

Company Registration No. 05813575 England & Wales

ALPHA PROSPECTS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 28 FEBUARY 2017

ALPHA PROSPECTS LIMITED

COMPANY INFORMATION

Directors	C K Foster S Freudmann
Secretary	C K Foster
Company Number	05813575
Registered Office	Fisher and Partners Princes Drive Estate Coventry Road Kenilworth, Warwickshire CV8 2FD
Bankers	National Westminster Bank Plc 134 Aldersgate Street London EC1A 4JA
Solicitors	Bracher Rawlins LLP 77 Kingsway London, WC2B 6SR
Registrars	Share Registrars Limited 27/28 Eastcastle Street London, W1W 8DH

ALPHA PROSPECTS LIMITED

CONTENTS:	Page
Chairman's Statement	1
Strategic Report	3
Directors' Report	4
Statement of Directors' Responsibilities	7
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 LIMITED

CHAIRMAN'S STATEMENT

The Chairman presents his statement for the period.

I am pleased to present the financial results for Alpha Prospects Ltd for the 12 month period ending 28th February 2017.

The turnover for the period was £nil (2016: £12,000) and the comprehensive loss for the period was £309,140 (2016: £1,797,738) and of this £112,782 related to the write down in value of certain investments. The results were in line with management expectations.

Over the years Alpha has taken share stakes in a range of assets across several sectors but in the last 2 years the Company has concentrated on the energy sector. An area where we have recently made significant progress.

Share Issues

During the period the Company made a series of share issues, details of which are:

1,880,000 to redeem the CULS issue of 2013

331,817 shares at 5.5p

28,779,288 warrant shares were exercised at 1p

The Chief Executive Officer exercised warrant shares totalling 7,902,361 and also purchased an additional 3,500,000 shares taking his total to 90,425,973 representing a 25.5% shareholding in the Company.

Also, post the financial period the Company issued:

181,818 shares at 5.5p

2,415,685 warrant shares were exercised at 1p

Outlook

Alpha has agreed a merger with Derlite Co. Ltd, a company in which we have held a long standing investment. It is based in Thailand and designs and manufactures gas ignition systems for gas appliance manufacturers. It operates from 3,600 m2 factory, employing 160 people, located approximately 20 km from Bangkok, Thailand.

Derlite has both ISO 9001 (Quality Management) and ISO1400 (Environmental Management) certification and holds a Thailand Board of Investment (BOI) licence which enables raw materials to be imported duty free and facilitates the issue of work permits for expatriate staff. The company has operated in Thailand since 2002 and more particularly Derlite has a quality conscious workforce and low cost labour.

Key customers include:

Glen Dimplex Home Appliances (UK)

Robertshaw trading as Burner Systems International (USA, Mexico and UK)

Mabe (Mexico)

Gasignition (UK)

The company has also recently won significant new business with Samsung (Thailand), Haier/ GE Appliances (USA) and Mabe (Mexico).

Derlite also owns 51% of Siam Industrial Ceramics which has developed a unique alternate source of energy based on the recovery of energy by generation of plasmoids from water.

Following the merger with Derlite, Alpha Prospects will reorganise and refocus as an innovative energy company.

ALPHA PROSPECTS LIMITED

CHAIRMAN'S STATEMENT

Alpha now holds the majority interest in three energy related companies each at different stages of development:

Tasmanian Oil and Gas which was established to develop known oil and gas prospects in Tasmania, Australia;

Siam Industrial Ceramics which has succeeded in developing a unique alternate source of energy; and

Derlite an electronics company which specialised in gas ignition systems.

In addition to these another energy related investment, CTA, is close to securing funding for a new technology to process waste oil, tyres and plastics.

Having concluded the merger the Board is now looking to re-listing the Company's shares.

Finally, on behalf of the Board I would like to take this opportunity of thanking the Company's advisors for their support and assistance throughout what has been a productive year.

Steven Freudmann

Company website: <http://www.alphaprospectsplc.com>

ALPHA PROSPECTS LIMITED

STRATEGIC REPORT

The Directors present their strategic report on the Company for the year ended 28 February 2017

Review of business

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

Key performance indicators

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

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

Future developments

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

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

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

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

By order of the Board,

C K Foster
Director

24 November 2017

ALPHA PROSPECTS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 28 February 2017.

Principal activities

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

Results and dividends

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

Directors

The following directors have held office since 1 March 2016:

C K Foster

S Freudmann

Directors' interests

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

	Ordinary Shares of 1p	
	28 February 2017	29 February 2016
C K Foster	90,425,973	79,023,612
S Freudmann	9,757,000	9,507,000

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 29 February 2016 in the options over the share capital of the Company were as follows:

3 pence options	28 February 2017 Number	29 February 2016 Number
C K Foster	6,000,000	6,000,000
S Freudmann	1,300,000	1,300,000

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 year ended 28 February 2017, creditors' days have been calculated at 43 days (2016: 193 days).

Financial Risk Management

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

(a) Market Risk

Fair value and cash flow interest rate risk

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

(b) Credit risk

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

(c) Liquidity risk

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

ALPHA PROSPECTS LIMITED

DIRECTORS' REPORT

(d) Foreign exchange risk

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

Capital risk management

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

Other risks management

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk and credit risk. A greater proportion of the Company's assets and liabilities are denominated in sterling it has minimal exposure to foreign exchange risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Substantial shareholdings

On 17 November 2017, 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	90,425,973	25.35%
TVI 2 Limited	30,205,792	8.47%
ROK Stars plc	19,800,000	5.55%
Lunbros	19,434,666	5.45%
Derlite Limited	17,462,549	4.89%
Active Energy Group plc	15,149,304	4.25%
Tony Freudmann	14,280,000	4.00%

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

Health and safety

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

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

AGM Notice

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

ALPHA PROSPECTS LIMITED

DIRECTORS' REPORT

Disclosure of information to the auditors

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

Statement of directors' responsibilities

The statement of directors' responsibilities can be found on page 7 of these financial statements. The statement of directors' responsibilities forms part of the directors' report.

By order of the Board

C K Foster
Director

Fisher and Partners
Princes Drive Estate
Coventry Road
Kenilworth
CV8 2FD

24 November 2017

ALPHA PROSPECTS LIMITED

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 LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017

		Year ended 28 February 2017	Year ended 29 February 2016
	Note	£	£
Continuing operations			
Revenue		-	12,000
Cost of sales		-	-
Gross profit		-	12,000
Administrative expenses		(84,195)	(1,246,828)
		-	(1,246,828)
Loss on disposal of assets	5	-	-
Operating Loss		(84,195)	(1,234,828)
Finance income	18	-	-
Finance costs	18	(40,422)	(46,666)
Finance expense - net		(40,422)	(46,666)
Share of profit / (loss) of associate		(71,741)	(218,403)
Loss before income tax		(196,358)	(1,499,897)
Income tax expense	19	-	-
Loss for the period from continuing operations		(196,358)	(1,499,897)
Loss per share			
Basic loss per share - continuing and total operations	20	(0.06)p	(0.50)p
Diluted loss per share - continuing and total operations	20	(0.06)p	(0.50)p

The notes on pages 13 to 23 are an integral part of these financial statements.

ALPHA PROSPECTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2017

	Year ended 28 February 2017	Year ended 29 February 2016
	£	£
Loss for the period	(196,358)	(1,499,897)
Other comprehensive loss:		
Changes in fair value of available for sale financial assets	(112,782)	(297,841)
Other comprehensive loss for the year, net of tax	(112,782)	(297,841)
Total comprehensive loss for the period	(309,140)	(1,797,738)

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

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

The notes on pages 13 to 23 are an integral part of these financial statements.

ALPHA PROSPECTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2017

	Note	Year ended 28 February 2017 £	Year ended 29 February 2016 £
Assets			
Non-current assets			
Investment in associate	6	1,226,156	885,861
Available-for-sale financial assets	7	736,246	1,241,063
		1,962,402	2,126,924
Current assets			
Trade and other receivables	8	56,138	21,771
Cash and cash equivalents	9	8,440	9,702
		64,578	31,473
Total assets		2,026,980	2,158,397
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	10	1,769,052	1,611,097
Share premium account		4,752,015	4,414,400
Shares to be issued reserve		112,901	345,101
Retained earnings	12	(4,672,331)	(4,363,191)
Total equity		1,961,637	2,007,407
Liabilities			
Non-current liabilities			
Borrowings	13	-	-
		-	-
Current liabilities			
Trade and other payables	14	65,343	150,990
		65,343	150,990
Total liabilities		65,343	150,990
Total equity and liabilities		2,026,980	2,158,397

The notes on pages 13 to 23 are an integral part of these financial statements.

For the financial year in question the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. No members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledges their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the board on 24 November 2017

C K Foster
Director

S Freudmann
Director

Company Number: 05813575 (England & Wales)

ALPHA PROSPECTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2017

	Share capital	Share premium	Retained earnings	Shares to be issued reserve	Total
	£	£	£	£	£
Balance as at 31 August 2014	1,387,787	3,696,568	(2,565,453)	198,950	2,717,852
Loss for the period	-	-	(1,499,897)	-	(1,499,897)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(297,841)	-	(297,841)
Transactions with owners:					
Issue of share capital	223,310	717,832	-	-	941,142
Costs of issue of share capital	-	-	-	-	-
Share options issued	-	-	-	-	-
Convertible loan – equity component	-	-	-	146,151	146,151
Balance as at 29 February 2016	1,611,097	4,414,400	(4,363,191)	345,101	2,007,407
Loss for the period	-	-	(196,358)	-	(196,358)
Other comprehensive income:					
Changes in fair value of available for sale financial assets	-	-	(112,782)	-	(112,782)
Transactions with owners:					
Issue of share capital	157,955	348,060	-	-	506,015
Costs of issue of share capital	-	(10,445)	-	-	(10,445)
Share options issued	-	-	-	-	-
Convertible loan – equity component	-	-	-	(232,200)	(232,200)
	-	-	-	-	-
Balance as at 28 February 2017	1,769,052	4,752,015	(4,672,331)	112,901	1,961,637

The notes on pages 13 to 23 are an integral part of these financial statements.

ALPHA PROSPECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss before tax		(196,358)	(1,499,897)
Adjustments for:			
Equity-settled transactions	11	59,211	21,000
Loans written off		-	(50,000)
Investments written off		-	1,191,500
Share of loss/(profit) from associate	6	71,741	218,403
Net finance income recognised in profit or loss		40,422	46,666
Loss on disposal of financial assets	5	-	-
		(24,984)	(72,328)
Changes in working capital:			
(Increase)/decrease in trade and other receivables	8	(34,367)	(21,434)
Increase in trade and other payables	14	(85,647)	77,092
Cash used in operations		(144,998)	(16,670)
Interest paid		(40,422)	(46,666)
Net cash used in operating activities		(185,420)	(63,336)
Cash flows from investing activities			
Interest received	18	-	-
Acquisition of investment		-	-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares	10	111,606	58,852
Proceeds from borrowings		72,552	-
Net cash generated from financing activities		184,158	58,852
Decrease in cash equivalents		(1,262)	(4,484)
Cash and cash equivalents at beginning of year		9,702	14,186
Cash and cash equivalents at end of year		8,440	9,702

The notes on pages 13 to 23 are an integral part of these financial statements.

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

1. GENERAL INFORMATION

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

The company is a public limited company which was listed on the GXG market until its closure of the marketplace on 18 August 2015 at which point the company de-listed from the market. The company was incorporated and is domiciled in the UK. The address of its registered office is Fisher and Partners, Princes Drive Estate, Coventry Road, Kenilworth, Warwickshire, CV8 2FD

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 the statement of comprehensive income.

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, monetisation of available for sale financial assets and fundraising.

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

2.1.2 New and revised standards

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.

- IAS 7 (Amended) 'Statements of Cash Flows', effective for periods commencing on or after 1 January 2017.
- IAS12 (Amended), 'Income Taxes', effective for periods commencing on or after 1 January 2017 but not yet adopted by the EU.
- IFRS 2 (Amended), 'Share-based payment', effective for periods commencing on or after 1 January 2018.
- IFRS9, 'Financial Instruments', effective for periods commencing on or after 1 January 2018 but not yet adopted by the EU.
- IFRS15, 'Revenue from Contracts with Customers', effective for periods commencing on or after 1 January 2018 but not yet adopted by the EU.
- IFRS 16, 'Leases', effective for periods commencing on or after 1 January 2019 but not yet adopted by the EU.

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.

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

2.2 Associates

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

2.3 Financial assets

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

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.

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. Retained earnings reserve records the accumulated losses.

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

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 period 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 period. Taxable profit for the period 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 period 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.

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.

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax 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 management 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.

Foreign currency risks

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

Credit risk

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

Liquidity risk

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

Capital risk management

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

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.

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

- Share-based compensation plans include plans under which shares and options to purchase shares, based on the performance of the businesses, are awarded. The fair value of options granted is estimated using the Black-Scholes option pricing model. The key factors involve, but are not limited to, the expected share price volatility, expected change in dividend rate and contracted option life. These assumptions may differ from actual results due to changes in economic conditions. Refer to note 11 for further information on share-based compensation.
- Impairment of available for sale financial asset: At each reporting date the changes in fair value are shown in the income statement. The bid price on reporting date for quoted assets is used to determine the fair value of the asset. Where fair value cannot be reliably determined for equity investment in an unquoted company, impairment is tested annually.

5. OPERATING PROFIT

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

	2017	2016
	£	£
Depreciation of owned property, plant and equipment	-	-
Auditors' remuneration - audit	-	20,000
Auditors' remuneration - non-audit - taxation	-	2,000
Auditors' remuneration - non-audit - all other services	-	-
Loss on disposal of available for sale financial assets	-	-

6. INVESTMENTS IN ASSOCIATES

	2017	2016
	£	£
At beginning of year	885,861	333,694
Additions in the year	-	770,570
Disposals in the year	(77,874)	-
Share of profit/ (loss)	(71,741)	(218,403)
	736,246	885,861

The percentage holding in Derlite Limited, a company incorporated in Hong Kong reduced to a simple investment on 3 June 2016. In the period up to 3 June 2016, Derlite made a net loss of \$146,100. During the year Tasmania Oil & Gas Australia Limited incorporated in Australia of which the Company owns 30% of the issued share capital, made a net loss of AUD 185,197.

Holdings of more than 20%

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

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held
Tasmania Oil and Gas Australia PTY	Australia	Oil and Gas exploration services	30.00%

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

7. AVAILABLE FOR SALE FINANCIAL ASSETS

	2017 £	2016 £
Beginning of year	1,241,063	2,694,780
Additions	97,874	35,625
Disposals	-	(1,191,500)
Decreases in fair value transferred to equity	(112,781)	(297,842)
End of period	1,226,156	1,241,063

Available for sale financial assets include the following:

	2017 £	2016 £
Listed equity securities	85,786	174,968
Unlisted equity securities	1,140,370	1,066,095
	1,226,156	1,241,063

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

	2017 £	2016 £
Trade receivables	7,200	14,400
Other receivables	44,771	3,204
Prepayments and accrued income	4,167	4,167
	56,138	21,771

9. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and on hand	8,440	9,702
Cash and cash equivalents in statement of cash flows	8,440	9,702

10. SHARE CAPITAL

	2017 £	2016 £
Issued, allotted, called up and fully paid: Ordinary shares	353,810,474	322,219,569
Ordinary shares of £0.005	1,769,052	1,611,097

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

On 4 May 2016 the company issued 640,000 ordinary shares of 0.5p at a price 2.5 pence and in satisfaction of consultancy fees of £16,000. The company also issued 640,000 ordinary shares of 0.5p at a price 2.5 pence for convertible loan and interest totalling £7,800.

On 27 June 2016 the company issued 2,000,000 shares of 0.5p each at a price of 1pence each for a share swap valued at £20,000. The company also issued 345,374 shares at a price of 1 pence each for the exercise of warrants totalling £3,453.74.

On 1 July 2016 the company issued 928,000 ordinary shares of 0.5p each at a price of 2.5 pence each in satisfaction of convertible loan interest totalling £23,200. The company also issued 531 shares at a price of 1 pence each for the exercise of warrants totalling £5.31.

On 15 July 2016 the company issued 500,000 shares at a price of 1 pence each for the exercise of warrants totalling £5,000.

On 12 August 2016 the company issued 920,000 shares at a price of 1 pence each for the exercise of warrants totalling £9,200.

On 21 September 2016 the company issued 1,000,000 shares at a price of 1 pence each for the exercise of warrants totalling £10,000.

On 14 October 2016 the company issued 185,000 shares at a price of 1 pence each for the exercise of warrants totalling £1,850.

On 2 November 2016 the company issued 8,152,361 ordinary shares of 0.5p at a price 1 pence each in satisfaction of amounts owed to directors totalling £81,523.61.

On 15 November 2016 the company issued 113,636 ordinary shares of 0.5p each at a price of 5.5 pence each in satisfaction broker fees of £6,250 owed

On 25 November 2016 the company issued 925,000 shares at a price of 1 pence each for the exercise of warrants totalling £9,250.

On 28 November 2016 the company issued 218,818 ordinary shares of 0.5p each at a price of 5.5 pence each in satisfaction consultancy fees of £12,000 owed.

On 12 December 2016 the company issued 500,000 shares at a price of 1 pence each for the exercise of warrants totalling £5,000.

On 3 January 2017 the company issued 740,000 shares at a price of 1 pence each for the exercise of warrants totalling £7,400. The company also issued 16,204 shares at a price of 1 pence each for commission of £162.40 owed.

On 2 February 2017 the company issued 300,000 shares at a price of 1 pence each for the exercise of warrants totalling £3,000.

On 6 February the company issued 9,964,879 ordinary shares of 0.5p at a price 2.5 pence for convertible loans and interest totalling £249,121.98 converted to shares. The company also issued 3,829,579 shares at a price of 1 pence each for the exercise of warrants totalling £38,295.79.

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

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.

	2017	Options	2016	Options
	Average exercise price (pence)		Average exercise price (pence)	
At 1 March	3.00	13,300,000	3.00	13,300,000
Granted	-	-	-	-
At 28 February	3.00	13,300,000	3.00	13,300,000

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

Expiry date - 28 February	Exercise price (pence)	Shares	
		2017	2016
2019	3.00	13,300,000	13,300,000
		13,300,000	13,300,000

As at 28 February 2017, all the outstanding share options were exercisable. The weighted average fair value of the options granted during the period was determined using the Black-Scholes option pricing model and was 0.84 pence per option. The significant inputs to the model were a weighted average share price of 3 pence, exercise price as shown above, an expected option life of seven years, expected volatility of 18.2% and a risk-free rate of return of 3%. The volatility is based on analysis of the volatility of the company's historical share price.

The total share-based payment expense recognised in the income statement in respect of share options granted to directors is £nil (2016: £nil).

12. RETAINED EARNINGS

At 31 August 2014	£(2,565,453)
Total comprehensive loss for the year	(1,797,738)
At 29 February 2016	(4,363,191)
At 1 March 2016	(4,363,191)
Total comprehensive loss for the period	(309,140)
At 28 February 2017	(4,672,331)

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

13. BORROWINGS

Convertible loans

In the prior period the value of the equity component was £232,200 of the convertible loans was included in shareholders' equity in the shares to be issued reserve. During the year, the shares were issued.

14. TRADE AND OTHER PAYABLES

	2017	2016
	£	£
Trade payables	9,820	53,098
Other payables	55,256	75,625
Taxation and social security	-	-
Accruals and deferred income	267	22,267
	65,343	150,990

Christopher Foster (a director) was creditor of the Company at period end. Trade creditors included a liability of £1,565 (2016: £35,015) and other payables includes an unsecured creditor of £51,030 (2016: £75,625), 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 £284,410 (2016: £238,214).

16. AUDITOR REMUNERATION

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

	2017	2016
	£	£
Fees payable to company's auditor for the audit of financial statements	-	20,000
Fees payable to the company's auditor for other services:		
- Tax services	-	2,000
	-	22,000

17. EMPLOYEE BENEFIT EXPENSE

	2017	2016
	£	£
Wages and salaries, including termination benefits	-	-
Social security costs	-	-
Share options granted to directors	-	-
	-	-

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

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

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

DIRECTORS' EMOLUMENTS

	2017 £	2016 £
Emoluments, including benefits in kind	-	-
	-	-

The emoluments of the highest paid director were as follows:

	2017 £	2016 £
Emoluments, including benefits in kind	-	-
	-	-

18. FINANCE INCOME AND COSTS

	2017 £	2016 £
Bank interest receivable	-	-
Loan interest payable	(40,422)	(46,666)
Net finance expense recognised in loss	(40,422)	(46,666)

19. TAX EXPENSE

	2017 £	2016 £
Company		
Current tax charge	-	-
Deferred tax	-	-
Total tax charge / (credit) for period	-	-

The tax charge for the period is different from the standard rate of corporation tax in the United Kingdom of 20%. The difference can be reconciled as follows:

	2017 £	2016 £
Loss before taxation	(196,358)	(1,499,897)
Tax calculated at the applicable rate based on loss for the year	(39,272)	(299,979)
Expenses not allowable	2,315	231,082
Creation of tax losses	36,957	68,897
	-	-

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

ALPHA PROSPECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

20. LOSS PER SHARE

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

	2017	2016
Loss attributable to equity holders of the company (£)	(196,358)	(1,499,897)
Weighted average number of ordinary shares in issue	330,648,870	300,213,265
Basic loss per share (pence per share)	(0.06)	(0.50)

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.

21. CONTROL

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

22. RELATED PARTY TRANSACTIONS

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

Borrowings

At 28 February 2017 the Company owed a total of £52,595 (2016: £110,640) to Christopher Foster of which £51,030 (2016: £75,625) was an unsecured loan and £1,565 was (2016: £35,015) for expenses incurred on behalf of the Company.

Equity transactions

During the year the following transactions ensued between the Company and Christopher Foster, a director. On 2 November 2016 the Company issued 7,903,361 ordinary shares at a price of 1 pence each in part satisfaction of amount unsecured loan and expenses incurred on behalf of the Company.

During the period the following transactions ensued between the Company and Steven Freudmann, a director. On 2 November 2016 the Company issued 250,000 ordinary shares at a price of 1 pence each in satisfaction of expenses incurred on behalf of the Company.