Registered number: 05315922

ALECTO ENERGY PLC
(FORMALLY CUE ENERGY PLC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2008

ALECTO ENERGY PLC

CONTENTS

COMPANY INFORMATION

Directors	Martin Thomas (Non-Executive Chairman) Malcolm James (Non-Executive Director) Toby Howell (Non-Executive Director) Jade Styants (Non-Executive Director) – resigned 21/2/08 Christopher Lambert (Non-Executive Director) - resigned 4/2/08
Company Secretary	Gregory Kuenzel
Registered Office	200 Strand London WC2R 1DJ
Company Number	05315922
Bankers	HSBC Bank plc 129 New Bond Street London W1J 2JA
Nominated Adviser & Broker	HB Corporate Limited 40 Marsh Wall London E19 9TP
Auditors	Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ

ALECTO ENERGY PLC

CHAIRMAN'S REPORT

Operational Review

The Company's main investment in the year under review was the acquisition in March 2008 of 100% of the issued share capital of Oreion Australia Energy Pty Ltd ("Oreion"), satisfied by the issue of 50,000,000 new shares in the Company. The Company's objective was that, by virtue of the Commercialisation Agreements in place with CSIRO, Oreion would become a leading enabler of fuel cell technology, generating revenues through the sub-licensing of the PEM Technology for the development, manufacture and sale of fuel cell test stations and PEM electrolysers, and subsequently through the technology development of direct hydrogen micro fuel cell products and the licensing of related fuel cell technology. In the second half of the year, the Group actively sought either a partner or additional funding to continue to develop the PEM Technology.

In order to ensure Oreion's involvement in the continued development of the PEM Technology, Alecto would have been obligated to contribute approximately AUD$70,000 per month to the research and technology expenditure in order to comply with the terms of the Commercialisation Agreements.

After much time and effort spent trying to secure appropriate funding for the PEM Technology and Oreion, the Board of Directors made the difficult decision to terminate the agreements with CSIRO in relation to the development and commercialisation of the PEM Technology and associated products. The Board believed that conserving the remaining cash was in the best interests of the Company.

The Company has started 2009 on a fresh page. We are continuing to pursue additional new investment opportunities in line with the investment strategy and are currently reviewing other potential projects. The investments may be either quoted or unquoted and may be in companies, partnerships, joint ventures or direct interests in energy projects. The Directors intend to undertake initial assessments and due diligence on potential investments themselves and will take appropriate professional advice if merited by the circumstances.

Financial Review

The loss for the year ended 31 December 2008 was £2,282,168. Included in this loss is the impairment of goodwill on the acquisition of Oreion of £1,920,371. The finance facility and other loans made by Alecto to Oreion have been fully provided for at the year end. These facilities totalled £1.6 million as at 31 December 2008. During the year the Company incurred costs on behalf of Oreion Energy Australia Pty Ltd for research & development, technical, commercialisation and legal costs totalling £294,132 (31 December 2007 : £938,564).

The Board remains confident that an appropriate transaction and the associated funding can be achieved and is committed to achieving the required outcome.

We appreciate that this is frustrating for shareholders and acknowledge the patience that has been afforded to the Group and the Board, and again reiterate our commitment to identify and acquire a new project or projects in line with the Company's investing policy.

Martin Thomas
Chairman
29 June 2009

DIRECTORS' REPORT

The Directors present their Report, together with the Group Financial Statements and Auditors' Report, for the year ended 31 December 2008.

Acquisitions

The Company acquired Oreion Australia Energy Pty Ltd on 14 March 2008 through the issue of 50,000,000 new ordinary shares in the Company.

Change of Name

On 4 August 2008 the Company changed its name from Cue Energy Plc to Alecto Energy Plc.

Principal Activities and Business Review

The principal activity of Alecto Energy plc ('the Company') and its subsidiary (together 'the Group') is to make investments and/or acquire projects in the energy sector, which may include exploration, development or production projects in oil and gas, coal, uranium and renewable energy.

A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Report on page 3.

Risks and uncertainties are discussed on page 5 of this Directors' Report.

Results and Dividends

The loss of the Group for the year ended 31 December 2008 before taxation amounts to £2,282,168.

The Directors do not recommend the payment of a dividend for the year (year ended 31 December 2007 - £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2008 are shown in the Company Information on page 2 and had, at that time the following beneficial interests in the shares of the Company:

	As at the date of appointment		31 December 2008		01 January 2008	
	Ordinary Shares	Options	Ordinary Shares	Options	Ordinary Shares	Options
Martin Thomas	-	-	-	-	-	-
Malcolm James (3)	10,630,989	1,151,040	10,630,989	1,151,040	10,630,989	1,151,040
Toby Howell	4,275,000	2,302,079	4,275,000	2,302,079	4,275,000	2,302,079
Christopher Lambert (1)	4,600,000	1,151,040	n/a	n/a	4,600,000	1,151,040
Jade Styants (2)	4,265,429	1,151,040	n/a	n/a	4,265,429	1,151,040

(1) Christopher Lambert resigned on 4 February 2008

(2) Jade Styants resigned on 21 February 2008

(3) 4,001,000 shares are held by the James Family Superfund, the beneficiaries of which include Malcolm James

Further details on options can be found in Note 11 to the Financial Statements.

Key Performance Indicators

The Board monitors the activities and performance of the Group on a regular basis. The primary performance indicator applicable to the Group is Return on Investment. This key performance indicator was not significant during the year ended 31 December 2008 however it will be assessed during the 2009 year and reported on in the 2009 Directors' report.

Financial Instruments and Risk Management

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Financial Instruments and Risk Management (continued)

General and economic risks:

- Contractions in the world economies or increases in the rate of inflation resulting from international conditions.
- Movements in global equity and share markets and changes in market sentiment towards the resource industry.

Funding risk:

- The Group may not be able to raise, either by debt or further equity, sufficient funds to enable it to finance its current investments or future acquisitions or investments.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in debt market prices and foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 1 to the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern on page 16.

Directors' and Officers' Indemnity Insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the previous period and remain in force at the date of this report.

Post Balance Sheet Events

The post balance sheet events are set out in Note 22 to the Financial Statements.

Policy and Practice on Payment of Creditors

The Company and its subsidiary undertakings agree terms and conditions for their business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. As at 31 December 2008, the Company had an average of 149 days' (2007 - 100 days') purchases outstanding in trade payables. The Group average was 149 days.

Provision of Information to Auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

PKF (UK) LLP resigned as auditors and, Littlejohn LLP, having been appointed to fill the casual vacancy, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Board on 29 June 2009 and signed on its behalf.

Toby Howell
Non-Executive Director

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 prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group, 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.

CORPORATE GOVERNANCE

The Board of Directors currently comprises three Non-Executive Directors, one of whom is the Chairman. The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the Code of Best Practice (commonly known as the “Combined Code”), as published by the Financial reporting Council to the extent they consider appropriate in light of the Group’s size, stage of development and resources.

The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and intend to comply with the principles of the Combined Code in such respects as they consider appropriate for a company of its size and nature. The Board has a wide range of experience directly related to the Company and its activities and its structure ensures that no one individual or group dominates the decision making process.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Board Committees

The Company has established an audit committee and a remuneration committee. In light of the size of the Board, the Directors do not consider it necessary to establish a nomination committee. However, this will be kept under regular review.

Audit Committee

The Audit Committee, comprising of Martin Thomas and Malcolm James, reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and external auditors on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment of, and reviews the fees, of the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors. A formal statement of Independence is received from the external auditors each year.

Remuneration Committee

The Remuneration Committee, comprising of Martin Thomas and Malcolm James, is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

Internal Controls

The Directors acknowledge their responsibility for the Group’s systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Securities Trading

The Group has adopted a share dealing code for dealings in shares by directors and senior employees which is appropriate for an AIM company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors’ dealings and will take all reasonable steps to ensure compliance by the Group’s applicable employees.

Relations with Shareholders

The Board is committed to providing effective communication with the Shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

ALECTO ENERGY PLC

INDEPENDENT AUDITORS' REPORT

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of Alecto Energy plc for the year ended 31 December 2008 which comprise the Group and Parent Company Balance Sheets, the Group Income Statement, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Shareholders' Equity, the accounting policies and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the Financial Statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Chairman's Report and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of the Group's loss for the year ended 31 December 2008;

- the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008.

- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the Financial Statements.

Littlejohn LLP

Chartered Accountants
and Registered Auditors
29 June 2009

1 Westferry Circus
Canary Wharf
London E14 4HD

ALECTO ENERGY PLC

BALANCE SHEETS
As at 31 December 2008

		Group	Company	
	Note	**2008**	**2008**	2007
		£	**£**	£
Non-Current Assets				
Property, plant and equipment	6	**292**	**292**	1,894
Intangible assets	7	**-**	**-**	-
Investment in subsidiaries	8	**-**	**-**	-
Other receivables	9	**-**	**-**	-
		292	**292**	1,894
Current Assets				
Trade and other receivables	9	**21,435**	**20,418**	1,561,328
Cash and cash equivalents	10	**276,145**	**273,132**	895,544
		297,580	**293,550**	2,456,872
Total Assets		**297,872**	**293,842**	2,458,766
Current Liabilities				
Trade and other payables	12	**102,465**	**102,465**	368,377
Total Liabilities		**102,465**	**102,465**	368,377
Net Assets		**195,407**	**191,377**	2,090,389
Capital and Reserves Attributable to Equity Holders of the Company				
Called up share capital	11	**196,146**	**196,146**	161,146
Share premium account		**2,755,170**	**2,755,170**	2,755,170
Merger reserve		**-**	**405,000**	-
Other reserves		**175,707**	**175,707**	175,707
Foreign currency translation reserve		**(52,814)**	**-**	-
Retained losses		**(2,878,802)**	**(3,340,646)**	(1,001,634)
Total Equity		**195,407**	**191,377**	2,090,389

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 June 2009 and were signed on its behalf by:

Toby Howell
Non-Executive Director

The Notes on pages 18 to 25 form part of these Financial Statements.

GROUP INCOME STATEMENT
For the year ended 31 December 2008

		Group		
		Continuing Operations	**Discontinuing Operations**	**Total**
		2008	**2008**	**2008**
	Note	**£**	**£**	**£**
Administration expenses		**(226,017)**	**(36,179)**	**(262,196)**
Other expenses		**-**	**(282,960)**	**(282,960)**
Other income	5	**-**	**137,350**	**137,350**
Other gains - net	13	**-**	**39,690**	**39,690**
Operating Loss	4	**(226,017)**	**(142,099)**	**(368,116)**
Impairment of goodwill	7	**-**	**(1,920,371)**	**(1,920,371)**
Finance income	16	**13,566**	**-**	**13,566**
Finance costs	16	**-**	**(7,247)**	**(7,247)**
Loss Before Taxation		**(212,451)**	**(2,069,717)**	**(2,282,168)**
Corporation tax expense	17	**-**	**-**	**-**
Loss for the Period		**(212,451)**	**(2,069,717)**	**(2,282,168)**
Attributable to Equity Holders		**(212,451)**	**(2,069,717)**	**(2,282,168)**
Loss per share attributable to the equity holders of the Company:				
Basic and diluted	18	(0.08) pence	(0.77) pence	(0.85) pence

Discontinuing Operations relate to the operations of Oreion Australia Energy Pty Ltd and any costs incurred by the Company relating to the CSIRO agreement (see note 22).

The loss for the Company for the year was £2,339,012 (31 December 2007 : £775,952).

No comparative information is presented for the Group for the year ended 31 December 2007 as the Group was not in existence at that date. The basic loss per share for the Company for the year ended 31 December 2007 was (0.34) pence. The Company has elected to take the exemption under Section 230 of the Companies Act 1985 from presenting the Parent Company Income Statement.

The Notes on pages 18 to 25 form part of these Financial Statements.

ALECTO ENERGY PLC

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2008

Group (£)	Share capital	Share Premium	Merger Reserve	Share option reserve	Translation reserve	Profit and loss account	Total equity
As at 1 January 2008	161,146	2,755,170	-	175,707	-	(1,001,634)	2,090,389
Share capital issued	35,000	-	405,000	-	-	-	440,000
Foreign currency	-	-	-	-	(52,814)	-	(52,814)
Loss for the year	-	-	-	-	-	(2,282,168)	(2,282,168)
Transfer of Goodwill Impairment to Reserve	-	-	(405,000)	-	-	405,000	-
As at 31 December 2008	196,146	2,755,170	-	175,707	(52,814)	(2,878,802)	195,407

The Statement of Changes in Shareholders' Equity for the Group shows the Company figures as at the beginning of the year plus the acquisition which created the Group for which the consolidated Financial Statements have been prepared.

Company (£)	Share capital	Share Premium	Merger Reserve	Share option reserve	Profit and loss account	Total equity
As at 1 January 2007	161,146	2,755,170	-	175,707	(225,682)	2,866,341
Loss for the year	-	-	-	-	(775,952)	(775,952)
As at 31 December 2007	161,146	2,755,170	-	175,707	(1,001,634)	2,090,389
Share capital issued	35,000	-	405,000	-	-	440,000
Loss for the year	-	-	-	-	(2,339,012)	(2,339,012)
As at 31 December 2008	196,146	2,755,170	405,000	175,707	(3,340,646)	191,377

The Company has taken advantage of the merger relief provisions available under section 131 of the Companies Act 1985 and the resultant merger reserve has been applied in the consolidated Financial Statements to write off part of the goodwill arising on the acquisition of Oreion Australia Energy Pty Ltd.

The Notes on pages 18 to 25 form part of these Financial Statements.

ALECTO ENERGY PLC

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2008

		Group		
		Continuing Operations	**Discontinuing Operations**	**Total**
		2008	**2008**	**2008**
	Note	**£**	**£**	**£**
Cash flows from operating activities				
Operating loss		(226,017)	(142,099)	(368,116)
Adjustments for:				
Depreciation		1,235	-	1,235
Profit from disposal of property, plant and equipment		(287)	-	(287)
Decrease/(increase) in prepayments		8,841	(806)	8,035
Decrease/(increase) in VAT receivable		181,200	(212)	180,988
Decrease in creditors		(7,853)	(191,709)	(199,562)
Decrease in accruals		(85,218)	-	(85,218)
Foreign exchange gain		-	(39,690)	(39,690)
Funding of discontinued operations		(2,111,331)	2,111,331	-
Net cash used in operations		(2,239,430)	1,736,815	(502,615)
Cash flows from investing activities				
PEM commercialisation costs		-	(145,609)	(145,609)
Proceeds from sale of computer equipment		500	-	500
Interest paid		(7,247)	-	(7,247)
Interest received		13,566	-	13,566
Net cash generated/used in investing activities		6,819	(145,609)	(138,790)
Net decrease in cash and cash equivalents		(2,232,611)	1,591,206	(641,405)
Cash acquired on acquisition of subsidiary	19	-	22,006	22,006
Cash and cash equivalents at beginning of period		2,505,743	(1,610,199)	895,544
Cash and cash equivalents at end of period	10	273,132	3,013	276,145

The Notes on pages 18 to 25 form part of these Financial Statements.

COMPANY CASH FLOW STATEMENT
For the year ended 31 December 2008

		Company					
		Continuing Operations	**Dis-continuing Operations**	**Total**	Continuing Operations	Dis-continuing Operations	Total
		2008	**2008**	**2008**	2007	2007	2007
	Note	**£**	**£**	**£**	£	£	£
Cash flows from operating activities							
Operating loss		(226,017)	(34,313)	(260,330)	(257,422)	(604,100)	(861,522)
Adjustments for:							
Depreciation		1,235	--	1,235	1,447	-	1,447
Profit from disposal of equipment		(287)	-	(287)	-	-	-
Decrease / (increase) in prepayments		8,841	-	8,841	(4,720)	-	(4,720)
Decrease / (increase) in VAT receivable		181,200	-	181,200	(162,529)	-	(162,529)
Increase in other receivables		-	(294,265)	(294,265)	-	(804,257)	(804,257)
(Decrease) / increase in creditors		(7,853)	(172,554)	(180,407)	28,341	171,237	199,578
(Decrease) / increase in accruals		(85,218)	-	(85,218)	-	22,829	22,829
Funding of discontinued operations		(2,111,331)	2,111,331				
Net cash used in operations		(2,239,430)	1,610,199	(629,231)	(394,883)	(1,214,291)	(1,609,174)
Cash flows from investing activities							
Loans granted		-	-	-	-	(395,908)	(395,908)
Interest received		13,566	-	13,566	69,174	-	69,174
Interest paid		(7,247)	-	(7,247)	-	-	-
Proceeds from sale of computer equipment		500	-	500	-	-	-
Net cash generated / (used) in investing activities		6,819	-	6,819	69,174	(395,908)	(326,734)
Net (decrease) / increase in cash and cash equivalents		(2,232,611)	1,610,199	(622,412)	(325,709)	(1,610,199)	(1,935,908)
Cash and cash equivalents at beginning of period		2,505,743	(1,610,199)	895,544	2,831,452	-	2,831,452
Cash and cash equivalents at end of period	10	273,132	-	273,132	2,505,743	(1,610,199)	895,544

Significant Non-Cash Transactions

The Company acquired Oreion Australia Energy Pty Ltd on 14 March 2008 through the issue of 50,000,000 new ordinary shares in the Company valued at 0.88 pence per share being the market price at the date of issue.

The Notes on pages 18 to 25 form part of these Financial Statements.

ACCOUNTING POLICIES
For the year ended 31 December 2008

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 consistently applied to all the periods presented, unless otherwise stated.

a) Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and the parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention other than financial assets and financial liabilities at fair value through profit or loss.

The Financial Statements are presented in Pound Sterling rounded to the nearest pound.

Alecto Energy Plc, the legal parent, is domiciled and incorporated in the United Kingdom.

The consolidated result for the year includes the parent's loss for the year and the subsidiary's loss for the period 14 March 2008 to 31 December 2008 representing the post acquisition period.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 2.

b) Standards and Interpretations in Issue but not yet effective or not yet endorsed

IFRS 8 "Operating Segments" requires companies to adopt a management approach to reporting on their operating segments. This standard is effective for periods beginning on or after 1 January 2009 and is not expected to have an impact on the Group's Financial Statements.

A revised version of IAS 1 "Presentation of Financial Statements" will require information in financial statements to be aggregated on the basis of shared characteristics, and introduce a statement of comprehensive income. This standard is effective for periods beginning on or after 1 January 2009 and is not expected to have an impact on the Group's Financial Statements.

A revised version of IAS 23 "Borrowing Costs" removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. This standard is effective for periods beginning on or after 1 January 2009 and is not expected to have an impact on the Group's Financial Statements.

An amendment to IFRS 2 "Share-based Payment" clarifies that vesting conditions are service conditions and performance conditions only, and specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This standard is effective for periods beginning on or after 1 January 2009 and is not expected to have an impact on the Group's Financial Statements.

A revised version of IFRS 3 "Business Combinations" and amendments to IAS 27 "Consolidated and Separate Financial Statements" ensure that the accounting for business combinations is the same whether an entity is applying IFRSs or US GAAP. These standards are effective for periods beginning on or after 1 January 2009 and are not expected to have an impact on the Group's Financial Statements.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" address concerns that retrospectively determining the cost of an investment in separate financial statements and applying the cost method in accordance with IAS 27 on first-time adoption of IFRS cannot, in some circumstances, be achieved without undue cost or effort. These standards are effective for periods beginning on or after 1 January 2009 and are not expected to have an impact on the Group's Financial Statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" require enhanced disclosures about fair value measurements and liquidity risk. This standard is effective for periods beginning on or after 1 January 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

Amendments to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation" improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities These standards are effective for periods beginning on or after 1 January 2009 and are not expected to have an impact on the Group's Financial Statements.

Summary of Significant Accounting Policies (continued)

b) Standards and Interpretations in Issue but not yet effective or not yet endorsed (continued)

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" provide additional guidance on what can be designated as a hedged item. This standard is effective for periods beginning on or after 1 July 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" clarify the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment issued by the IASB in October 2008. This standard is effective for periods ending on or after 30 June 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

IFRIC 12 "Service Concession Arrangements" addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. This standard is effective for periods beginning on or after 1 January 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

IFRIC 13 "Customer Loyalty Programmes" addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. This standard is effective for periods beginning on or after 1 January 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

IFRIC 15 "Agreements for the Construction of Real Estate" provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised. This standard is effective for periods beginning on or after 1 January 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" clarifies:

- whether risk arises from the foreign currency exposure to the functional currencies of the foreign operation and the parent entity, or from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements;
- which entity within a Group can hold a hedging instrument in a hedge of a net investment in a foreign operation, and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument;
- how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.

This standard is effective for periods beginning on or after 1 October 2008, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

IFRIC 17 "Distributions of Non-cash Assets to Owners" standardises practice in the measurement of distributions of non cash assets to owners. This standard is effective for periods beginning on or after 1 July 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

IFRIC 18 "Transfers of Assets from Customers" clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This standard is effective for transfers of assets from customers received on or after 1 July 2009, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

c) Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Alecto Energy plc and the management accounts of all of its subsidiary undertakings made up to 31 December 2008.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The Company acquired the Oreion Australia Energy Pty Ltd on 14 March 2008 through the issue of 50,000,000 new ordinary shares in the Company valued at 0.88 pence per share being the market price at the date of issue.

ACCOUNTING POLICIES
For the year ended 31 December 2008

Summary of Significant Accounting Policies (continued)

c) Basis of Consolidation (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

The goodwill recognised on acquisition of £1,920,371 has been fully provided for as at 31 December 2008.

d) Going Concern

The Financial Statements have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of £2,282,168 during the year ended 31 December 2008 (Company loss for year ended 31 December 2008 : £2,339,012 (31 December 2007 : £775,952)). Although the Company's assets are not generating revenues and an operating loss has been reported, the Directors believe that the Company has sufficient funds to undertake its operating activities over the next 12 months. However, as additional projects and acquisition targets are identified additional funding may be required. The amount of funding is unforeseen at this point of approval of these Financial Statements and the Company may be required to raise additional funds either via an issue of equity or through the issuance of debt. The Directors are confident that funds will be forthcoming when an appropriate investment is found.

e) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of other geographical segments.

f) Foreign Currencies

Items included in the Financial Statements are initially measured using the currency of the primary economic environment in which the entities in the Group operate (their "functional currency"). This is Pounds Sterling for the legal parent and Australian Dollars for the subsidiary. The presentation currency for both the parent and the Group is Pounds Sterling. This reflects the primary economic environment in which the Group as a whole operates.

Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences on retranslation and settlement are recognised in the Income Statement.

g) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Computer equipment – 40%

All assets are subject to annual impairment reviews.

h) Financial Assets

Financial assets consist of financial assets at fair value through profit or loss and loans and receivables.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

ACCOUNTING POLICIES
For the year ended 31 December 2008

Summary of Significant Accounting Policies (continued)

h) Financial Assets (continued)

Financial assets other than those categorised as at fair value through profit or loss are recognised initially at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the Income Statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement.

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivable's carrying amount and the present value of the estimated future cash flows.

Company investments in subsidiaries are carried at cost less impairment losses, less any pre-acquisition dividends received.

An assessment for impairment is undertaken at least annually.

i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, bank overdrafts, and short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

j) Taxation

Current tax is the tax currently payable based on the taxable profit for the year.

Tax losses available to be carried forward, and other tax credits to the Group, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

k) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Share Based Payments

The Group operates a share option scheme to encourage participation by Directors in the Group's performance. The fair value of the services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of any options granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimate of options that are expected to vest.

Where shares were issued in exchange for services rendered, the fair value of the shares was calculated as the fair value of the services provided.

m) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

u) Impairment of Non-Financial Assets

The entity assesses at each reporting date whether an asset may be impaired. If any such indicator exists, the entity tests the asset for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of the asset, an impairment loss is required. In addition to this, assets with indefinite lives and goodwill are tested for impairment at least annually.

v) Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred and are included in finance costs in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. Financial Risk Management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

The Group has been exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian Dollar. Foreign exchange risk arises from future commercial transactions denominated in a foreign currency. The Group maintains bank accounts in these currencies to reduce its exposure to this risk. The volume of transactions is not deemed sufficient to enter into forward contracts.

The Group has no exposure to equity securities price risk, as it has no listed equity investments.

The Group has interest-bearing assets. Interest-bearing assets include only cash balances, all of which earn interest at a fixed rate.

Credit Risk

Credit risk arises from cash and cash equivalents.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity Risk

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

2. Critical Accounting Estimates and Judgements

The preparation of the combined financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year.

Share based payment transaction
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using a Black-Scholes model.

Impairment of Goodwill
The goodwill arising on the acquisition has been impaired in full as the Directors do not consider this reflects any increase in the value of the Group's assets.

3. Segmental Information

At 31 December 2008, the Group operates in one business segment, make investments and/or acquire projects in the energy sector. During the year Group has interests in two geographical segments, the United Kingdom and Australia. The parent Company operates a head office based in the United Kingdom which incurred certain administration and corporate costs.

Geographical Segments

The Group's business segments operate in two main geographical areas.

The Group had no turnover during the year.

ALECTO ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

3. Segmental Information (continued)

	Group		
	Continuing Operations	Discontinuing Operations	Total
	2008	2008	2008
Operating Loss	£	£	£
Australia	**-**	**107,786**	**107,786**
UK	**226,017**	**34,313**	**260,330**
Total	**226,017**	**142,099**	**368,116**

	Group
	2008
Total Assets	£
Australia	**4,030**
UK	**293,842**
Total	**297,872**

Total assets are allocated based on asset location.

	Group
	2008
Total Liabilities	£
UK	**102,465**

	Group		
	Continuing Operations	Discontinuing Operations	Total
	2008	2008	2008
Depreciation	£	£	£
UK	**1,235**	**-**	**1,235**

4. Operating Loss

The operating loss is stated after charging:

	Group
	2008
	£
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated accounts	**15,000**
Fees payable to the Company's auditors for tax services	**1,000**
Depreciation	**1,235**
Profit on disposal of property, plant and equipment	**(287)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

5. Other Income

	Group
	2008
	£
Costs recharged to Oreion Energy Australia Pty Ltd	**137,350**

During the year the Company incurred costs on behalf of Oreion Australia Energy Pty Ltd for research & development, technical, commercialisation and legal costs totalling £294,132 (31 December 2007 : £938,564). These costs have been recharged to Oreion Australia Energy Pty Ltd by way of a management fee. £137,350 of this management fee relates to the period pre-acquisition and as a result is not eliminated on consolidation.

6. Property, Plant and Equipment

	Company
	Computer equipment
	£
Cost	
Balance as at 1 January 2007	3,617
As at 31 December 2007	3,617
Disposals	(1,516)
As at 31 December 2008	2,101
Depreciation	
Balance as at 1 January 2007	276
Charge for the year	1,447
As at 31 December 2007	1,723
Charge for the year	1,235
Write back on disposal	(1,149)
As at 31 December 2008	1,809
Net book value as at 31 December 2007	1,894
Net book value as at 31 December 2008	292

	Group
	Computer equipment
	£
Cost	
Opening	3,617
Disposals	(1,516)
As at 31 December 2008	2,101
Depreciation	
Opening	1,723
Charge for the year	1,235
Write back on disposal	(1,149)
As at 31 December 2008	1,809
Net book value as at 31 December 2008	292

7. Intangible Fixed Assets

	Group
	Goodwill
	£
Cost	
Balance as at 1 January 2008	**-**
Goodwill arising on acquisition	**1,920,371**
Impairment losses	**(1,920,371)**
As at 31 December 2008	-

The goodwill arising on the acquisition has been impaired in full as the Directors do not consider this goodwill reflects any increase in the value of the Group's assets.

8. Investments in Subsidiary Undertakings

	Company	
	2008	2007
Shares in Group Undertakings	**£**	£
At 1 January	**-**	-
Additions	**440,000**	-
Impairment losses	**(440,000)**	-
At 31 December	**-**	-

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less impairment provision.

At 31 December 2008 the investment has been fully impaired as the Directors believe it to hold no value to the Company.

Details of Subsidiary Undertakings

Name of subsidiary	Place of establishment	Registered capital	Share capital held	Principal activities
Oreion Australia Energy Pty Ltd	Australia	Ordinary shares AUD$6,250	100%	Dormant

The Subsidiary undertaking became dormant following the decision to terminate the Commercialisation Agreements in the year (refer Note 22).

9. Trade and Other Receivables

	Group	Company	
	2008	**2008**	2007
	£	**£**	£
Other receivables (note 19)	**-**	**1,628,604**	1,334,472
Provision for non-recovery of other receivables	**-**	**(1,628,604)**	-
Prepayments	**17,286**	**16,480**	25,321
VAT receivable	**4,149**	**3,938**	185,138
Accrued interest income	**-**	**-**	16,397
	21,435	**20,418**	1,561,328

10. Cash and Cash Equivalents

	Group	Company	
	2008	**2008**	2007
	£	**£**	£
Cash at bank and on hand	**276,145**	**273,132**	895,544

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

11. Called-Up Share Capital

	Number	£
Authorised		
Ordinary shares of 0.07 p each	20,000,000,000	14,000,000

There has been no movement in the authorised share capital during the year

Issued	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2008	230,207,901	161,146	2,755,170	2,916,316
Acquisition of subsidiary	50,000,000	35,000	-	35,000
At 31 December 2008	**280,207,901**	**196,146**	**2,755,170**	**2,951,316**

Share Options

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

		Shares	
Expiry date	Exercise price in £ per share	**2008**	2007
2 August 2011	0.02	**5,755,199**	5,755,199

The options are exercisable starting immediately from the date of grant and lapse on the fifth anniversary of the date of grant. The Company or Group has no legal or constructive obligation to settle or repurchase the options in cash.

The fair value of the share options was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2006 Options
Option granted on:	02/08/2006
Option life (years)	5 years
Risk free rate	4.6%
Expected volatility	70%
Expected dividend yield	-
Marketability discount	80%
Total fair value of options granted (£000)	48

The expected volatility is based on historical volatility for the 6 months prior to the date of granting.

The risk free rate return is based on zero yield government bonds for a term consistent with the option life.

During the year there were no options granted, forfeited or exercised (2007 : Nil).

12. Trade and Other Payables

	Group	Company	
	2008	**2008**	2007
	£	**£**	£
Trade payables	**87,465**	**87,465**	268,158
Accrued expenses	**15,000**	**15,000**	100,219
	102,465	**102,465**	368,377

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

13. Other Gains - Net

	Group
	2008
	£
Net foreign exchange gains	39,690

14. Employees

The Company had no full time employees during the year. The Directors provided professional services as required on a part-time basis. Details of Directors' fees are disclosed in note 15.

15. Directors' Remuneration

	Directors' Fees		Options Issued	
	2008	2007	**2008**	2007
	£	£	**£**	£
Non-executive Directors				
Martin Thomas	**19,888**	23,956	-	-
Toby Howell	**17,500**	30,000	-	-
Malcolm James (3)	**8,500**	18,000	-	-
Christopher Lambert (1)	**-**	18,000	-	-
Jade Styants (2)	**-**	30,000	-	-
	45,888	119,956	-	-

(1) Resigned 4 February 2008
(2) Resigned 21 February 2008
(3) Malcolm James' Directors fees were paid to Terasse (WA) Pty Ltd

No pension benefits are provided for any Director. The Directors agreed to waive any fees payable from July 2008.

16. Finance Income and Costs

	Group
	2008
	£
Interest expense	**(7,247)**
Interest received from Bank	**13,566**
Net Finance Income	**6,319**

17. Taxation

	Group
	2008
	£
Loss before tax	(2,282,168)
Tax at the applicable rate of 28.33%	(646,538)
Net tax effect of losses carried forward	646,538
Tax charge	-

No tax charge or credit arises on the loss for the period.

The tax rate used is a combination of the 28.25% standard rate of corporation tax in the UK, 30% Australian federal tax rate to give an applicable rate of 28.33%.

The Group has tax losses of approximately £1,264,389 (2007: £1,000,686) available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over the timing of future taxable profits against which the losses may be offset.

18. Loss per Share

The calculation of the total basic loss per share of 0.85 pence is based on the loss attributable to ordinary shareholders of £2,282,168 and on the weighted average number of ordinary shares of 270,235,223 in issue during the period. The calculation of the basic loss per share from continuing operations of 0.08 pence is based on the loss attributable to ordinary shareholders from continuing operations of £212,451. The basic loss per share from discontinued operations of 0.77 pence is based on the loss attributable to ordinary shareholders from discontinued operations of £2,069,717.

In accordance with IAS 33, no diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

Details of share options that could potentially dilute earnings per share in future periods are set out in Note 11.

19. Business Combinations

The Company acquired 100% of the issued share capital of Oreion Australia Energy Pty Ltd on 14 March 2008 through the issue of 50,000,000 new ordinary shares in the Company at a consideration price of 2p per share.

The Company acquired Oreion Australia Energy Pty Ltd for the purposes of furthering the commercialisation of the PEM Technology.

In the absence of a reliable valuation for the Oreion Australia Energy Pty Ltd (as its shares are not quoted), the cost of combination has been calculated using the fair value of all of the issued equity instruments of Alecto Energy plc at the date of acquisition.

The unaudited interim results of the Group accounted for the acquisition of Oreion Australia Energy Pty Ltd using the deemed value of the consideration shares of 2p resulting in a purchase consideration of £1,000,000. In accordance with IFRS, the purchase consideration in these Financial Statements is the fair value of the shares issued based on the published share price at the date of issue. As a result there is a £560,000 difference between the consideration reported within these Financial Statements and that reported in the interim results for the period ended 30 June 2008.

Details of new assets acquired and goodwill are:

	£
Purchase consideration	
Fair value of shares issued	440,000
Total purchase consideration	440,000
Fair value of net liabilities acquired	1,480,371
Goodwill (Note 7)	1,920,371

The goodwill arising on the acquisition related to the PEM Technology and related commercialisation agreements between Oreion and CSIRO. At 31 December 2008 the goodwill has been impaired in full as the Directors do not consider this reflects any increase in the value of the Group's assets.

The fair value of the shares issued was based on the published share price (14 March 2008).

The assets and liabilities as of 14 March 2008 arising from the acquisition are as follows:

	Fair Value £	Acquiree's carrying amount £
Cash	22,006	22,006
Other prepayments	781	781
GST receivable	1,801	1,801
Trade creditors	(18,798)	(18,798)
Finance facility – Alecto Energy Plc	(410,247)	(410,247)
Other payables – Alecto Energy Plc	(1,075,914)	(1,075,914)
Net liabilities	1,480,371	1,480,371

19. Business Combinations (continued)

The amount of losses since the acquisition date included in the consolidated income statement that relate to the purchased subsidiary was £102,786. Had the subsidiary been acquired on the first day of the accounting period the consolidated loss for the year would have been £2,283,976.

20. Related Party Transactions

Loan from Alecto Energy plc to Oreion Australia Energy Pty Ltd

As at 31 December 2008 there are amounts receivable of £1,628,604 from Oreion Australia Energy Pty Ltd. Interest was charged on the loans at a rate of 9% per annum up to 30 June 2008 when it was agreed that any future interest would be forgiven. The loan to the subsidiary together with accrued interest of £27,647 have been provided for in full in the accounts of the Company.

Other Transactions

Claridge House Services Limited (CHS) is a company set up for the purpose of administering a serviced office for a number of companies, including Alecto Energy Plc. The Directors of CHS as at 31 December 2008 included Toby Howell. The Company has entered into an agreement with CHS for the provision of serviced office accommodation as well as bookkeeping and receptionist services, for a monthly fee payable quarterly in advance. During the year CHS invoiced the Company £49,003 (2007: £60,426) in respect of serviced office costs. Subsequent to year end the Company amended the agreement with CHS to reduce the monthly payment to £500 per month.

21. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

22. Events after the Balance Sheet Date

Before the year end management made the decision to terminate the operations of Oreion and the various agreements with CSIRO. On 29 January 2009 the Company formally signed termination agreements in relation to the commercialisation of CSIRO’s hydrogen micro fuel cell technology (“PEM Technology”).

All costs relating to Oreion and the PEM Technology have been included in these Financial Statements. No further costs will be incurred after the balance sheet date.