction.

2.7 Reserves

The Company financial statements include the following reserves: share premium account, shares to be issued reserve and retained earnings. Premiums paid on the issue of share capital, less any costs relating to these, are posted to the share premium account. The Company issues share options that are accounted for as share-based payments; this charge is credited to the shares to be issued reserve (see policy on share-based payments). Also the Company classifies the liability elements of convertible loan notes as part of the shares to be issued reserve.

2.8 Trade payables

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. As the payment period of trade payables is short future, cash payments are not discounted as the effect is not material.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the balance sheet date.

2.9 Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any difference between the proceeds (net of transaction costs) and the redemption value being recognised over the period of the borrowings.

Borrowing costs incurred which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

The fair value of the liability portion of convertible loan stock is determined using a market interest rate for a comparable loan stock with no conversion option. This amount is recorded as a liability on an amortised cost basis until the loan stock is redeemed or converted. The remainder of the carrying amount of the loan stock is allocated to the conversion option and shown within equity.

2.10 Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profit as shown in the income statement, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax liability for the year is calculated using tax rates which have either been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates which have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.11 Share-based payments

The cost of share-based payment arrangements, which occur when employees receive shares or share options, is recognised in the income statement over the period over which the shares or share options vest.

The expense is calculated based on the value of the awards made, as required by IFRS 2, 'Share-based payment'. The fair value of the awards is calculated by using the Black-Scholes option pricing model taking into account the expected life of the awards, the expected volatility of the return on the underlying share price, the market value of the shares, the strike price of the awards and the risk-free rate of return. The charge to the income statement is adjusted for the effect of service conditions and non-market performance conditions such that it is based on the number of awards expected to vest. Where vesting is dependent on market-based performance conditions, the likelihood of the conditions being achieved is adjusted for in the initial valuation and the charge to the income statement is not, therefore, adjusted so long as all other conditions are met.

Where an award is granted with no vesting conditions, the full value of the award is recognised immediately in the income statement.

2.12 Provisions

Provisions are recognised in the balance sheet where there is a legal or constructive obligation to transfer economic benefits as a result of a past event. Provisions are discounted using a rate which reflects the effect of the time value of money and the risks specific to the obligation, where the effect of discounting is material.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as interest expense.

3. FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Directors regularly review and agree policies for managing each of these risks which are summarised below and overleaf.

Foreign currency risks

The Company has no direct exposure to foreign currency risk although some of its investments are based overseas and themselves have exposure to foreign currencies, in particular US Dollars.

Credit risk

Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers including committed transactions and outstanding receivables. The Company reviews its banking arrangements carefully to minimise such risks and has put in place credit control procedures to mitigate against risks arising from customers.

Liquidity risk

The Company's objective is to maintain sufficient funding. Management monitors monthly forecasts of the Company's expected cash flows to ensure that a sufficiently liquid position is maintained. The need for additional resources is identified and sourced in a timely fashion.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to shareholders. It is the current strategy of the Company to finance its activities from existing equity and reserves and by the issue of new equity as required.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

Interest rate risk

The Company has no significant exposure to interest rate risk.

Other risks management

The Company's operations expose it to a variety of financial risks that include liquidity risk and credit risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Company being IFRS as adopted by the European Union, requires the Directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

The significant judgements made by management in applying the Company's accounting policies as set out above, and the key sources of estimation, were:

- Share-based compensation plans include plans under which shares and options to purchase shares, based on the performance of the businesses, are awarded. The fair value of options granted is estimated using the Black-Scholes option pricing model. The key factors involve, but are not limited to, the expected share price volatility, expected change in dividend rate and contracted option life. These assumptions may differ from actual results due to changes in economic conditions. Refer to note 11 for further information on share-based compensation.

5. OPERATING PROFIT

Operating profit for the year is stated after charging/ (crediting) the following:

	2012	2011
	£	£
Depreciation of owned property, plant and equipment	-	231
Auditors' remuneration – audit	18,000	16,075
Auditors' remuneration – non-audit – taxation	2,000	-
Auditors' remuneration – non-audit – all other services	-	2,548
Loss on disposal of plant and equipment	694	-
Loss on disposal of available for sale financial assets	-	14,897
Administrative expenses – exceptional loss	125,000	125,000

'Administrative expenses – exceptional item' relates to the write off of the loan to Alpha Consolidations Limited following the dissolution of the company in May 2012.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

6. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £
Cost	
At 1 September 2011	1,522
Disposals	(1,522)
At 31 August 2012	-
Depreciation	
At 1 September 2011	828
Charge for the year	-
Released on disposal	(828)
At 31 August 2012	-
Net book value as at 31 August 2012	-
Cost	
At 1 September 2010	1,522
Additions	-
At 31 August 2011	1,522
Depreciation	
At 1 September 2010	597
Charge for the year	231
At 31 August 2011	828
Net book value as at 31 August 2011	694

7. AVAILABLE FOR SALE FINANCIAL ASSETS

	2012 £	2011 £
Beginning of year	339,604	454,688
Additions	1,525,000	424,398
Disposals	-	(59,714)
Decreases in fair value transferred to equity	(215,747)	(479,768)
End of year	1,648,857	339,604

Available for sale financial assets include the following:

	2012 £	2011 £
Listed equity securities	522,634	58,195
Unlisted equity securities – fair value	1,126,203	281,409
	1,648,587	339,604

The fair values of unlisted securities for which a fair value can be reliably determined are calculated based on net assets per share of the related entity. Where the fair value of an unlisted security cannot be reliably determined, it is stated at cost less any provision for impairment.

8. TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Trade receivables	-	(200)
	-	(200)
Other receivables	9,583	132,383
Prepayments and accrued income	3,200	11,062
	12,783	143,245

As at 31 August 2012, other receivables is stated net of a provision of £250,000 (2011: £125,000) for amounts impaired and provided against.

Movement of the Company's provision for impairment of other receivables are as follows:

	£
At 1 September 2010	-
Provision for receivables impairment during the year	125,000
At 31 August 2011	125,000
Provision for receivables impairment during the year	125,000
At 31 August 2012	250,000

9. CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Cash at bank and on hand	9,068	6,580
Cash and cash equivalents in statement of cash flows	9,068	6,580

10. SHARE CAPITAL

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

	2012	2011
Issued, allotted, called up and fully paid:		
Ordinary shares	207,782,246	134,760,024
	£	£
Ordinary shares of £0.005	1,038,911	673,800

On 24 February 2012 the company issued 49,000,000 ordinary shares of 0.5p each at a price of 2 pence each in satisfaction of the purchase consideration of 375 common stock of Coleridge Resources Inc valued at £980,000.

On 27 June 2012 the company issued 1,800,000 ordinary shares of 0.5p each at a price of 2.5 pence each raising £45,000 for working capital purposes.

On 28 June 2012 the company issued 22,222,222 ordinary shares of 0.5p each at a price of 2.25 pence each in satisfaction of swap for 22,222,222 RAM Active Media Plc shares valued at £500,000.

11. SHARE BASED PAYMENT

The company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Vesting of the options is conditional on the completion of one year service from the date of grant of the options (the vesting period). The exercise price of the option is normally equal to the market price of an ordinary share in the company at the date of grant. The options may be exercised over periods ranging from one to ten years from the date of grant and lapse if not exercised by that date.

	2012		2011	
	Average exercise price (pence)	Options	Average exercise price (pence)	Options
At 1 September	-	-	-	-
Granted	3.00	13,300,000	-	-
At 31 August	3.00	13,300,000	-	-

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date - 31 August	Exercise price (pence)	Shares	
		2012	2011
2019	3.00	13,300,000	-
		13,300,000	-

As at 31 August 2012, none of the outstanding share options were exercisable. The weighted average fair value of the options granted during the year was determined using the Black-Scholes option pricing model and was 0.84 pence per option. The significant inputs to the model were a weighted average share price of 3 pence, exercise price as shown above, an expected option life of seven years, expected volatility of 18.2% and a risk-free rate of return of 3%. The volatility is based on analysis of the volatility of the company's historical share price.

The total share-based payment expense recognised in the income statement in respect of share options granted to directors is £50,491.

12. RETAINED EARNINGS

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

At 1 September 2010	£
Total comprehensive loss for the year	(730,473)
<hr/>	
At 31 August 2011	(1,203,110)
<hr/>	
At 1 September 2011	(1,203,110)
Total comprehensive loss for the year	(505,694)
<hr/>	
At 31 August 2012	(1,708,804)

13. TRADE AND OTHER PAYABLES

	2012	2011
	£	£
Trade payables	60,211	14,529
Other payables	75,235	15,810
Accruals and deferred income	20,267	14,585
<hr/>		
	155,713	44,924

Included in other payables is an unsecured creditor of £69,513 being total amount lent to the Company at zero interest rate by Christopher Foster (a director).

14. DEFERRED TAXATION

No deferred tax asset has been recognised in respect of trading losses or in respect of timing differences on fixed assets, due to the uncertainty as to when these losses will be recoverable. The amount of the Company's unprovided deferred tax asset is £163,480 (2011: £267,051).

15. AUDITOR REMUNERATION

During the year the Company obtained the following services from the company's auditor:

	2012	2011
	£	£
Fees payable to company's auditor for the audit of financial statements	18,000	16,075
Fees payable to the company's auditor for other services:		
- Other services pursuant to legislations	-	2,548
- Tax services	2,000	-
<hr/>		
	20,000	18,623

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

16. EMPLOYEE BENEFIT EXPENSE

	2012	2011
	£	£
Wages and salaries, including termination benefits	1,485	9,167
Social security costs	-	106
Share options granted to directors	50,491	-
	51,976	9,273

The average monthly number of employees, including directors, employed by the Company during the year was:

Directors	3	2
-----------	---	---

17. DIRECTORS' EMOLUMENTS

	2012	2011
	£	£
Emoluments, including benefits in kind	1,485	9,167
	1,485	9,167

The emoluments of the highest paid director were as follows:

	2012	2011
	£	£
Emoluments, including benefits in kind	1,485	5,000
Pension costs	-	-
	1,485	5,000

18. FINANCE INCOME AND COSTS

	2012	2011
	£	£
Bank interest receivable	-	4
Net finance income recognised in loss	-	4

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

19. TAX EXPENSE

	2012 £	2011 £
Company		
Current tax charge	-	-
Deferred tax	-	-
Total tax charge / (credit) for period	-	-

The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 26/27%. The difference can be reconciled as follows:

	2012 £	2011 £
Loss before taxation	(289,947)	(211,342)
Tax calculated at the applicable rate based on loss for the year	(76,836)	(57,422)
Expenses not allowable	15,860	4,747
Creation of tax losses	60,976	52,675
	-	-

There is no tax charge for fair value loss on available for sale financial assets.

20. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Loss attributable to equity holders of the company (£)	(289,947)	(211,342)
Weighted average number of ordinary shares in issue	164,468,342	127,706,091
Basic loss per share (pence per share)	(0.18)	(0.17)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume the conversion of all dilutive potential ordinary shares. Due to the loss for the year diluted loss per share is the same as the basic loss per share.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

21. FIRST TIME ADOPTION OF IFRS

For all periods up to and including the year ended 31 August 2011, the Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). In preparing the financial statements for the year ended 31 August 2012 the Company has adopted International Financial Reporting Standards (IFRS) as adopted by the European Union for the first time.

The accounting policies set out in note 2 to the financial statements have been applied in preparing the financial statements for the year ended 31 August 2012 and the comparative financial information for the year ended 31 August 2011. The retrospective application of IFRS to the comparative financial information is required, with certain limited exceptions, by IFRS 1 'First time adoption of IFRS'.

The Company has not needed to adjust any balances for the Income statement for the year ended 31 August 2011 and the statement of financial position as at 1 September 2010 and 31 August 2011 under IFRS

22. CONTROL

In the opinion of the Directors there is no one controlling party of the Company.

23. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year:

Borrowings

On 6 January 2012 Christopher Foster, a director of the Company was issued with a zero rated unsecured loan note for £50,000. The loan is repayable on the date falling one year after date of issue of the loan note. Christopher Foster has however undertaken not to request repayment on due date should it prejudice the rights of other creditors. At 31 August 2012 the Company owed a total of £72,320.89 to Christopher Foster of which £69,513.53 was an unsecured loan and £1,807.36 was for expenses incurred on behalf of the Company.

At 31 August 2012 the Company owed £250 to Steven Freudmann, a director. The amount remained payable from prior period.

Equity transactions

On 28 June 2012 the Company undertook a share swap with RAM Active Media plc ("RAM"), valued at £500,000. The transaction entailed the issue of 22,222,222 ordinary shares of 0.5p at a price of 2.25p in exchange for 50,000,000 ordinary shares of 1p at a price of 1p in RAM. T E Baldwin a director of the Company is a director of RAM.

24. EVENTS AFTER REPORTING DATE

On 12 October 2012 the Company agreed, subject to certain conditions being satisfied, to subscribe for a 2 million shares in Tasmania Oil and Gas Ltd, a new joint venture Company, for a consideration to be satisfied by the issue of 33,333,333 shares in Alpha.