

ALPHA PROSPECTS PLC

COMPANY INFORMATION

Directors	C K Foster S Freudmann T E Baldwin
Secretary	C K Foster
Company Number	05813575
Registered Office	Office 316 54 Clarendon Road Watford, Hertfordshire WD17 1DU
Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
Corporate Adviser	Peterhouse Corporate Finance Limited 31 Lombard Street London, EC3V 9BQ
Bankers	National Westminster Bank Plc 134 Aldersgate Street London EC1A 4JA
Solicitors	Bracher Rawlins LLP 77 Kingsway London, WC2B 6SR
Registrars	Share Registrars Limited 27/28 Eastcastle Street London, W1W 8DH

ALPHA PROSPECTS 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 2014. During the period two further investments were made: Derlite Limited and Orange Corporate Finance Limited.

The turnover increased to £7,500 (2013: £5,000). The results are in line with management expectations; the total comprehensive loss for the 12 months was £237,737 (£618,912), of this £ 149,221 related to write down in the value of available for sale investments. The Net Asset Value has continued to rise and the Board has taken various steps, which we will announce in due course, to ensure that the Company will become fully funded and that we can maximise the value of each investment.

During the last 2 years Alpha has acquired a range of assets across a variety of sectors and the Board is optimistic that in the current year shareholders will see some positive developments from these investments.

The major highlights from the portfolio under review are:

New Investments

Derlite Limited

In May 2014 Alpha acquired a 29.2% shareholding in Derlite. This shareholding was subsequently increased to 31.8% in August 2014 giving an investment of £325,000. Derlite is an electronics manufacturing company based in Thailand that specialises in the manufacture of gas ignition systems for the white goods industry.

It is registered in Hong Kong and the business comprises a factory currently employing 160 staff together with a UK registered distribution company, Gasignition Ltd. Derlite's product range includes spark electrodes, spark modules, wiring and power cords. Its customers include many household names in white good manufacture.

In the Alpha announcement in August 2014 Kevin Baker, CEO of Derlite, commented that turnover in 2014 had increased by 30% on 2013 and that he expected that level of growth to continue in the short term.

Orange Corporate Finance Limited

In May 2014 Alpha acquired a 9.9% holding in Orange for £30,000. Orange Corporate Finance Limited is based in London, and is a rapidly growing corporate finance house servicing growing smaller and medium sized enterprises, offering advice and access to capital.

By working closely with Orange the Board is confident that Alpha will be provided with several new potential investment opportunities in the coming years.

Existing Investments

Of the other investments the best performing are:

Active Energy Group Plc ("AEG ")

The pan-European supplier of high-quality wood chip and associated timber products for MDF manufacturing and green energy Biomass power generation announced in Feb 2014 that it had won three new contracts totalling US\$ 33 million to supply wood to Turkish companies and in July announced a joint venture, in which they have a 45% interest, to exclusively commercialise mature forestry assets in Alberta, Western Canada. The land bank for the joint venture totals 108,147 hectares with estimated merchantable timber totalling 34.8million

Post year end AEG announced, in December, that turnover from their Ukraine operations in the 3rd quarter had increased to 63,000 metric tonnes of wood valued at US\$6.93 million producing a gross margin of US\$1.15 million.

In January of this year the company gave a further update highlighting significant new contract wins and new increased production facilities. Together, the new contracts are expected to generate revenues for AEG of over US\$68 million and have an expected gross profit of over US\$12 million.

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CHAIRMAN'S STATEMENT

ROK Stars Plc

ROK Stars is a quoted plc listed on the Stuttgart Stock Exchange and was founded by US billionaire John Paul DeJoria and UK serial entrepreneur Jonatham Kendrick. It is a consumer goods and environmental technologies development company.

It has a growing portfolio of premium and award winning drinks which include:

ABK Beer - Since 1308

Uisce Beatha Real Irish Whiskey

Bogart's Real English Gin

ROK Hard Vodka

ROK natural Energy Drink

In April, ROK Stars announced its drinks division had signed a multi-year exclusive agreement with leading Swedish beverages distributor, Galates, for distribution of Uisce Beatha Real Irish Whiskey across Sweden and in June ROK Stars signed a multi-year exclusive agreement with the United States beverages importer, The Marsalle Company, for distribution across the United States.

In September ROK Stars announced they had signed an exclusive agreement which will see the import and distribution of ABK Beer in China, via Fujian-based drinks importer Kingboyuan Trading Co.

Outlook

Alpha's investments continued to grow and our new investments in particular are making excellent progress. We are also in discussions regarding expanding our business activities and also accessing additional funds. Finally on behalf of the Board I would like to take this opportunity of thanking the Company's advisers for their support and assistance throughout the year.

Steven Freudmann

ALPHA PROSPECTS PLC

STRATEGIC REPORT

The Directors present their strategic report on the Company for the year ended 31 August 2014

Review of business

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.

Future developments

The Directors believe the business is well positioned to grow over the next 5 years. Our focus is to continue specialising in investing in small companies which we believe will produce both asset and/or profit growth.

Our strategy also recognises that while profits and growth are key, with success comes responsibility and we therefore look to play an important role in supporting the communities our investee companies operate in and being mindful of their impact they have on the environment.

By Alpha investing in a diverse selection of investments, both in industries and regions, the Company view is that it is protected from the business cycle in any one sector.

From a global perspective the US recovery is on track and the Federal Reserve is ready to start tightening monetary policy. Europe on the other hand continues to have a lot of political uncertainty, but confidence should start to grow with the introduction of quantitative easing.

Alpha plans to continue to grow by acquisition, using its shares as currency until such time as certain investments have been realised for cash or dividends received, at which point the Company will look to commence a progressive dividend policy.

By order of the Board,

C K Foster
Director

27 January 2015

ALPHA PROSPECTS PLC

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 August 2014.

Principal activities

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

Results and dividends

The results for the year are set out on pages 10 and 11. The Directors do not recommend the payment of a dividend for the year.

Directors

The following directors have held office since 1 September 2012:

C K Foster
S Freudmann
T E Baldwin

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 2014	1 September 2013
C K Foster	37,500,000	37,500,000
S Freudmann	9,390,000	9,390,000
T E Baldwin	3,050,000	3,050,000

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 2014 in the options over the share capital of the Company were as follows:

3 pence options	31 August 2014 Number	31 August 2013 Number
C K Foster	6,000,000	6,000,000
S Freudmann	1,300,000	1,300,000
T Baldwin	6,000,000	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 2014, creditors' days have been calculated at 118 days (2013: 62 days).

Financial Risk Management

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

(a) Market Risk

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.

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DIRECTORS' REPORT

(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. A greater proportion of the Company's assets and liabilities are denominated in sterling it has minimal exposure to 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.

Substantial shareholdings

On 19 January 2015, 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	38,000,000	13.64%
Hill Street Investments plc	30,205,792	10.85%
Tasmania Oil & Gas Limited	29,833,333	10.71%
RAM Active Media plc	25,643,012	9.21%
Lunbros	24,434,666	8.77%
ROK Stars plc	18,000,000	6.46%
Tony Freudmann	14,280,000	5.13%
Active Energy Group plc	12,241,863	4.40%
Steven Freudmann	9,399,000	3.37%

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 with this report.

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DIRECTORS' REPORT

Auditors

The auditors Shipleys LLP have indicated their willingness to continue in office and a resolution proposing that they be re-appointed 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 7 of these financial statements. The statement of directors' responsibilities forms part of the directors' report.

By order of the Board

C K Foster
Director

Office G01
54 Clarendon Road
Watford
WD17 1DU

27 January 2015

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 2014 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 7) 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 and to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

27 January 2015

ALPHA PROSPECTS PLC

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

		2014	2013
	Note	£	£
Continuing operations			
Revenue		7,500	5,000
Cost of sales		-	-
Gross profit		7,500	5,000
<hr/>			
Administrative expenses		(70,572)	(235,556)
		(63,072)	(235,556)
Loss on disposal of assets	5	-	(45,818)
Operating Loss		(63,072)	(276,374)
<hr/>			
Finance income	18	-	-
Finance costs	18	(28,091)	-
Finance expense - net		(28,091)	-
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Share of profit of associate		2,647	-
<hr/>			
Loss before income tax		(88,516)	(276,374)
<hr/>			
Income tax expense	19	-	-
Loss for the year from continuing operations		(88,516)	(276,374)
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Loss per share			
Basic loss per share - continuing and total operations	20	(0.03)	(0.12)p
Diluted loss per share - continuing and total operations	20	(0.03)	(0.12)p

The notes on pages 15 to 26 are an integral part of these consolidated financial statements.

ALPHA PROSPECTS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2014

	2014	2013
	£	£
Loss for the year	(88,516)	(276,374)
Other comprehensive loss:		
Changes in fair value of available for sale financial assets	(149,221)	(342,538)
Other comprehensive loss for the year, net of tax	(149,221)	(342,538)
Total comprehensive loss for the year	(237,737)	(618,912)

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 15 to 26 are an integral part of these consolidated financial statements.

ALPHA PROSPECTS PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2014

	Note	2014 £	2013 £
Assets			
Non-current assets			
Investment in associate	6	333,694	-
Available-for-sale financial assets	7	2,694,780	2,754,501
		3,028,474	2,754,501
Current assets			
Trade and other receivables	8	337	7,349
Cash and cash equivalents	9	14,186	17,104
		14,523	24,453
Total assets		3,042,997	2,778,954
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	10	1,387,787	1,305,577
Share premium account		3,696,568	3,367,731
Shares to be issued reserve		198,950	172,164
Retained earnings	12	(2,565,453)	(2,327,716)
Total equity		2,717,852	2,517,756
Liabilities			
Non-current liabilities			
Borrowings	13	238,956	221,651
		238,956	221,651
Current liabilities			
Trade and other payables	14	86,189	39,547
		86,189	39,547
Total liabilities		325,145	261,198
Total equity and liabilities		3,042,997	2,778,954

The notes on pages 15 to 26 are an integral part of these consolidated financial statements.

The financial statements were approved by the board of directors on 27 January 2015 and are subject to the approval of the shareholders at the Annual General Meeting on 26 February 2015 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 2014

	Share capital	Share premium	Retained earnings	Shares to be issued reserve	Total
	£	£	£	£	£
Balance at 1 September 2012	1,038,911	2,134,397	(1,708,804)	50,491	1,514,995
Loss for year	-	-	(276,374)	-	(276,374)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(342,538)	-	(342,538)
Transactions with owners:					
Issue of share capital	266,666	1,233,334	-	-	1,500,000
Cost of share capital issue	-	-	-	-	-
Share options issued	-	-	-	62,410	62,410
Convertible loan – equity component	-	-	-	59,263	59,263
Balance as at 31 August 2013	1,305,577	3,367,731	(2,327,716)	172,164	2,517,756
Loss for the period	-	-	(88,516)	-	(88,516)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(149,221)	-	(149,221)
Transactions with owners:					
Issue of share capital	82,210	328,837	-	-	411,047
Costs of issue of share capital	-	-	-	-	-
Share options issued	-	-	-	-	-
Convertible loan – equity component	-	-	-	26,786	26,786
Balance as at 31 August 2014	1,387,787	3,696,568	(2,565,453)	198,950	2,717,852

ALPHA PROSPECTS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Cash flows from operating activities			
Loss before tax		(88,516)	(276,374)
Adjustments for:			
Equity-settled transactions	11	26,786	62,410
Share of profit from associate	6	(2,647)	-
Net finance income recognised in profit or loss		28,091	-
Loss on disposal of financial assets	5	-	45,818
		(36,286)	(168,146)
Changes in working capital:			
Decrease in trade and other receivables	8	4,891	5,434
Increase in trade and other payables	14	26,068	170,748
Cash generated/(used in) operations		(5,327)	8,036
Interest paid		(28,091)	-
Net cash generated from /(used in) operating activities		(33,418)	8,036
Cash flows from investing activities			
Interest received	18	-	-
Acquisition of investment		(9,500)	-
Net cash used in investing activities		(9,500)	-
Cash flows from financing activities			
Proceeds from issue of shares	10	-	-
Proceeds from borrowings		40,000	-
Net cash generated from financing activities		40,000	-
Increase/(decrease) in cash equivalents		(2,918)	8,036
Cash and cash equivalents at beginning of year		17,104	9,068
Cash and cash equivalents at end of year		14,186	17,104

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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 GXG market and is incorporated and domiciled in the UK. The address of its registered office is Office 316, 54 Clarendon Road, Watford, Hertfordshire, WD17 1DU

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, with exception of available for sale financial assets which are recognised at fair value. Gains and losses arising from changes in fair are recognised directly in other comprehensive income, until the asset is disposed of or determined to be impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement for the period.

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 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 GXG 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.

2.1.2 New and revised standards

IFRS 13, Fair Value Measurement

IFRS 13 has been applied for the first time in the current year. IFRS 13 provides a definition of fair value and sets out in a single IFRS a framework for measuring fair value. It also introduces new disclosure requirements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

IFRS 13 requires prospective application for periods beginning on or after 1 January 2013. As such the requirements have not been applied for comparative periods. The application of IFRS 13 has not had any material impact on the amounts presented in the consolidated financial statements.

IAS 27 (revised 2011), Separate financial statements

The company has opted to adopt IAS 27 early, allowing for investments in associates to be accounted for under the equity method in individual accounts. This is the first year the company has had an associate therefore there is no effect on the comparatives.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

IFRS in issue but not applied in the current financial statements

The following new and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1 January 2013 but are not currently relevant to the group (although they may affect the accounting for future transactions and events):

- Annual improvements to IFRS (2009-2011) cycle, various effective dates.
- IFRS 10, 'Consolidated financial statements', effective date 1 January 2014
- IFRS 11, 'Joint arrangements', effective date 1 January 2014
- IFRS 12, 'Disclosures of interests in other entities', effective date 1 January 2014
- IAS 28 (revised 2011), 'Associates and joint ventures', effective date 1 January 2014

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.

- Annual improvements to IFRS (2010-2012) cycle, effective date 1 July 2014.
- Annual improvements to IFRS (2011-2013) cycle, effective date 1 July 2014.
- IFRS 9, 'Financial instruments', effective date 1 January 2018
- IFRS 15, 'Revenue from contracts with customers', effective date 1 January 2017

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 Associates

Associates are all entities over which the group exercises significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The group's share of its associate's profits or losses after acquisition of its interest is recognised in the income statement and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the group's share of losses of an associate equals or exceeds the carrying amount of the investment, the group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

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.

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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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 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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates principally to the Company's medium and long term debt obligations which carry various rates of interest. All such borrowings are denominated in sterling.

The exposure of the Company as at 31 August 2014 is summarised below:

	2014	2013
	£	£
Less than one year	-	-
One to three years	296,914	280,914
	296,914	280,914

The average rate of interest is 10%. There is no difference between the values shown above and the fair values of the arrangements. At 2014 £nil of borrowings were at variable rates of interest.

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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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.

The loan maturity profile, based on contractual undiscounted cash flows, of the Company is as follows:

	2014	2013
	£	£
Loans due in:		
Less than one year	-	-
One to three years	296,914	280,914
Total borrowings	296,914	280,914

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.

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.
- Impairment of available for sale financial asset: At each reporting date the changes in fair value are shown in the income statement. The bid price on reporting date for quoted assets is used to determine the fair value of the asset. Where fair value cannot be reliably determined for equity investment in an unquoted company, impairment is tested annually.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

5. OPERATING PROFIT

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

	2014	2013
	£	£
Depreciation of owned property, plant and equipment	-	-
Auditors' remuneration – audit	20,000	20,000
Auditors' remuneration – non-audit – taxation	2,000	2,000
Auditors' remuneration – non-audit – all other services	-	-
Loss on disposal of plant and equipment	-	-
Loss on disposal of available for sale financial assets	-	45,818

6. INVESTMENTS IN ASSOCIATES

	2014	2013
	£	£
At beginning of year	-	-
Additions in year	331,047	-
Share of profit	2,647	-
	333,694	-

Derlite Limited ('Derlite'), a company incorporated in Hong Kong made a net profit of US\$13,800 for the post-acquisition period ending 31 August 2014 and had reserves of US\$19,400. Derlite's financial year end is 31 December 2014. Derlite is utilising brought forward losses from prior years and, therefore, has no tax charge during the post-acquisition period to 31 August 2014.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held
Derlite Limited	Hong Kong	Electronics manufacturer	31.84%

Alpha's share of Derlite's results for the post-acquisition period is as follows:

	£
Turnover	210,444
Profit before tax	2,647
Taxation	-
Profit after tax	2,647
Non-current assets	174,974
Current assets	321,402
Liabilities due within one year	150,687
Liabilities due after one year or more	253,972

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

7. AVAILABLE FOR SALE FINANCIAL ASSETS

	2014 £	2013 £
Beginning of year	2,754,501	1,648,857
Additions	89,500	1,500,000
Disposals	-	(51,819)
Decreases in fair value transferred to equity	(149,221)	(342,537)
End of year	2,694,780	2,754,501

Available for sale financial assets include the following:

	2014 £	2013 £
Listed equity securities	639,780	684,345
Unlisted equity securities	2,055,000	2,070,156
	2,694,780	2,754,501

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

	2014 £	2013 £
Trade receivables	-	-
Other receivables	-	2,121
Prepayments and accrued income	337	5,228
	337	7,349

9. CASH AND CASH EQUIVALENTS

	2014 £	2013 £
Cash at bank and on hand	14,186	17,104
Cash and cash equivalents in statement of cash flows	14,186	17,104

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

10. SHARE CAPITAL

	2014	2013
Issued, allotted, called up and fully paid:		
Ordinary shares	277,557,442	261,115,579
	£	£
Ordinary shares of £0.005	1,387,787	1,305,577

On 22 July 2014 the company issued 12,241,863 ordinary shares of 0.5p each at a price of 2.5 pence each in satisfaction of the purchase a 29.21% stake in Derlite Ltd. The shares were issued to Active Energy Group ('AEG') in satisfaction of £250,000 convertible loan issued in November 2013, £6,046 interest and £50,000 in satisfaction of a share swap with AEG. Additionally, the company issued 1,200,000 ordinary shares of 0.5p each at a price of 2.5 pence each in satisfaction of swap for 12,640 Orange Corporate Finance shares valued at £30,000.

On 6 August 2014 the company issued 3,000,000 ordinary shares of 0.5p each at a price of 2.5 pence each for an additional 2.63% stake in Derlite valued at £75,000. On completion of this transaction the total percentage held by the Company increased to 31.84%.

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.

	2014		2013	
	Average exercise price (pence)	Options	Average exercise price (pence)	Options
At 1 September	3.00	13,300,000	3.00	13,300,000
Granted	-	-	-	-
At 31 August	3.00	13,300,000	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	
		2014	2013
2019	3.00	13,300,000	13,300,000
		13,300,000	13,300,000

As at 31 August 2014, all 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 £nil (2013: £62,410).

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

12. RETAINED EARNINGS

	£
At 1 September 2012	(1,708,804)
Total comprehensive loss for the year	(618,912)
At 31 August 2013	(2,327,716)
At 1 September 2013	(2,327,716)
Total comprehensive loss for the year	(237,737)
At 31 August 2014	(2,565,453)

13. BORROWINGS

Convertible loans

The fair value of the Company's current borrowings is considered to be equivalent to their carrying amount as the effect of the time value of money is not significant. The fair values of the Company's long-term borrowings are as follows:

	2014	2013
	£	£
Convertible loan stock	238,956	221,651

The fair values have been estimated using discounted cash flows with a discount rate of 20%. The fair value of the liability component of the loan stocks was calculated using a market interest rate on a similar loan stock with no conversion option and is as stated above. The value of the equity component was £26,786 and is included in shareholders' equity in the shares to be issued reserve.

14. TRADE AND OTHER PAYABLES

	2014	2013
	£	£
Trade payables	22,441	10,281
Other payables	40,000	9,000
Taxation and social security	1,482	-
Accruals and deferred income	22,266	20,266
	86,189	39,547

Christopher Foster (a director) was creditor of the Company at year end. Trade creditors included a liability of £22,441 (2013: £7,484). Other payables includes an unsecured creditor of £40,000 (2013: £nil), being total amount lent to the Company at zero interest rate by Christopher Foster.

15. 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 £218,007 (2013: £197,585).

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

16. AUDITOR REMUNERATION

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

	2014	2013
	£	£
Fees payable to company's auditor for the audit of financial statements	20,000	20,000
Fees payable to the company's auditor for other services:		
- Tax services	2,000	2,000
	22,000	22,000

17. EMPLOYEE BENEFIT EXPENSE

	2014	2013
	£	£
Wages and salaries, including termination benefits	-	750
Social security costs	-	-
Share options granted to directors	-	62,410
	-	63,160

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

Directors	3	3
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DIRECTORS' EMOLUMENTS

	2014	2013
	£	£
Emoluments, including benefits in kind	-	750
	-	750

The emoluments of the highest paid director were as follows:

	2014	2013
	£	£
Emoluments, including benefits in kind	-	750
	-	750

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

18. FINANCE INCOME AND COSTS

	2013	2012
	£	£
Bank interest receivable	-	-
Loan interest payable	(28,091)	-
Net finance income recognised in loss	(28,091)	-

19. TAX EXPENSE

	2013	2012
	£	£
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 20/26%. The difference can be reconciled as follows:

	2014	2013
	£	£
Loss before taxation	(88,516)	(276,374)
Tax calculated at the applicable rate based on loss for the year	(17,703)	(73,239)
Expenses not allowable	1,365	18,355
Creation of tax losses	16,338	54,884
	-	-

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.

	2014	2013
Loss attributable to equity holders of the company (£)	(88,516)	(276,374)
Weighted average number of ordinary shares in issue	262,861,651	225,444,346
Basic loss per share (pence per share)	(0.03)	(0.12)

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 2014

21. CONTROL

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

22. RELATED PARTY TRANSACTIONS

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

Borrowings

On 23 January 2014 Christopher Foster, a director loaned the Company £10,000 and loaned a further £30,000 on 6 March 2014. At 31 August 2014 the Company owed a total of £183,554 (2013: £132,484) to Christopher Foster of which £161,113 (2013: £121,113) was an unsecured loan and £22,441 was (2013: £11,371) for expenses incurred on behalf of the Company. A 3 year convertible loan note with interest of 10% per annum was issued for £125,000 of the total indebtedness on 13 August 2013.

At 31 August 2014 the Company owed £2,250 (2013: £2,250) to Steven Freudmann, a director. A 3 year convertible loan note with interest of 10% per annum was issued for the amount owed on 13 August 2013.

At 31 August 2014 the Company owed £6,164 (2013: £6,164) to TXO plc. T E Baldwin and Christopher Foster, directors of the Company are directors of TXO plc. A 3 year convertible loan note with interest of 10% per annum was issued for the amount owed on 13 August 2013.

23. EVENTS AFTER REPORTING DATE

On 10 September 2014, the Company announced the issue of 963,354 shares to the convertible loan note holders in satisfaction of interest accrued. Following the issue of the new ordinary shares the shareholding of Christopher Foster, (the CEO) increases to 13.6% of the issued share capital. The shareholding of Steven Freudmann (the Chairman) increases to 3.4%.

On 16 October, the Company announced it holds a convertible loan in Tasmania Oil & Gas ("TOG") valued at 46,200 including interest. The Company has agreed a year's extension for the repayment date of the first 50% to 13 October 2015. Annual interest on the remaining 50% will be at a rate of 15% per annum effective 14 October 2014 with the loan interest payable in TOG shares at a price of 34.5p per share.