

Company Registration No. 05813575 England & Wales

ALPHA PROSPECTS PLC
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2013

ALPHA PROSPECTS PLC

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | C K Foster S Freudmann T E Baldwin |
| Secretary | C K Foster |
| Company Number | 05813575 |
| Registered Office | Office G01 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 | Thomas Eggar LLP Belmont House Station Way, Crawley West Sussex, RH10 1JA |
| Registrars | Share Registrars Limited 27/28 Eastcastle Street London, W1W 8DH |

ALPHA PROSPECTS PLC

| CONTENTS: | Page |
|--|------|
| Chairman's Statement | 1 |
| Directors' Report | 2 |
| Statement of Directors' Responsibilities | 5 |
| Independent Auditors' Report | 6 |
| Income Statement | 8 |
| Statement Of Comprehensive Income | 9 |
| Statement Of Financial Position | 10 |
| Statement Of Changes In Equity | 11 |
| Cash Flow Statement | 12 |
| Notes to the Financial Statements | 13 |

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 2013 a period during which three investments were made and Net Assets increased significantly. The results are in line with management expectations: the total comprehensive loss for the 12 month period was £618,912 (2012: £505,694). Of this £342,538 (2012: £215,747) related to write downs in the value of the Company's share portfolio.

However, Net Assets increased during the year by more than £1m following the issue of shares in consideration for the investments acquired.

In May 2013, Alpha subscribed for a 20% interest in Tasmania Oil and Gas Limited ('TOG') for a consideration of approximately £1 million. The consideration has been satisfied by the issue to TOG of 33,333,333 ordinary shares in Alpha at a price of 3p per share.

In June, having carefully researched the management and the companies themselves we invested £450,000 into ROK Stars plc, which produces and markets energy drinks, vodka and beer, and £50,000 into ROK Global plc which is a mobile, web and industrial technology applications and service company. The initial consideration was satisfied by the issue of 18m shares at a price of 2.5p giving a 0.27% interest in ROK Stars and 2m shares at a price of 2.5p which gives a 0.87% interest in ROK Global. Both companies were founded by US billionaire John Paul Dejoria with the former listed in Germany and the latter on the GXG Exchange.

Post the year end the Company took a 30% equity interest in Derlite Ltd ('Derlite'), an electronics manufacturing company based in Thailand that specialises in the manufacture of gas ignition systems for the white goods industry.

In August the Company issued £280,914 of Convertible Unsecured Loan stock 10% 2016 (CULS) and in November 2013 the Company issued a further £300,000 of CULs in connection with the Derlite acquisition.

We now have a web site and all shareholders are invited to visit www.alphaprospectsplc.com to find out more about the Company and its investments, most of which are performing well. We are currently reviewing a number of other opportunities all of which we believe offer significant growth prospects.

On 24 January 2014 the Company passed a resolution at a General Meeting to move its Stock Exchange listing from ICAP Securities & Derivatives Exchange Limited growth market to GXG First Quote Market. GXG Markets is an exchange operator focusing on European small and medium sized enterprises. GXG Markets operates in accordance with the MiFID legislation under the supervision of the Danish FSA (Finanstilsynet).

Finally, on behalf of the Board I would like to take this opportunity to thank 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 2013.

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 8 and 9. 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 2013 | 1 September 2012 |
| 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 2013 in the options over the share capital of the Company were as follows:

| 3 pence options | 31 August 2013 Number | 31 August 2012 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 2013, creditors' days have been calculated at 62 days (2012: 152 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 27 January 2014, 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 | 14.36% |
| Tasmania Oil & Gas Limited* | 33,333,333 | 12.77% |
| Hill Street Investments plc* | 30,205,792 | 11.57% |
| RAM Active Media plc | 25,643,012 | 9.82% |
| Lunbros | 24,434,666 | 9.36% |
| ROK Stars plc | 18,000,000 | 6.90% |
| Tony Freudmann | 16,050,000 | 6.15% |
| Steven Freudmann | 9,390,000 | 3.60% |

*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 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 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

Office G01
54 Clarendon Road
Watford
WD17 1DU

27 January 2014

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 2013 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 2013 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 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 2014

ALPHA PROSPECTS PLC

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

| | | 2013 | 2012 |
|--|------|------------------|------------------|
| | Note | £ | £ |
| Continuing operations | | | |
| Revenue | | 5,000 | - |
| Cost of sales | | - | - |
| Gross profit | | 5,000 | - |
| Administrative expenses | | (235,556) | (164,947) |
| Administrative expenses - exceptional item | 5 | - | (125,000) |
| | | (235,556) | (289,947) |
| Loss on disposal of assets | 5 | (45,818) | - |
| Operating Loss | | (276,374) | (289,947) |
| Finance income | 19 | - | - |
| Finance costs | 19 | - | - |
| Finance income - net | | - | - |
| Loss before income tax | | (276,374) | (289,947) |
| Income tax expense | 20 | - | - |
| Loss for the year from continuing operations | | (276,374) | (289,947) |
| Loss per share | | | |
| Basic loss per share - continuing and total operations | 21 | (0.12)p | (0.18)p |
| Diluted loss per share - continuing and total operations | 21 | (0.12)p | (0.18)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 2013

| | 2013 | 2012 |
|--|------------------|------------------|
| | £ | £ |
| Loss for the year | (276,374) | (289,947) |
| Other comprehensive loss: | | |
| Changes in fair value of available for sale financial assets | (342,538) | (215,747) |
| Other comprehensive loss for the year, net of tax | (342,538) | (215,747) |
| Total comprehensive loss for the year | (618,912) | (505,694) |

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 20.

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 2013

| | Note | 2013 £ | 2012 £ |
|---|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Available-for-sale financial assets | 7 | 2,754,501 | 1,648,857 |
| | | 2,754,501 | 1,648,857 |
| Current assets | | | |
| Trade and other receivables | 8 | 7,349 | 12,783 |
| Cash and cash equivalents | 9 | 17,104 | 9,068 |
| | | 24,453 | 21,851 |
| Total assets | | 2,778,954 | 1,670,708 |
| Equity | | | |
| Capital and reserves attributable to equity holders of the company | | | |
| Ordinary shares | 10 | 1,305,577 | 1,038,911 |
| Share premium account | | 3,367,731 | 2,134,397 |
| Shares to be issued reserve | | 172,164 | 50,491 |
| Retained earnings | 12 | (2,327,716) | (1,708,804) |
| Total equity | | 2,517,756 | 1,514,995 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 13 | 221,651 | - |
| | | 221,651 | |
| Current liabilities | | | |
| Trade and other payables | 14 | 39,547 | 155,713 |
| | | 39,547 | 155,713 |
| Total liabilities | | 261,198 | 155,713 |
| Total equity and liabilities | | 2,778,954 | 1,670,708 |

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 27 January 2014 and are subject to the approval of the shareholders at the Annual General Meeting on 28 February 2014 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 2013

| | Share capital | Share premium | Retained earnings | Shares to be issued reserve | Total |
|--|------------------|------------------|--------------------|-----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Balance at 1 September 2011 | 673,800 | 974,509 | (1,203,110) | - | 445,199 |
| Loss for year | - | - | (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 |
| Cost of share capital issue | - | - | - | - | - |
| 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 |
| Loss for the period | - | - | (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 |
| Costs of issue of share capital | - | - | - | - | - |
| 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 |

ALPHA PROSPECTS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

| | Note | 2013 £ | 2012 £ |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Loss before tax | | (276,374) | (289,947) |
| Adjustments for: | | | |
| Depreciation | 6 | - | - |
| Equity-settled share based payment transactions | 11 | 62,410 | 50,491 |
| Net finance income recognised in profit or loss | | - | - |
| Loss on disposal of plant & equipment | 5 | - | 694 |
| Loss on disposal of financial assets | 5 | 45,818 | - |
| | | (168,146) | (238,762) |
| Changes in working capital: | | | |
| Decrease in trade and other receivables | 8 | 5,434 | 130,462 |
| Increase in trade and other payables | 14 | 170,748 | 110,788 |
| Cash generated/(used in) operations | | 8,036 | 2,488 |
| Interest paid | | - | - |
| Net cash generated from /(used in) operating activities | | 8,036 | 2,488 |
| Cash flows from investing activities | | | |
| Interest received | 19 | - | - |
| Acquisition of investment | | - | (45,000) |
| Net cash used in investing activities | | - | (45,000) |
| Cash flows from financing activities | | | |
| Proceeds from sale of investments | | - | - |
| Proceeds from issue of shares | 10 | - | 45,000 |
| Proceeds from borrowings | | - | - |
| Net cash generated from financing activities | | - | 45,000 |
| Increase/(decrease) in cash equivalents | | 8,036 | 2,488 |
| Cash and cash equivalents at beginning of year | | 9,068 | 6,580 |
| Cash and cash equivalents at end of year | | 17,104 | 9,068 |

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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 Office G01, 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, 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 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 Changes in accounting policy and disclosures Standards in effect in 2012 adopted by the Company

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

- Amendments to IAS 12, 'Income taxes' on deferred tax: recovery of underlying assets'

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 1, 'Financial statement presentation' regarding statement of other comprehensive income',
- Amendment to IAS 19, 'Employee benefits',
- IFRS 9, 'Financial instruments',
- IFRS 10, 'Consolidated financial statements',

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

- IFRS 11, 'Joint arrangements',
- IFRS 12, 'Disclosures of interests in other entities',
- IFRS 13, 'Fair value measurement',
- IAS 27 (revised 2011), 'Separate financial statements'
- IAS 28 (revised 2011), 'Investments in 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.

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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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.

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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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 2013 is summarised below:

| | 2013 | 2012 |
|--------------------|----------------|------|
| | £ | £ |
| Less than one year | - | - |
| One to three years | 280,914 | - |
| | 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 2013 £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.

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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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

| | 2013 | 2012 |
|-------------------------|----------------|----------|
| | £ | £ |
| Loans due in: | | |
| Less than one year | | - |
| One to three years | 280,914 | - |
| Total borrowings | 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.

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

5. OPERATING PROFIT

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

| | 2013 | 2012 |
|---|--------|---------|
| | £ | £ |
| Depreciation of owned property, plant and equipment | - | - |
| Auditors' remuneration - audit | 20,000 | 18,000 |
| Auditors' remuneration - non-audit - taxation | 2,000 | 2,000 |
| Auditors' remuneration - non-audit - all other services | - | - |
| Loss on disposal of plant and equipment | - | 694 |
| Loss on disposal of available for sale financial assets | 45,818 | - |
| Administrative expenses - exceptional loss | - | 125,000 |

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

6. PROPERTY, PLANT AND EQUIPMENT

| | Office equipment |
|--|------------------|
| | £ |
| Cost | |
| At 1 September 2012 | - |
| Disposals | - |
| At 31 August 2013 | - |
| Depreciation | |
| At 1 September 2012 | - |
| Charge for the year | - |
| Released on disposal | - |
| At 31 August 2013 | - |
| Net book value as at 31 August 2013 | - |
| 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 | - |

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

7. AVAILABLE FOR SALE FINANCIAL ASSETS

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Beginning of year | 1,648,857 | 339,604 |
| Additions | 1,500,000 | 1,525,000 |
| Disposals | (51,819) | - |
| Decreases in fair value transferred to equity | (342,537) | (215,747) |
| End of year | 2,754,501 | 1,648,857 |

Available for sale financial assets include the following:

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Listed equity securities | 684,345 | 522,634 |
| Unlisted equity securities – fair value | 2,070,156 | 1,126,203 |
| | 2,754,501 | 1,648,837 |

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

| | 2013 £ | 2012 £ |
|--------------------------------|--------------|---------------|
| Trade receivables | - | - |
| Other receivables | 2,121 | 9,583 |
| Prepayments and accrued income | 5,228 | 3,200 |
| | 7,349 | 12,783 |

9. CASH AND CASH EQUIVALENTS

| | 2013 £ | 2012 £ |
|--|---------------|--------------|
| Cash at bank and on hand | 17,104 | 9,068 |
| Cash and cash equivalents in statement of cash flows | 17,104 | 9,068 |

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

10. SHARE CAPITAL

| | 2013 | 2012 |
|---|-------------|-------------|
| Issued, allotted, called up and fully paid: | | |
| Ordinary shares | 261,115,579 | 207,782,246 |
| | £ | £ |
| Ordinary shares of £0.005 | 1,305,577 | 1,038,911 |

On 17 April 2013 the company issued 33,333,333 ordinary shares of 0.5p each at a price of 3 pence each in satisfaction of the purchase consideration of 2,000,000 shares in Tasmania Oil & Gas Limited valued at £1 million.

On 30 May 2012 the company issued 2,000,000 ordinary shares of 0.5p each at a price of 2.5 pence each in satisfaction of swap for 5,000,000 ROK Global plc shares valued at £50,000. Additionally, the company issued 18,000,000 ordinary shares of 0.5p each at a price of 2.5 pence each in satisfaction of swap for 292,583 ROK Stars plc shares valued at £450,000.

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.

| | 2013 | | 2012 | |
|---------------------|---|-------------------|---|------------|
| | Average exercise price (pence) | Options | Average exercise price (pence) | Options |
| At 1 September | 3.00 | 13,300,000 | - | - |
| Granted | - | - | 3.00 | 13,300,000 |
| At 31 August | 3.00 | 13,300,300 | 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 | |
|-------------------------|---------------------------|-------------------|------------|
| | | 2013 | 2012 |
| 2019 | 3.00 | 13,300,000 | 13,300,000 |
| | | 13,300,000 | 13,300,000 |

As at 31 August 2013, 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 £62,410 (2012: £50,491).

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

12. RETAINED EARNINGS

| | £ |
|---------------------------------------|--------------------|
| At 1 September 2011 | (1,203,110) |
| Total comprehensive loss for the year | (505,694) |
| At 31 August 2012 | (1,708,804) |
| At 1 September 2012 | (1,708,804) |
| Total comprehensive loss for the year | (618,912) |
| At 31 August 2013 | (2,327,716) |

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:

| | 2013 | 2012 |
|------------------------|---------|------|
| | £ | £ |
| Convertible loan stock | 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 £59,263 and is included in shareholders' equity in the shares to be issued reserve.

14. TRADE AND OTHER PAYABLES

| | 2013 | 2012 |
|------------------------------|---------------|----------------|
| | £ | £ |
| Trade payables | 10,281 | 60,211 |
| Other payables | 9,000 | 75,235 |
| Accruals and deferred income | 20,266 | 20,267 |
| | 39,547 | 155,713 |

Christopher Foster (a director) was creditor of the Company at year end. Trade creditors included a liability of £7,484 (2012: £3,169). Other payables includes an unsecured creditor 2013 £nil (2012: £69,513), 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 £197,585 (2012: £163,480).

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

16. AUDITOR REMUNERATION

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

| | 2013 £ | 2012 £ |
|---|---------------|---------------|
| Fees payable to company's auditor for the audit of financial statements | 20,000 | 18,000 |
| Fees payable to the company's auditor for other services: | | |
| - Tax services | 2,000 | 2,000 |
| | 22,000 | 20,000 |

17. EMPLOYEE BENEFIT EXPENSE

| | 2013 £ | 2012 £ |
|--|---------------|---------------|
| Wages and salaries, including termination benefits | 750 | 1,485 |
| Social security costs | | - |
| Share options granted to directors | 62,410 | 50,491 |
| | 63,160 | 51,976 |

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

| | | |
|------------------|----------|----------|
| Directors | 3 | 3 |
|------------------|----------|----------|

18. DIRECTORS' EMOLUMENTS

| | 2013 £ | 2012 £ |
|--|------------|--------------|
| Emoluments, including benefits in kind | 750 | 1,485 |
| | 750 | 1,485 |

The emoluments of the highest paid director were as follows:

| | 2013 £ | 2012 £ |
|--|------------|--------------|
| Emoluments, including benefits in kind | 750 | 1,485 |
| | 750 | 1,485 |

ALPHA PROSPECTS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

19. FINANCE INCOME AND COSTS

| | 2013 | 2012 |
|---------------------------------------|------|------|
| | £ | £ |
| Bank interest receivable | - | - |
| Net finance income recognised in loss | - | - |

20. 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 26/27%. The difference can be reconciled as follows:

| | 2013 | 2012 |
|--|-----------|-----------|
| | £ | £ |
| Loss before taxation | (276,374) | (289,947) |
| Tax calculated at the applicable rate based on loss for the year | (73,239) | (76,836) |
| Expenses not allowable | 18,355 | 15,860 |
| Creation of tax losses | 54,884 | 60,976 |
| | - | - |

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

21. 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.

| | 2013 | 2012 |
|--|---------------|---------------|
| Loss attributable to equity holders of the company (£) | (276,374) | (289,947) |
| Weighted average number of ordinary shares in issue | 225,444,346 | 164,468,342 |
| Basic loss per share (pence per share) | (0.12) | (0.18) |

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 2013

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 4 April 2013 Christopher Foster, a director loaned the Company £50,000. At 31 August 2013 the Company owed a total of £132,484 to Christopher Foster of which £121,113 was an unsecured loan and £11,371 was 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 with the remaining balance of £7,484 owed in expenses.

At 31 August 2013 the Company owed £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 2013 the Company owed £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.

At 31 August 2013 the Company owed £40,000 to Hill Street Investments plc for office overhead recharge. T E Baldwin, a director of the Company is a director of Hill Street Investments plc. A 3 year convertible loan note with interest of 10% per annum was issued for the amount owed on 13 August 2013.

Equity transactions

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 ("TOG"), a new joint venture Company, for a consideration to be satisfied by the issue of 33,333,333 shares in Alpha. On 17 April 2013 the shares were issued to complete the transaction at of price of 3p per shares for ordinary shares in TOG at a price of 50p per share. T E Baldwin a director of the Company is a director of TOG and TXO plc (a Company which holds shares in TOG). Christopher Foster a director of the Company is a director of TXO plc

24. EVENTS AFTER REPORTING DATE

On 5 November 2013, the Company announced the acquisition of a 30% interest in Derlite Ltd ("Derlite"), an electronics manufacturing company specialising in the manufacture of gas ignition systems for the white-goods appliance industry. The Company received its 30% interest in exchange for the cancellation of a debt of £250,000 owed to the Company by Kevin Baker, Derlite's managing director. The Company acquired Mr Baker's debt from Active Energy Group ("AEG") in exchange for the issue of £250,000 nominal of 'A' Unsecured Loan Notes 2016 (the "A Notes") by the Company to AEG. The A Notes carry interest at a rate of 10% per annum, payable annually either in cash or ordinary shares of 0.5p each in the Company ("Ordinary Shares") at the Company's discretion; the principal is convertible into Ordinary Shares at the rate of £0.025 per share. The Company is entitled to require that any instalment of interest is satisfied by the issue of Ordinary Shares at a price determined by the average mid-market closing price of the Ordinary Shares over the preceding 20 Business Days.

The Company also announced the acquisition of a further 2,000,000 ordinary shares in AEG for a consideration of £50,000, satisfied by the issue of that amount of 'B' Unsecured Convertible Notes 2016 (the "B Notes"; together, the A Notes and the B Notes are the "Notes") by the Company to AEG. The B Notes are issued on terms as to interest, conversion, repayment and otherwise that are the same as those of the A Notes referred to above. This acquisition takes the Company's shareholding in Active Energy plc to 3,132,074 shares and represents 0.5% of the issued share capital of that company.