Alpha Strategic PLC
Results for the
year ended 31 March 2011

Financial highlights

- **Revenue increased 38% to £610,000 (2010: £441,000)**
- **Operating loss reduced by 75% to £123,000 (2010: £498,000)**
- **Pre Amortisation break-even achieved**
- **Net Assets £3.1 million (2010: £3.2 million)**
- **Healthy cash and debtor balance at £1.5 million (2010: £1.3 million)**
- **£2.5m share placing after year-end**

Contents

Directors, company secretary and advisers

Executive Directors	Colin Barrow – Chairman Nicola Meaden - Chief Executive Kit Malthouse - Finance Director
Non Executive Directors	Colin Clark (resigned 17 June 2010) Florence Lombard (appointed 17 June 2010) Jonathan Little (appointed 4 May 2011)
Secretary and Registered Office	Kit Malthouse 66 Buckingham Gate London SW1E 6AU
Company registration number	5387808
Nominated Advisers and Brokers	Evolution Securities Limited 100 Wood Street London EC2V 7AN
Registrars	Capita IRG plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registered Auditors	BDO LLP 55 Baker Street London W1U 7EU
Legal Advisers	Marriott Harrison Staple Court 11 Staple inn Buildings London WC1V 7QH
Bankers	HSBC Bank Plc 69 Pall Mall London SW1Y 5EY

Chairman's statement

The Company is pleased to announce its final results to year end 31st March, 2011.

The period saw a flurry of activity which, combined with steady growth, culminated in the very significant post balance sheet event: the investment of approximately £2.5 million in Alpha Strategic by Northill Europe Holdings SARL ("Northill"). Northill is a private company incorporated in Luxembourg whose ultimate beneficial owner is the Bertarelli family.

This investment is transformational for Alpha Strategic. Northill have agreed to make considerable funds available to support and accelerate our strategy of acquiring additional, non-correlated, revenue streams from successful investment managers. Such revenues will serve to expand and diversify Alpha Strategic's income base. We are also delighted to welcome Jonathan Little, Partner at Northill, to our board. Jon brings over 20 years' experience in the global asset management industry. In addition to managing investment managers in China, Australia, Germany, Brazil and Hong Kong, he has been the Chairman of several large UK and US asset managers.

The year ending 31st March 2011 was positive for both of our current Manager Shareholders. Winton's Global Futures Fund (GFF) delivered a solid net return of an estimated 9% and nearly doubled its assets under management from the lows of last summer. During the same period the IKOS FX Fund produced an estimated net return of 27% and, in the process, was awarded the EuroHedge 2010 Fund of the Year Award in the Commodities & Currency category and was ranked 4th out of 100 funds in the annual Bloomberg survey, "The 100 Top-Performing Large Hedge Funds 2010".

From a financial point of view the year was satisfactory. Good income growth resulted in the Company breaking even before the inclusion of amortisation of the final quarter of guaranteed income from IKOS – an IFRS accounting adjustment which required us to write off the income as received. This treatment only applied to the first year and all future income will be fully reflected in the income statement. Overheads increased marginally - a reflection of an increase in activity and our increased staff compliment. Even with the amortisation, our loss was reduced very substantially from last year. As a result we remain highly liquid with a healthy cash and receivable balance, a situation further enhanced by the post balance sheet Northill investment.

In financial terms we are a simple and transparent company. Now that pre-amortisation break even has been achieved, it will be apparent that new revenue shares that we acquire will largely flow to the bottom line, enhanced initially by our brought forward tax losses. As I write, we have approaching £4 million in the bank, good steady and growing income, well controlled costs, and a new, very substantial supportive shareholder, all of which adds up to we hope a bright and active future.

We remain committed to our thesis of building a diversified portfolio of income streams acquired from top quality investment managers. Early indications suggest that our new shareholder's commitment to the Company will make easier the successful conversion of advanced discussions into successful transactions, resulting in enhanced earnings and shareholder value.

Colin Barrow
Chairman

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2011.

Principal Activities

The principal activity of the Group and the Company is to acquire shares in, or enter joint ventures with, or provide services to, hedge fund management businesses, so as to acquire high quality diversified revenue streams.

Review of the Business and Future Activities

Details of operations, business development and current projects are set out in the Chairman's statement on page 4.

The results for the year are set out in the consolidated statement of comprehensive income on page 11.

Post balance sheet events

On 4 May 2011, the Company raised approximately £2.5 million (before expenses) by way of a placing (the "Placing") to Northill Europe Holdings SARL ("Northill") of 4,705,137 ordinary shares of 1 pence each (the "Ordinary Shares") in the capital of the Company. Further details together with related amendments to the capital structure of the Company are set out in note 24.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 March 2011 (2010 – nil).

Directors and their interests

The names of the Directors of the Company at 31 March 2011 and of those who served during the year, and details of their beneficial shareholdings, are listed below.

Current Directors and their interests in the share capital of the Company:

		31 March 2011	**31 March 2010**
Colin Barrow	Ordinary Shares of 1p	625,000	625,000
	A Ordinary Shares of £24.75	800	800
Nicola Meaden	Ordinary Shares of 1p	100,000	100,000
	A Ordinary Shares of £24.75	600	600
Kit Malthouse	Ordinary Shares of 1p	50,000	50,000
	A Ordinary Shares of £24.75	600	400
Colin Clark	Ordinary Shares of 1p	100,000	100,000
(resigned 17 June 2010)	A Ordinary Shares of £24.75	-	200
Florence Lombard	Ordinary Shares of 1p	-	-
(appointed 17 June 2010)	A Ordinary Shares of £24.75	-	-

Details of Directors' remuneration are disclosed in note 9.

Directors' report (continued)

Directors' Indemnity

The Company has indemnified the Directors and other officers of the Company against qualifying liabilities in accordance with the provisions of the Companies Act 2006.

Substantial Shareholdings

Other than the directors' interests shown above, the share register shows the following substantial interests as at 31st May 2011:

	Ordinary shares of 1p each	
	Number	Shareholding %
Northill Europe Holdings (SARL)	4,705,137	51.00
IKOS Asset Management	1,212,121	13.14
David Winton Harding	372,601	4.04
Ciano Investments	339,000	3.67
Mr & Mrs S Crooks	315,000	3.41
Winton Capital Management Limited	308,500	3.34
Banque Federative du Credit Mutuel	300,000	3.25

Capital Structure and Financial Instruments

The capital structure of the Company is disclosed in note 19 and details of the Group and Company's financial instruments are disclosed in note 21. Changes to the Company's capital structure effective from 4 May 2011 are disclosed in note 24.

Creditors Payment Policy

It is the Group and Company's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions. Trade creditors of the Group and Company at 31 March 2011 represented 19 days of annual purchases (2010: 11 days).

Corporate Governance

The Group is not required to comply with the provisions of the Combined Code as it is listed on the Alternative Investment Market. The Directors fully support the recommendations of the Combined Code on Corporate Governance. As the Company continues to grow, the Directors will review their compliance with the Code from time to time and will adopt such of the provisions as the Directors consider being appropriate to the size of the Company.

Going concern

Based on a review of the Company's budgets and cash flow plans, the Directors are satisfied that the Company has sufficient resources to continue its operations and to meet its commitments for the foreseeable future.

Principal risks

Details of the Group and Company financial instruments and the principal risks affecting the Group and the Company are given in note 21.

Directors' report (continued)

Auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the Company's auditors were unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Kit Malthouse
Company Secretary
3rd June 2011

Registered office:
66 Buckingham Gate
London SW1E 6AU

Statement of directors' responsibilities in respect of the financial statements

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 group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditors' report to the shareholders of Alpha Strategic PLC

We have audited the financial statements of Alpha Strategic Plc for the year ended 31 March 2011 which comprise the group and company statements of financial position, the consolidated statement of comprehensive income, the group statement of cash flows, the group and company statements of changes in equity 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements 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.

Independent auditors' report to the shareholders of Alpha Strategic PLC (continued)

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

Peter Chidgey (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
3rd June 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

	Notes	2011 £000	2010 £000
Revenue	4	**610**	441
Other administrative expenses		**(609)**	(569)
Amortisation of intangible assets	13	**(124)**	(370)
Total administrative expenses		**(733)**	(939)
Operating loss	5	**(123)**	(498)
Finance income			
Interest receivable and similar income	8	**-**	1
Loss before tax		**(123)**	(497)
Taxation	10	**34**	104
Loss and total comprehensive income for the year attributable to shareholders		**(89)**	(393)
Basic and diluted loss per share	11	**(1.97) p**	(9.38) p

The notes on pages 15 to 37 form part of these financial statements.

There are no items of profit and loss not included above.

All amounts relate to continuing operations.

Registered in England and Wales No. 5387808

Statements of financial position

	Notes	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Assets					
Non-current assets					
Goodwill	12	**1,853**	**-**	1,853	-
Other intangible assets	13	**-**	**-**	124	-
Plant and equipment	14	**9**	**9**	11	11
Investments	15	**-**	**2,209**	-	2,209
		1,862	**2,218**	1,988	2,220
Current assets					
Trade and other receivables	16	**387**	**384**	175	238
Current tax receivable		**-**	**-**	-	-
Cash and cash equivalents		**1,080**	**692**	1,126	486
		1,467	**1,076**	1,301	724
Total assets		**3,329**	**3,294**	3,289	2,994
Equity and liabilities					
Capital and reserves attributable to the equity holders of the parent					
Share capital	19	**95**	**95**	95	95
Share premium		**2,649**	**2,649**	2,649	2,649
Merger reserve		**1,341**	**1,341**	1,341	1,341
Accumulated deficit		**(967)**	**(2,505)**	(878)	(2,047)
		3,118	**1,580**	3,207	2,038
Non-current liabilities					
Deferred income tax	18	**-**	**-**	34	-
		-	**-**	34	-
Current liabilities					
Trade and other payables	17	**211**	**1,714**	48	906
		211	**1,714**	48	906
Total equity and liabilities		**3,329**	**3,294**	3,289	2,944

The financial statements were approved by the board and authorised for issue on 6th June 2011

Kit Malthouse
Director

The notes on pages 15 to 37 form part of these financial statements.

Statements of changes in equity

Group	Attributable to equity holders of the Company					
	Share Capital	**Share Capital 'A' shares**	**Share premium**	**Merger reserve**	**Accumulated deficit**	**Total equity**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2009	33	50	2,649	323	(485)	2,570
Loss and total comprehensive income for the year attributable to shareholders	-	-	-	-	(393)	(393)
Shares issued in year	12	-	-	1,018	-	1,030
At 1 April 2010	45	50	2,649	1,341	(878)	3,207
Loss and total comprehensive income for the year attributable to shareholders	-	-	-	-	(89)	(89)
At 31 March 2011	**45**	**50**	**2,649**	**1,341**	**(967)**	**3,118**

Share Capital is the amount subscribed for ordinary shares at nominal value. Share Capital 'A' shares is the amount subscribed for 'A' ordinary shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

The merger reserve comprises the excess of the amount subscribed for share capital over the nominal value of ordinary shares issued in respect of the acquisition of subsidiaries in accordance with the merger relief provisions of the Companies Act 1985 and the Companies Act 2006.

Accumulated deficit represent cumulative losses of the Group attributable to equity holders.

Company	Attributable to equity holders of the Company					
	Share Capital	**Share Capital 'A' shares**	**Share premium**	**Merger reserve**	**Accumulated deficit**	**Total equity**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2009	33	50	2,649	323	(1,604)	1,451
Loss and total comprehensive income for the year attributable to shareholders	-	-	-	-	(443)	(443)
Shares issued in year	12	-	-	1,018	-	1,030
At 1 April 2010	45	50	2,649	1,341	(2,047)	2,038
Loss and total comprehensive income for the year attributable to shareholders	-	-	-	-	(458)	(458)
At 31 March 2011	**45**	**50**	**2,649**	**1,341**	**(2,505)**	**1,580**

Share Capital is the amount subscribed for ordinary shares at nominal value. Share Capital 'A' shares is the amount subscribed for 'A' ordinary shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

The merger reserve comprises the excess of the amount subscribed for share capital over the nominal value of ordinary shares issued in respect of the acquisition of subsidiaries in accordance with the merger relief provisions of the Companies Act 1985 and the Companies Act 2006.

Accumulated deficit represent cumulative losses of the Company attributable to equity holders.

The notes on pages 15 to 37 form part of these financial statements.

Statements of cash flows

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Cash flow from operating activities				
Operating loss before taxation	**(123)**	**(458)**	(497)	(443)
Finance income	**-**	**-**	(1)	(1)
Depreciation	**5**	**5**	4	4
Amortisation	**124**	**-**	370	-
Cash flow from operating activities before changes in working capital	**6**	**(453)**	(124)	(440)
Increase in trade and other receivables	**(212)**	**(146)**	(108)	(142)
Increase/(decrease) in trade and other payables	**163**	**808**	(30)	(6)
Cash generated from operations	**(43)**	**209**	(262)	(588)
Income taxes received	**-**	**-**	40	-
Net cash flow from operations	**(43)**	**209**	(222)	(588)
Investing activities				
Acquisition of subsidiary, net of cash acquired	**-**	**-**	(764)	(764)
Purchases of plant and equipment	**(3)**	**(3)**	(4)	(4)
Interest received	**-**	**-**	1	1
Net cash flow from investing activities	**(3)**	**(3)**	(767)	(767)
Net decrease in cash and cash equivalents in the year	**(46)**	**206**	(989)	(1,355)
Cash and cash equivalents at beginning of the year	**1,126**	**486**	2,115	1,841
Cash and cash equivalents at end of the year	**1,080**	**692**	1,126	486
Cash and cash equivalents comprise:				
Cash	**1,080**	**692**	1,126	486
Cash and cash equivalents at end of the year	**1,080**	**692**	1,126	486

The notes on pages 15 to 37 form part of these financial statements.

Cash and cash equivalents (which are represented as a single class of assets on the face of the balance sheet) comprise cash at bank and money market deposit investments with a maturity of up of three months. There is no material foreign exchange movement in respect of cash and cash equivalents.

Notes to the financial statements

1 Basis of preparation and significant accounting policies

Alpha Strategic PLC (the "Company") is a company domiciled in the United Kingdom and is quoted on the AIM market of the London Stock Exchange. The consolidated financial statements of the Company for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the provision of services to hedge fund management businesses and investment to acquire high quality diversified revenue streams.

These consolidated financial statements of Alpha Strategic PLC have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively IFRSs) as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Standards, amendments and interpretations to published standards not yet effective.

At the date of authorisation of these consolidated financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective and have not been applied in the preparation of these consolidated financial statements:

- IFRS9 Financial Instruments, IASB effective date 1 January 2013. Not yet endorsed by the EU.
- Amendments to IFRS7 Financial Instruments: Disclosures, IASB effective date 1 July 2011. Not yet endorsed by the EU.
- Deferred tax: Recovery of Underlying Assets (Amendments to IAS12), IASB effective date 1 January 2012. Not yet endorsed by the EU.
- Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS1), IASB effective date 1 July 2011. Not yet endorsed by the EU.
- IFRIC19 Extinguishing Financial Liabilities with Equity Instruments, effective 1 July 2010.
- Amendment to IFRIC14 Prepayment of a Minimum funding Requirement, effective 1 January 2011.
- IAS24 Related Party Transactions (revised) effective 1 November 2011.

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group's financial statements in the period of initial adoption.

New standards, interpretations and amendments effective from 1 April 2010

None of the other new standards, interpretations and amendments effective for the first time from 1 April 2010 have had a material impact on the financial statements.

Notes to the financial statements (continued)

Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the purchase method of accounting.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. For 2011 the accounting policies for business combinations have been revised to comply with IAS27 Consolidated and separate financial statements (revised) and IFRS3 Business Combinations (revised).

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. If the business combination is achieved in stages, the acquisition date fair-value of the Group's previously-held equity interest in the acquiree is re-measured to fair-value as at the acquisition date through profit and loss. For 2010 and earlier periods any previously held interest was not revalued and each tranche of the investment was accounted for as a new combination.

Any contingent consideration to be transferred by the Group is recognised at fair-value on the acquisition date. Subsequent changes to the fair-value of the contingent consideration, which is deemed to be an asset or a liability, will be recognised in accordance with IAS39 either in profit or loss or as change in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled in equity. For 2010 and earlier periods changes to the value of contingent consideration were accounted for as adjustments to the cost of investment.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of the net assets of the subsidiary acquired, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes to the financial statements (continued)

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition costs are expensed. For 2010 and earlier periods acquisition costs were included within the cost of investment of the relevant subsidiary.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost less provisions for impairment in value. The cost of acquisition for years commencing 1 April 2010 excludes directly attributable professional fees and other expenses incurred in connection with the acquisition which is expensed as incurred. The cost of investments made prior to 1 July 2009 has not been restated.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the attributable fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over the expected useful life of the relevant asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation is calculated on a straight line basis over the useful life of the plant and equipment over 4 years.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the financial statements (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing and discontinuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment losses previously recognised in respect of goodwill are not reversed.

Financial instruments

Financial assets – loans and receivables

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Trade and other receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents: These include cash in hand, deposits held at call within 90 days with banks and bank overdrafts that are repayable on demand.

Notes to the financial statements (continued)

Financial liabilities - other

The Group classifies its financial liabilities as:

Trade and other payables: These are initially recognised at fair-value and then carried at amortised cost using the effective interest rate method. These arise principally from the receipt of goods and services.

Revenue

The Group's revenues arise in respect of services provided to independent hedge investment funds and comprise management fees and performance fees. Revenues are recognised only to the extent that the services provided are eligible to be recovered. This is the Group's only business segment and all of the business is conducted within the United Kingdom. The Company's revenue comprises the reimbursement of management expenses.

Leased assets

Operating lease annual rentals are charged to the income statement on a straight line basis over the term of the lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Retirement benefits

The Group does not operate any defined benefit pension scheme arrangements. Contributions to defined contribution pension scheme arrangements are included in administrative costs on an accruals basis.

Taxation

Income tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the financial statements (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company or different Group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders this is when dividends are paid. No dividends payable are classified as a finance cost.

Capital Disclosures

Details of the capital structure of the Company and Group are disclosed in note 19. Changes to the capital structure on 4 May 2011 are disclosed in note 24.

The group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Neither the Company nor the Group has any debt.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss

Notes to the financial statements (continued)

2 Operating loss

Operating loss comprises revenues less administrative costs. Administrative costs include depreciation and amortisation of non-current intangible assets.

3 Significant accounting judgments, estimates and assumptions

The Group makes estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Value of the Group’s goodwill

The carrying value of the Group’s goodwill will ultimately depend upon the future earnings achievable from the relevant investments made by the Group. These may not be in line with current expectations.

Value of the Group’s intangible assets

The carrying value of the Group’s intangible assets will ultimately depend upon the income received in respect of those assets. This income may not be in line with current expectations.

Recoverability of trade receivables

The recovery of the value of the Group's trade and receivables may differ from the amounts estimated.

Operational and financial risks facing the Group are also discussed in note 21.

4 Revenue

The Group’s entire revenue is generated in the UK from a single business segment; that of providing services to hedge fund management businesses within Europe. The Group has no other geographical or business segments. This is the basis on which the Chief Operating Decision Maker monitors the business. The Company’s Chief Operating Decision Maker is the Board of Directors.

Management and financial reports received by the Board are prepared on the basis of the single business segment. The Group has two major customers, Winton Capital Management Limited and IKOS Asset Management Limited. In 2011, 18% (2010: 14%) of the Group’s revenue was derived from Winton Capital Management Limited and 82% (2010: 86%) was derived from IKOS Asset Management Limited.

Notes to the financial statements (continued)

5 Operating loss - Group

Operating loss is stated after charging:

	2011 £000	2010 £000
Staff costs (note 9)	**382**	324
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**9**	8
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries	**5**	5
Other services pursuant to legislation	**5**	6
Tax services	**13**	7
Corporate finance services	**29**	21
Depreciation	**5**	4
Amortisation	**124**	370
Operating lease rentals:		
Buildings	**50**	48

6 Operating loss - Company

Operating loss is stated after charging:

	2011 £000	2010 £000
Staff costs (note 9)	**382**	324
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**9**	8
Fees payable to the Company's auditor and its associates for other services:		
Other services pursuant to legislation	**5**	6
Tax services	**13**	7
Corporate finance services	**29**	21
Depreciation	**5**	4
Operating lease rentals:		
Buildings	**50**	48

7 Loss for the year - Company

	2011 £000	2010 £000
Parent Company loss for the year	**(458)**	(443)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

8 Interest received

	2011 £000	2010 £000
Bank interest received	**-**	1

Notes to the financial statements (continued)

9 Directors and Employees

Staff numbers – Group and Company:

	2011 Number	2010 Number
Administration	**6**	6

Staff costs - Group and Company:

	2011 £000	2010 £000
Directors' emoluments	**311**	272
Staff salaries	**53**	36
Social security costs	**18**	16
	382	324
Highest paid director	**190**	152

Other than the Directors, the Group and Company employed two members of staff.

Key management personnel consist of only the Directors. The interests in the Company's shares of each Director are shown in the Directors' Report on page 5. Directors' remuneration for the Group and Company is shown below:

Name	Year	Fees/basic salary £000	Bonus £000	Total £000
Colin Barrow	**2011**	**60**	**-**	**60**
	2010	60	-	60
Nicola Meaden	**2011**	**190**	**-**	**190**
	2010	122	30	152
Kit Malthouse	**2011**	**40**	**-**	**40**
	2010	40	-	40
Colin Clark	**2011**	**5**	**-**	**5**
(resigned 17 June 2010)	2010	20	-	20
Florence Lombard (appointed 17 June 2010)	**2011**	**16**	**-**	**16**
Totals	**2011**	**311**	**-**	**311**
	2010	242	30	272

Neither the Group nor the Company operates any defined benefit pension schemes.

Notes to the financial statements (continued)

10 Taxation

	2011 £000	2010 £000
UK Corporation tax		
Current tax on income for the year at 28% (2010 – 28%)	-	-
Deferred tax credit	**(34)**	(104)
	(34)	(104)

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £000	2010 £000
Loss on ordinary activities before taxation	**(123)**	(497)
Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010: 28%)	**(34)**	(139)
Effect of		
Losses carried forward	**-**	35
Current tax (credit)/charge	**(34)**	(104)

At 31 March 2011 the Group and Company had a deferred tax asset of £144,000 (2010: £155,000) relating to tax losses carried forward which have not been recognised in the financial statements.

11 Loss per share

Basic

The calculation of the basic loss per share is based upon the loss after tax attributable to ordinary shareholders of £89,000 (2010: loss £393,000) and a weighted average number of shares in issue for the year of 4,520,621 (2010: 4,188,533).

On 4 May 2011 the company issued 4,705,137 ordinary shares pursuant to a placing, see note 24 for further details. The basic loss per share, if these new shares were in existence at 31 March 2011 and were in issue for the whole of the year, would have been 0.96p.

Diluted

The diluted loss per share in 2011 and 2010 is the same as the basic loss per share as the losses in the years have an anti-dilutive effect.

Notes to the financial statements (continued)

12 Goodwill

	Group £000
Cost	
At 1 April 2009	415
Addition during the year to 31 March 2010	1,438
At 31 March 2010 and 2011	**1,853**

The carrying value of the goodwill, which arises from the investments in Alpha Winton Limited, acquired in 2006, and Acme Advisors Limited, acquired in 2009, and which together make up the Group's only cash generating unit, has been reviewed for potential impairment. The recoverable amounts of the investments are based on value in use using performance projections over five years. The projections include budgeted income and expenditure based on current activity. A risk-adjusted discount rate of 12% has been applied to the projections.

	2011	2010
Fee income	**£0.6m**	£0.4m
Fee growth	**3%**	3%
Administrative costs growth rate	**5%**	5%

No impairment has been identified.

13 Other intangible asset

	Group £000
Cost	
At 1 April 2009	-
Addition during the year to 31 March 2010	494
At 31March 2010 and 2011	**494**
Amortisation	
At 1 April 2009	-
Charge for the year to 31 March 2010	370
At 31 March 2010	370
Charge for the year to 31 March 2011	124
At 31 March 2011	**494**
Net Book Value	
At 1 April 2009	-
At 1 April 2010	**124**
At 31 March 2011	**-**

This asset arose as a result of the acquisition of Acme Advisors Limited whereby income of £494,000 was guaranteed in the first year of ownership.

Notes to the financial statements (continued)

14 Plant and equipment

	Group and Company £000
Cost	
At 1 April 2009	15
Additions during the year to 31 March 2010	4
At 1 April 2010	19
Additions during the year to 31 March 2011	3
At 31March 2011	**22**
Depreciation	
At 1 April 2009	4
Charge for the year to 31 March 2010	4
At 1 April 2009	8
Charge for the year to 31 March 2011	5
At 31 March 2010	**13**
Net Book Value	
At 1 April 2009	11
At 1 April 2010	11
At 31 March 2011	**9**

No assets have been revalued.

15 Investment in subsidiaries

	Note	Company £000
Cost		
At 31 March 2010 and 2011		**2,209**

The following were subsidiaries held directly by the Company at the end of the year:

Name	**Country of incorporation**	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
Alpha Winton Limited	England	100%	Fund services
Acme Advisors Limited	England	100%	Fund services

Notes to the financial statements (continued)

16 Trade and other receivables

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Trade debtors	**175**	**-**	147	-
Amounts due from subsidiaries	**-**	**197**	-	216
Other debtors	**118**	**93**	18	12
Prepayments	**94**	**94**	10	10
	387	**384**	175	238

The trade debtors, amounts due from subsidiary and other debtors are categorised as loans and receivables. Other than these balances and cash and cash equivalents, the Group and Company have no other financial assets classified as loans and receivables. At the balance sheet date none of the trade and other receivable balances is past due but not impaired. There were no material difference between the book value and the fair value of the trade and other receivables.

17 Trade and other payables

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Trade creditors	**176**	**176**	16	16
Amounts due to subsidiaries	**-**	**1,503**	-	842
Accruals	**28**	**28**	26	26
Taxation and social security	**7**	**7**	6	22
	211	**1,714**	48	906

The trade creditors, accruals and amounts due to subsidiary are categorised as financial liabilities measured at amortised cost. Other than these balances, the Group and Company have no other financial liabilities measured at amortised cost. There is no material difference between the fair values and book values of Trade and other payables. All financial liabilities fall due within one year.

18 Deferred income tax

	Group £000
At 1 April 2009	-
Arising on acquisition	138
Reduction during the year to 31 March 2010	(104)
At 1 April 2010	34
Reduction during the year to 31 March 2011	(34)
At 31March 2011	-

Notes to the financial statements (continued)

19 Share Capital

	Group and Company at 31 March 2010 and 2011			
	Authorised		Allotted, called up and fully paid	
	Number	£000	Number	£000
Equity share capital Ordinary shares of 1p each	**10,050,000**	**100**	**4,520,621**	**45**
'A' Ordinary shares of £24.75 each	**2,000**	**50**	**2,000**	**50**

On 4 May 2011 the company issued 4,705,137 ordinary shares pursuant to a placing. For further details see note 24.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital are shown above. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association, the Companies Acts and related legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. At 31 March 2011 no person has any special rights of control over the Company's share capital and all issued shares are fully paid. On 4 May 2011 additional rights were granted to Northill Europe Holdings SARL pursuant to a placing of shares, see note 24.

'A' ordinary shares

The holders of 'A' ordinary shares do not have the right to vote at general meetings and do not have the right to be paid any dividend. Conditional on the market price of each ordinary share being double the placing price for 30 consecutive business days within the period between the first and fifth anniversary of admission to AIM and thereafter the market price of each ordinary share being three times the placing price for 30 consecutive business days, a holder of 'A' ordinary shares may exercise in whole or in part the conversion rights attaching to the A ordinary shares held. On conversion of all or part of the 'A' ordinary shares, each share shall convert into ordinary shares as equals 0.005% of the fully diluted equity. All 'A' ordinary shares which are in issue and remain unconverted after the tenth anniversary of the date of admission to AIM shall be converted into deferred shares.

Notes to the financial statements (continued)

Warrants

On 1 August 2005, the Company granted a warrant to subscribe for ordinary shares in the Company. The principal terms of the warrant are as follows:

- The holders will be entitled to subscribe at the placing price of £1 for such number of ordinary shares which are equivalent to one per cent. of the issued ordinary share capital of the Company at the time of exercise, excluding any ordinary shares created as a result of conversion of the 'A' ordinary shares and excluding ordinary shares issued as a result of prior exercise of the warrant;
- The warrant may be exercised at any time during the period of five years from the date of Admission of 11 August 2005;
- Ordinary shares issued on the exercise of the warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the ordinary shares in issue on the date of such exercise;
- The number of ordinary shares issued on exercise of the warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and
- If a takeover offer is made to all holders of ordinary shares, the Company will use reasonable endeavours to procure a comparable offer to the holder of the option.

On 1 August 2005, the Company granted a warrant to subscribe for ordinary shares. The principal terms of the warrant are as follows:

- The holder will be entitled to subscribe at the placing price of £1 for 15,000 ordinary shares;
- The warrant may be exercised at any time during the period of five years from the date of Admission on 11 August 2005;
- Ordinary shares issued on the exercise of the holder of the warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the ordinary shares in issue on the date of such exercise;
- The number of ordinary shares issued on exercise of the warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and
- If a takeover offer is made to all holders of ordinary shares, the Company will use reasonable endeavours to procure a comparable offer to the holder of the option.

During the year, the above warrants expired unexercised. On 4 May 2011 the company issued further warrants pursuant to a placing. For further details see note 24.

Notes to the financial statements (continued)

20 Leases

The Company leases its offices premises on a tenant repairing basis with a break clause within 5 years. The future minimum lease payments under property leases that have initial or remaining terms in excess of one year at 31 March 2011 were as follows:

	Group and Company	
	2011 £000	**2010 £000**
Obligations under property leases comprise:		
Rentals due within one year	**50**	20
Rentals due after more than one year:		
From two to three years	**50**	-
From one to two years	**50**	-
	100	-
Total	**150**	20

21 Financial instruments

In common with other businesses, the Group and Company (the 'Group') is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 1 and the critical accounting estimates and judgements are set out in note 3.

The Group has no exposure to interest-bearing indebtedness.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

	Group 31 March 2011 £000	Company 31 March 2011 £000	Group 31 March 2010 £000	Company 31 March 2010 £000
Financial assets				
Trade debtors	**175**	**-**	147	-
Amounts due from subsidiaries	**-**	**197**	-	216
Other debtors	**118**	**93**	18	12
Cash and cash equivalents	**1,080**	**692**	1,126	486
Total financial assets	**1,373**	**982**	1,291	714
Financial liabilities				
Trade creditors	**176**	**176**	16	16
Amounts due to subsidiaries	**-**	**1,503**	-	842
Accruals	**28**	**28**	26	26
Total financial liabilities	**204**	**1,707**	42	884

Notes to the financial statements (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated part of the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board retains full control over the Group's investment strategy. The Board receives reports from financial personnel through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk arises principally from the Group's and Company's trade and other receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements as shown below:

	2011 Group £000	2011 Company £000	2010 Group £000	2010 Company £000
Trade and other receivables	**293**	**290**	165	228
Cash and cash equivalents	**1,080**	**692**	1,126	486
	1,373	**982**	1,291	714

The Group is exposed to credit risk in respect of management fees for services chargeable to the hedge fund management companies with whom it had a contractual relationship and interest receivable from its investments. The Group carefully monitors the credit status of its counterparties to ensure that fees and interest due are paid promptly.

The Group utilises sterling based money market accounts operated by HSBC Bank Plc. The directors have considered in particular the credit rating and structure of HSBC Bank Plc and satisfied themselves that any risk to the Company's cash position is minimal.

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital and the amount of funding committed to its acquisition programme. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk is monitored by the Group to ensure that the Group has sufficient resources to meet its financial obligations as they fall due. The liquidity risk of the Group is managed centrally. Surplus funds not allocated to future investment and working capital requirements are held on deposit. The Group based money market accounts operated by HSBC Bank Plc to achieve reasonable returns on funds invested. The Group intends to maintain a balance of funding designed to finance working capital requirements and future investment. Where appropriate to fund new investments the Board will seek additional funds from the issue of share capital.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Notes to the financial statements (continued)

Undrawn bank facilities

The Group had no undrawn committed bank borrowing facilities available to it.

Fair-value of financial liabilities

The fair-value of trade and other payables is the same as the carrying values stated above. The Group and Company have no significant exposure to variations in the fair-value of trade and other payables

Market operational and pricing risks

The Group operated only in the United Kingdom. The Group's revenues are derived from management services provided to hedge funds. The level of fees achieved is dependent upon both the performance of these funds and the quantum of funds managed within these funds. A flat management fee being charged and a performance related fee subject to a "high water mark" also due on any profits made by the fund.

There also exists a risk that the market perception of the relevant market risk discount rate used in the assessment of the value of the Group's goodwill worsens.

Cash flow interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate investments). There is no impact on the Group's equity.

Year ended 31 March 2011	**Change in Rate**	**Effect £000**
Interest rate received	**+ 0.5%**	**5**
	+ 1.0%	**11**
	+ 1.5%	**16**
Interest rate received	**- 0.5%**	**(5)**
	- 1.0%	**(11)**
	- 1.5%	**(16)**

Year ended 31 March 2010	**Change in Rate**	**Effect £000**
Interest rate received	+ 0.5%	6
	+ 1.0%	11
	+ 1.5%	17
Interest rate received	- 0.5%	(6)
	- 1.0%	(11)
	- 1.5%	(17)

Notes to the financial statements (continued)

Currency risk

Currency risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. Only in exceptional circumstances will the Group consider hedging its exposure to foreign currencies as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques.

Financial assets are denominated in the following currencies:

	2011 Group £000	2011 Company £000	2010 Group £000	2010 Company £000
Sterling	**866**	**982**	913	714
Euro	**507**	**-**	378	-
	1,373	**982**	1,291	714

The effect of a 1% strengthening of the Euro against Sterling at the reporting date on the Euro-denominated trade payables carried at that date would, all other variables held constant, have resulted in a increase in post-tax profit for the year and decrease of net assets of £5,000 (2010: £4,000). A 1% weakening in the exchange rate would, on the same basis, have increased post-tax profit and decreased net assets by £5,000 (2009: £4,000).

The Company's financial liabilities are all denominated in Sterling.

Capital

The Group considers its capital and reserves attributable to equity shareholders to be the Group's capital. In managing its capital, the Group's primary long-term objective is to provide a return for its equity shareholders through capital growth. Going forward the Group will seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital needs and to fund further acquisition and investment in the Group's businesses. Management considers that no useful target debt to equity gearing ratio can be identified at this time.

Details of the Group and Company capital are disclosed in the Group and Company statement of changes in equity and in note 19.

There have been no other significant changes to the Group's management objectives, policies and processes in the year nor has there been any change in what the Group considers to be capital.

Notes to the financial statements (continued)

22 Related party transactions

During the year the Company had income of £164,000 (2010: £126,000) arising from management services rendered to its subsidiaries. Details of amounts owing to and from the subsidiaries are disclosed in notes 16 and 17.

Details of directors' remuneration are given in note 9.

Details of shareholder and director agreements entered into after the balance sheet date pursuant to a placing of shares on 4 May 2011 are disclosed in note 24.

23 Capital commitments

There were no capital commitments outstanding at 31 March 2011 for the Group or the Company.

24 Post-balance sheet events – issue of equity and the entering into of agreements with shareholders

On 4 May 2011, the Company raised approximately £2.5 million (before expenses) by way of a placing (the "Placing") to Northill Europe Holdings SARL ("Northill") of 4,705,137 ordinary shares of 1 pence each (the "Ordinary Shares") in the capital of the Company (the "Placing Shares") at a price of 53.0 pence per Ordinary Share (the "Placing Price"). Northill is a private company incorporated in Luxembourg whose sole shareholder is Northill Jersey Holdings L.P. The ultimate majority owner of Northill is the Bertarelli family.

Following the admission of 4,705,137 Placing Shares to trading on the AIM market of the London Stock Exchange ("Admission"), the Company had 9,225,758 Ordinary Shares in issue. The Placing Shares will represent approximately 51 percent of the issued share capital of the Company immediately following admission.

The Company has also undertaken to issue to Northill such additional Ordinary Shares at completion of the Placing to ensure that it maintains a 51% shareholding of the Company if the Company issues or contracts to issue further Ordinary Shares to any other party prior to such completion so that Northill's shareholding in the Company is not diluted to less than 51% as a consequence of any such issue or contract to issue.

Northill will be issued such Ordinary Shares at the lower of (i) the lowest price per share at which the Company issues Ordinary Shares to other parties and (ii) 64.5p per Ordinary Share if the consideration is cash and Northill will otherwise subscribe at 50.0p per Ordinary Share (the closing mid-market price on 11 April 2011) if the consideration for the issue of Ordinary Shares to the other parties is non-cash.

The Placing was not underwritten.

Notes to the financial statements (continued)

24 Post-balance sheet events – issue of equity and the entering into of agreements with shareholders (continued)

Following the completion of the Placing, Northill had an interest in the Company of more than 30 per cent of the voting rights. In normal circumstances a general offer from Northill to the Company's shareholders would have required, under Rule 9 of the Takeover Code, to acquire all the Ordinary Shares not already owned by Northill. However, the Takeover Panel has agreed to waive the requirement for a full offer for the Company as stipulated under Rule 9 of the Takeover Code, following approval by certain of the Company's independent shareholders who together are the beneficial owners of 2,668,222 Ordinary Shares (representing 59.0 percent. of the Company's issued share capital carrying voting rights as at the 11 April 2011, being the last dealing day prior to the transaction).

Shareholder subscription agreement

The agreement for the Placing between the Company and Northill (the "Subscription Agreement") granted Northill various rights and placed certain obligations and restrictions on the Company. These are principally:

In the event that, and for so long as Northill's shareholding in the Company is 50% or less, when Northill is determining whether to consent to any 30% Consent Matter (as defined below) or 15% Consent Matter (as defined below) it must have regard to, amongst other things the interests of the shareholders of the Company as a whole.

For so long as Northill holds 30% or more of the issued share capital of the Company, the Company must obtain Northill's prior written consent for all acquisitions, disposals or strategic transactions, altering the Company's share capital or creating new shares or securities or taking any steps to wind up the Company (except where it is unable or deemed unable to pay its debts), (each a "30% Consent Matter")

Provided that Northill holds 15% or more of the issued Ordinary Shares in the Company, it can nominate Directors to the board to proportionately represent its shareholding in the Company ("Investor Directors"), with such number of Directors being rounded up.

For so long as Northill holds 15% or more of the issued share capital of the Company, it has certain information rights, primarily in relation to the provision of financial information.

For so long as Northill holds 15% or more of the issued share capital of the Company, the Company must obtain Northill's prior written consent for the following matters (each a "15% Consent Matter"): appointing or removing a Director, adopting a new business plan and operating and capital budget and cash flow forecasts, incurring any indebtedness in excess of £75,000, making a loan, creating or permitting to create a mortgage or charge, engaging an employee on certain terms, materially changing the nature of the business or changing its auditors. If Northill does not approve a 15% Consent Matter, whilst Northill holds less than 30% of the Ordinary Shares, the board of the Company (excluding all Investor Directors) may unanimously resolve to refer the matter to all of the Company's shareholders for them to consider and vote to approve the relevant 15% Consent Matter.

Notes to the financial statements (continued)

24 Post-balance sheet events – issue of equity and the entering into of agreements with shareholders (continued)

For so long as Northill holds 15% or more of the issued share capital of the Company any proposed offer of or right to subscribe for shares or other securities or grant of any option by the Company will be subject to pre-emptive rights entitling Northill to purchase that portion of the offered shares or securities as will enable it to maintain its shareholding. In the case of the issue of shares for non-cash consideration or any issue of shares as part of an employee share option scheme the subscription price for Northill will be the average mid-market price on the previous 10 business days whilst the Ordinary Shares are traded on AIM or any other recognised share trading platform, and otherwise at the fair market price determined by the auditors or failing them another chartered accountant appointed by the Company.

Implementation of a management incentive scheme

The Company intends to introduce a management incentive scheme to replace the A Shares (with a nominal value of £24.75 each in the Company (the "A Shares")).

Board Changes

On 4 May 2011 Mr Jonathan Little (aged 46) was appointed as a non-executive Director of the Company. Jonathan Little is a Director of Northill.

Provided that Northill holds 15% or more of the issued Ordinary Shares in the Company, it can nominate such number of Investor Directors to the board as proportionately represents its shareholding in the Company.

Substantial Shareholder Agreement

In addition to the Subscription Agreement, Northill has entered into a substantial shareholder agreement ("SSA") as a part of the Placing. The SSA provides that Northill will exercise its powers and voting rights with a view to ensuring that the Company remains capable of carrying on its business independently of Northill and all transactions and relationships between the Company and Northill are at arm's length and on a normal commercial basis. Further provisions include: similarly seeking to ensure that Northill, and any person or company connected to it, do not have any interests or other duties or responsibilities which could conflict with the interests of the Company (save for any existing interests), disclosure of an interest in a board decision and the relevant Director abstaining from such decision-making and ensuring that the articles of association are not amended to be contrary to the maintenance of the Company's independence.
Northill agrees not to exercise its powers and voting rights to restrict, obstruct or diminish the board of the Company's capacity to act in the ordinary course of its business or alter, or attempt to alter, the Company's business.

The SSA terminates if Northill holds less than 30% of the issued share capital of the Company and less than 30% of the voting rights of the Company at general meeting or is unable to control the appointment of Directors who collectively represent a majority of votes at board meeting. The SSA will also terminate if the Company goes into liquidation, administration or is insolvent or the Company's shares are de-listed or suspended on AIM beyond a certain period to be determined by the nominated advisor from time to time (such period being up to a maximum of 30 days).

Notes to the financial statements (continued)

24 Post-balance sheet events – issue of equity and the entering into of agreements with shareholders (continued)

Warrants

The Company is granting Northill warrants to subscribe for up to approximately 10% of the issued and issuable Ordinary Shares from time to time in order to ensure that Northill's shareholding in the Company shall not be diluted as a result of either (a) the conversion of any A Shares which have been issued to certain directors as part of a management share incentivisation scheme and which convert into Ordinary Shares or (b) the exercise of any rights to acquire Ordinary Shares under the MIS which replaces the A Shares (each an "Exercise Event"). Prior to or on an Exercise Event, Northill can exercise such number of Warrants as may be necessary to maintain its percentage shareholding. Northill will not be permitted to exercise Warrants so as to increase its shareholding in the Company to more than 51%.

Northill must exercise its rights under the warrants within 30 days from notification by the Company of an Exercise Event. The exercise price for any warrants will be the price per share equal to the average mid-market price for the 10 business days preceding the date of the exercise date of the warrant whilst the Ordinary Shares are traded on AIM or any other recognised share trading platform, and otherwise at the fair market price determined by the auditors or failing them another chartered accountant appointed by the Company.

25 Copies of the financial statements

Copies of the financial statements will be available on the Company website, www.alphastrategic.com, in due course or can be obtained by contacting the Company Secretary at 66 Buckingham Gate, London SW1E 6AU.