

SUMMARY

VALUE RANGE
N/A – N/A



Monday, 13 October 2014

Close Price	£0.025
Value Range Low	N/A
Value Range High	N/A
GXG FQ Ticker	APHP GX
Financial YE	31-Dec
Currency	GBP

Business Activity
Merchant Banking

Key Metrics	
MCAP (m)	£6.96
Net Debt (Cash) (m)	£0.26
EV (m)	£7.23
52 Wk Hi	£0.025
52 Wk Lo	£0.018
Free Float	N/A

Key Ratios	
Net Debt (Cash) / Equity %	3.80%
FX Rate	N/A

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Alpha Prospects

Traditional merchant banking meets tech

Alpha Prospects, a portfolio company specialising in aggressive growth and strong turnaround investment opportunities, is listed on a London facing junior market, GXG. The management team take an active investor approach favouring asset-secured or equity finance participation, not entirely dissimilar from the original Merchant Banking model. The company is currently engaged in an investment round in order to take advantage of near and mid-term investment opportunities (see Alpha Prospects pipeline table below).

- Portfolio of investments allocated between novel technologies, commodities and corporate finance
- The company is particularly specialised in complex restructuring and rescue stories where potential RoE is many fold original investment
- Investment equity positions - a mixture of cash and stock
- Classical pre-big bang merchant banking approach to investment risk
- Experienced entrepreneurial management team

Alpha Prospects Portfolio Pipeline

Company	Activity	Access/Attraction
Punctureseal	Distribution of tyre sealant Thixogel™	APHP to provide initial funding
SurePure	Novel UV-C microbial purification process	OTC listed, APHP equity participation option
iQuitine	Cigarette replacements	Market value \$800bn
REA	Large-construction design	2.5% fees on project value

Share Price History	No. of Shares in issue		Fully diluted
NoSh (m) 30/11/13	279	304	
Close Price	£0.025	£0.023	
Value Range Low	N/A	N/A	
Value Range High	N/A	N/A	
GXG FQ Ticker	APHP GX		
Financial YE	31-Dec		
Reporting Currency	GBP		
NoSh (m) 09/10/2014		279	
NoSh (m) expected dilution (Exp D)		N/A	
NoSh (m) full dilution (FD)		304	
Key Metrics			adj.
MCAP (m)	£6.96	£6.96	
Net Debt (Cash) (m)	£0.26	£0.26	
*EV (m)	£7.23	£7.23	
52 Wk Hi	£0.025	£0.023	
52 Wk Lo	£0.018	£0.017	
Free Float	N/A	N/A	

*Note that our EV calculation includes GBP 294,913 of convertible debt from the balance sheet, however investors should note that this is best characterised as quasi equity. If we applied this principle the EV would be MCAP less GBP 30,000 cash on the balance sheet or EV GBP 6.66m based upon the close price in this note.

Investment Highlights

Current Portfolio	Activity	Investment /Holding
ROK	Brand & IP incubator	£500,000 & 126.5k stock
Derlite	Gas ignition systems	£325,000
Activenergy	Biomass provision	£200,000
Coleridge	Coal rights	£980,000
TOG	E&P – Oil & Gas	20% for £1m shares
Orange	Corporate Finance	9.9%
Total Cash Investment		£2,005,000

● **Near term crystallisation** – TOG SPV. We take the view that of the current portfolio the Tasmania Oil & Gas (TOG) SPV is the most likely to deliver a significant cash Return on Equity (RoE) in the near term. There is very high demand in Tasmania for power. There is infrastructure to supply demand in the form of a pipeline from Australia to Tasmania but this pipe is currently used to export hydrocarbons to Australia. TOG was established to exploit licence EL 14/2009 in Tasmania. Alpha's participation is currently 20% and management believes it would take a competitor 10 years to reapply for the TOG licence.

AIM listed TXO Plc has a 25% stake in the TOG SPV but would appear to want to withdraw from the venture, presenting Alpha with the opportunity to increase its participation. Alpha appears to be interested in taking up this "option".

Although the dynamics are reasonably complex Alpha's management has the necessary relationships to help crystallise a deal. We would be unsurprised if RoE on this deal exceeded 10x should it come to fruition. Nevertheless there are many working parts and the deal could come unstuck on any of a range of management and financial markets related issues.

● **Long-term mass market play** - ROK Stars is a brand and IP incubator that listed on the Stuttgart Stock Exchange during December 2012. The company has a range of retail alcohol brands that strike us as being "on point" in terms of increasingly sophisticated drinking trends, however this is a crowded and demanding market in which to carve out a niche. ROK also holds the IP on a water filter technology that the company claims can filter desalinated water into potable (drinking) water. Energy efficient, cost effective desalination is one of the holy grails of fresh water provision. If achievable it could bring an end to the water/diamond paradox (H₂O is free if you have a lot and worth more than diamonds if you don't). According to management, the same technology is able to remove hydrocarbons, heavy metals and organic contaminants amongst others from water.

● **Pipeline favourite** – Punctureseal, a distributor of a performance motor vehicle tyre sealant Thixogel. A simple model in a proven annually predictable market. It is a straight forward, if tough to master, business plan in a valuable market.

Notes [Intentionally Blank]

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