Financial Statements
Alpha Returns Group plc

(formerly Shidu Capital plc)

For the year ended 31 December 2013

Company No. 5212388

Company information

Company registration number:	5212388 - incorporated in England and Wales
Registered office:	31 Lombard Street London EC3V 9BQ
Directors:	Chan Cheong Yee – Executive Director and Chairman Christopher Neo – Executive Director Gregory Collier – Non-Executive Director Anthony Drury –Non-Executive Director Leung Hung Kee –Non-Executive Director
Executive office:	23/F, On Hing Commercial Building 145 Hennessy Road Wan Chai Hong Kong
Nominated Adviser:	ZAI Corporate Finance Limited 1 Hobhouse Court Suffolk Street London SW1Y 4HH
Broker:	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ
Registrar:	Computershare Investor Services Plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Auditors:	Welbeck Associates Statutory Auditor Chartered Accountants 30 Percy Street London W1T 2DB
Website:	http://alpharet.com

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Chairman's Statement

The Asia-Pacific region

Over the past two years, economies in the Asia-Pacific region have demonstrated extraordinary resilience in the face of the global economic slowdown.

Into the foreseeable future, we expect the economic growth in the Asia-Pacific region to continue at a significantly higher rate than that in other geographical regions and this forms the central theme of our investing policy which focusses on investing in companies poised to benefit from this continued growth. In particular, a rapidly growing middle class in the region (especially China), with increasing demand for lifestyle and consumer goods, sums our case for investing in the Asia-Pacific region.

Review of the year ended 31 December 2013

I am pleased to report the final audited consolidated results for the year ended 31 December 2013 of Alpha Returns Group Plc (the "Company"). Year 2013 marked an important next phase of development for Alpha Returns as we transitioned into an investing company.

The Directors completed a rebranding exercise in August 2013 when we redefined our investing policy and changed the Company name to Alpha Returns Group Plc.

Financial Review

The losses for the year on continuing operations were £328,000 (2012: losses £364,000 after an exceptional credit of £469,000) with administrative costs reduced by over 50 per cent. Year 2012 also saw losses from discontinued operations of £471,000. Total assets at 2013 year end amounted to £992,000 with net cash of £572,000.

In August 2013, the Company raised £545,000 (before expenses) by way of a placing and Open Offer at 0.15 pence per share. In December 2013, the Company raised £500,000 by way of a subscription at 0.90 pence per share.

Review of Operations

In October 2013, the Company made its first investment to acquire 37.5% shareholding in a Singapore based IT service solutions provider, Telistar Solutions Pte. Ltd. ("Telistar") for a total consideration of S$1,025,000 (approximately £512,000) payable in three tranches. The Company has completed the first two tranches of S$612,500 (approximately £306,000) and received 18.75% shareholding in Telistar.

The final tranche of S$412,500 (approximately £206,000) is due by end 2014 for the balance 18.75% shareholding in Telistar.

In November 2013, the Company acquired a portfolio of shares in five companies traded on the Hong Kong stock exchange for £49,000 to diversify our investment portfolio and gave us further exposure to companies operating in high-growth Asian economies.

Post Balance Sheet Events

After the year end, we continue to build momentum and stepped up the level of activities. We raised £1,385,000 (before expenses) in new equity, acquired an additional 15% shareholding in Telistar and initiated two new investments to acquire 30% interest in a Hong Kong based securities firm, M Y Securities Limited ("MY Securities"), and 30% interest

Chairman's Statement

in a start-up coffee chain business in the People's Republic of China, Shenzhen Maxlife Catering Management Co., Ltd. ("MaxLife").

Details on post balance sheet events are provided in the Directors' Report below.

Corporate governance

The Company runs Audit, AIM Compliance, Nominations and Remuneration committees. The roles and composition of these committees can be found on the Directors' Report below.

Board changes

During the year, we have welcomed Tony Drury and Eric Leung onto the Board while Angus Forrest and Lim Hui Jie resigned as directors. I would like to thank them for their past contributions to the Company.

Outlook

Telistar continues to perform to the Board's expectations and in its year ended 31 December 2013 made an unaudited pre-tax profit of S$188,000, an increase of over 47% over 2012 pre-tax profits of S$128,000 on turnover of S$4.435 million (up 46% on 2012 S$ 3.035 million). The business is expanding into mainland China this year.

The Directors continue to progress the acquisitions of MY Securities and MaxLife, and seek to complete both acquisitions in the second half of 2014.

The Directors expect the continued growth in the Asia-Pacific region to present additional investment opportunities for the Company.

Finally, I would like to take this opportunity to thank shareholders for their support throughout the year. We look forward to create greater value for shareholders in the coming year.

Chan Cheong Yee
Chairman

23 June 2014

Strategic Report

The Directors present their Strategic Report on the Group for the year ended 31 December 2013.

Business review

Following the disposal of its assets and the Company Voluntary Arrangement entered into in the prior year the Group has repositioned itself as an investing company focusing investments in high-growth Asian economies.

The net assets of the Group as at 31 December 2013 totalled £865,246 (2012: net liabilities £21,999).

A more detailed review of the activity and progress of the business, is contained in the Chairman's Statement on page 1.

Investing policy

With its Asia-centric focus, Alpha Returns Group Plc will actively seek to acquire and consolidate holdings in companies operating in high-growth Asian economies, with the intention to create and sustain long-term value. The Company may invest in any business sector within its targeted geographic focus.

The Directors see Asia-Pacific as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this region. The Directors will focus on investments and the opportunities would generally have some or all of the following characteristics, namely:

- a majority of their revenue derived from the Asia-Pacific, and strongly positioned to benefit from the region's growth;
- a trading history which reflects past profitability or potential for significant capital growth going forward; and
- where all or part of the consideration could be satisfied by the issuance of new Ordinary Shares or other securities in the Company. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate.

It is anticipated that the main driver of success for the Company will be its focus, during the investment screening process, on the management involved in the potential investee companies and the potential value creation that the team of people is capable of realising. The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist in the due diligence process.

The Company intends to be an active investor, and the Directors will seek representation on the board of the investee company where they feel that an investee company would benefit from their skills and expertise.

The Company intends to deliver to Shareholder returns principally through capital growth rather than capital distribution via dividends.

Future developments

As explained in the Chairman's Statement the Group has increased its investments in the Asia-Pacific region and expects to announce updates on the investments entered into in 2013 and 2014.

Strategic Report

Financial risk management objectives and policies

The Group's policy in respect of financial instruments and its risk profile is set out in Note 16 to the financial statements.

Principal business risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks. The Directors have set out below the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks. The Group operates a system of internal control and risk management in order to provide assurance that the Board is managing risk whilst achieving its business objectives. No system can fully eliminate risk and, therefore, the understanding of operational risk is central to the management process.

Assessment of business risk

The Board regularly reviews operating and strategic risks. The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of investments;
- reports on selection criteria of new investments;
- discussion with senior personnel; and
- consideration of reports prepared by third parties.

Christopher Neo
Executive Director

23 June 2014

Report of the directors

The directors present their report together with financial statements for the year ended 31 December 2013.

Principal activities

Following the closure of its e-Learning operations and disposal of the associated assets during 2012 the Group's principal activity is as an investing company with the main focus being on the exploitation of natural resources in the Asia-Pacific region.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 12.

The directors do not propose the payment of a dividend.

Financial risk management objectives and policies

The financial risk management objectives and policies are detailed in note 16

Directors

The directors who served during the period and their beneficial interests in the shares of the company as at 31 December 2012 (or date of appointment if later) and 31 December 2013 (or date of resignation if earlier) were as follows:

	31 December 2013		31 December 2012	
	Shares	**Options**	Shares	Options
A G P Forrest (resigned 18 October 2013)	**1,299,792**	**-**	37,269	-
C Y Chan	**-**	**-**	-	-
G Collier	**-**	**-**	-	-
H J Lim (resigned 29 November 2013)	**-**	**-**	-	-
C Neo (appointed 29 January 2013)	**12,760,000**	**-**	-	-
A C Drury (appointed 18 October 2013)	**-**	**-**	-	-
H K Leung (appointed 1 December 2013)	**-**	**-**	-	-

A G P Forrest owned 470,139 shares in his own name and 9,432 in his SIPP, and was further interested in 820,221 shares via Talisman Ventures Ltd, which is wholly owned by A G P Forrest.

All share options issued prior to 31 December 2013 are deemed to have lapsed as stated in note 17 to the financial statements.

On 17 January 2014, 5,000,000 share options were issued to each of C Y Chan, G Collier, H J Lim and C Neo at an exercise price of 2.2 pence per share.

Corporate Governance

Although not required to provide corporate governance disclosures by the AIM rules issued by the London Stock Exchange, the directors recognise the benefits of good governance and endeavour to adopt procedures appropriate to the Group's size and circumstances. In this regard, the directors have considered the guidance of the Quoted Companies' Alliance with regard to smaller companies wishing to establish governance procedures to comply with those elements of the UK Corporate Governance Code pertinent to the Group's circumstances.

Report of the directors

Audit Committee

The audit committee comprises three directors, A C Drury, G Collier, and is chaired by H K Leung. The committee is primarily responsible for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the auditors relating to accounting and internal controls.

AIM Compliance Committee

The AIM compliance committee reports on compliance with the AIM Rules. It comprises three directors, C Y Chan, C Neo and is chaired by A C Drury and is responsible for establishing that procedures, resources and controls are in place to ensure AIM Rule compliance within the company is operating effectively from time to time.

Remuneration Committee

The remuneration committee comprises two directors, H K Leung and is chaired by G Collier. The committee is responsible for determination of the terms, conditions and remuneration of the executive directors.

Nominations Committee

The nominations committee comprises two directors, C Neo and is chaired by A C Drury. The committee leads the process for identifying and making recommendations to the Board on candidates for appointment as Directors and Company Secretary.

Going Concern

The directors have considered the position of the Group and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements. See note 1 of the financial statements for further detail.

Internal Controls

The directors acknowledge their responsibility for the Group's system of internal controls. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

Report of the directors

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

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 financial statements may differ from legislation in other jurisdictions.

Substantial shareholdings

At 20 June 2014 the Company had been notified of the following substantial shareholdings (over 3%):

	Number of Ordinary Shares	Percentage of Issued Shares Held
Sze Thye Group Ltd	198,770,003	32.61%
Mang King Chung Dennis	26,668,668	4.37%
Dong Cuiying	23,161,765	3.80%

Report of the directors

Directors Biographies

Chan Cheong Yee (Executive Director and Chairman)

Mr. Chan is currently the sales director and responsible officer of China Everbright Securities (HK) Limited and has been in the financial and investment field for over 20 years. He is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules of the Stock Exchange of Hong Kong. To date, Mr. Chan is the Executive Director of China Innovation Investment Limited, Bingo Group Holdings Limited, China Investment and Finance Group Limited, and China Investment Development Limited, all companies listed on the Hong Kong Stock Exchange. He is also a Non-Executive Director of Agritrade Resources Limited, listed on the Hong Kong Stock Exchange.

Mr. Chan is directly involved in identifying investment opportunities, conducting due diligence, performing valuation, monitoring performance of investment portfolios and providing investment and divestment recommendations. He obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America.

Christopher Neo (Executive Director)

Christopher, a Hong Kong based entrepreneur, is an experienced commodities trader specialising in the physical trade of coal and iron ore. He has worked with trading firms across several countries in the Asia Pacific region, including China, Malaysia and Indonesia. Christopher manages the daily operations in the Hong Kong office, and plays a key role in identifying investment opportunities for the company.

Gregory Collier (Non-Executive Director)

Gregory brings 31 years of financial and commercial experience, having been involved in running businesses in contract cleaning, leisure, restaurant, property, and toy distribution. More recently, he is currently the Chairman of Metroelectric Plc, listed on ISDX Growth Market, which is building an electric vehicle business. Gregory chairs the Remuneration Committee and sits on the Audit Committee.

Anthony Charles Drury (Independent Non-Executive Director)

Tony is an experienced corporate financier who, from 1998 – 2006, built St. Helen's Capital into the most successful ISDX (formerly known as PLUS) Markets corporate advisory firm. He has acted for over 70 AIM and ISDX Markets firms. He has wide experience in the Far East have been a director of three Chinese companies. He is also non-executive chairman of Axiom Capital Limited, a London-based corporate advisory business. He blogs weekly on www.enterprisebritain.com and www.tfa.net (The Freedom Association). Tony chairs the AIM Compliance and Nomination Committees and sits on the Audit Committee.

Leung Hung Kee (Independent Non-Executive Director)

Mr. Leung is an experienced accountant and a fellow of the UK Association of Chartered Certified Accountants since November 2003. Mr. Leung is also an independent non-executive director of a Hong Kong listed Company, Mega Expo Holdings Limited.

Mr. Leung obtained an EMBA degree from a joint program of the Columbia Business School, the London Business School and The University of Hong Kong in June 2012. Mr. Leung chairs the Audit Committee and sits on the Remuneration Committee.

Report of the directors

Post year end events

Further to the Group's announcement on 27 December 2013, Alpha Returns Group plc has entered into a joint-venture agreement with Miss Tong Shyn Leng, a Singapore entrepreneur with interests in a number of privately owned companies, to co-fund a BVI incorporated investment vehicle, Riche Bright Group Limited for the sole purpose of acquiring MY Securities Limited, a member firm of the Stock Exchange of Hong Kong Limited. This follows Riche Bright's conditional agreement to acquire the entire issued share capital of MY Securities. MY Securities provides a wide range of brokerage services including margin trading and IPO subscription services on HKSE traded stocks principally to retail investors in Hong Kong via an internet trading platform.

On 17 January 2014, the Board granted options over a total of 40,000,000 ordinary shares, representing 7.99 per cent of the Group's current issued ordinary share capital at an exercise price of 2.2 pence per share accordance with the terms of the company share option scheme.

On 28 February 2014, the Group through its wholly owned subsidiary Shidu International Limited, acquired a further 15% shareholding in Telistar Solutions Pte. Ltd., an unquoted Singapore incorporated IT service solutions provider, for a total cash consideration of S$330,000, satisfied by the issue of 12,087,912 new ordinary shares of 0.01p each in the capital of the Group. The investment brings the current shareholding in Telistar to 33.75% with a further 18.75% still to be acquired under an earlier agreement announced on 22 October 2013.

On 10 March 2014, the Group completed an equity subscription to raise an additional £725,000 through the issue of a further 55,769,230 new ordinary shares of 0.01p each in the capital of the Group at a price of 1.3 pence per share. The funds raised strengthen the Group's financial position and give it the flexibility to take advantage of potential investment opportunities with the Asia-Pacific region.

On 29 March 2014 the Group through its wholly owned subsidiary Shidu International Limited, entered into a Sale and Purchase Agreement for the acquisition from Wong Xin Yan of 30 per cent of the issued share capital of Oriental Ventures, a BVI registered special purpose vehicle which has been formed to acquire Shenzhen MaxLife Catering Management Co., Ltd., a start-up coffee chain business operating in the PRC. Consideration for the acquisition of the 30 per cent shareholding is expressed to be US$1,500,000 satisfied by the payment of HK$5,812,500 cash paid on the execution of the SPA with the balance on completion through the issue of 32,142,857 new ordinary shares in Alpha Returns at an agreed price of 1.4 pence per share.

On 18 June 2014, the Group completed an equity subscription to raise an additional £660,000 (before expenses) through the issue of a 41,250,000 new ordinary shares of 0.01p each in the capital of the Group at a price of 1.6 pence per share.

Auditors

A resolution to re-appoint Welbeck Associates, as auditors will be put to the members at the annual general meeting.

BY ORDER OF THE BOARD
Christopher Neo
Director
23 June 2014

Independent auditor's report to the members of Alpha Returns Group plc

We have audited the financial statements of Alpha Returns Group plc for the period ended 31st December 2013 which comprise the group and company principal accounting policies, the consolidated statement of comprehensive income, the consolidated statement of financial position and parent company balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the group and parent company related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the period then ended;

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

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Jonathan Bradley Hoare (Senior Statutory Auditor)
For and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London, United Kingdom

23 June 2014

Consolidated statement of comprehensive income

	Note	12 months to Dec 2013 £	12 months to Dec 2012 £
Continuing operations			
Administration costs		**(343,665)**	(766,842)
Exceptional items	3	**-**	468,618
Operating loss after exceptional items		**(343,665)**	(298,224)
Loss on disposal of investments		**-**	(57,638)
Loss before financing		**(343,665)**	(355,862)
Finance cost	6	**(1,269)**	(7,711)
Finance income		**17**	-
Gain on foreign exchange		**16,768**	-
Loss on continuing operations before taxation	2	**(328,149)**	(363,573)
Taxation	7	**-**	-
Loss on continuing operations after taxation		**(328,149)**	(363,573)
Loss from discontinued operations	8	**-**	(471,041)
Loss after taxation and total comprehensive expense		**(328,149)**	(834,614)
Basic and diluted loss per share	9		
- Basic and diluted – continuing operations		(0.19p)	(21p)
- Basic and diluted – discontinued operations		-	(26p)
- **Total basic and diluted loss per share**		**(0.19p)**	**(47p)**

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of financial position

	Note	Dec 2013 £	Dec 2012 £
Assets			
Non-Current Assets			
Investments	15	**397,399**	-
		397,399	-
Current Assets			
Trade and other receivables	11	**22,348**	38,664
Cash and cash equivalents	12	**572,295**	179,989
		594,643	218,653
Total Assets		**992,042**	218,653
Liabilities			
Non-Current Liabilities			
Long term borrowings	14	**-**	125,663
		-	125,663
Current Liabilities			
Trade and other payables	13	**76,796**	73,865
Borrowings	14	**50,000**	41,124
		126,796	114,989
Total Liabilities		**126,796**	240,652
Net Assets / (Liabilities)		**865,246**	(21,999)
Equity			
Share capital	17	**1,332,843**	1,285,679
Share premium		**4,255,147**	2,748,904
Shares to be issued		**-**	200,836
Loan note equity reserve		**-**	137,176
Profit and loss account		**(4,722,744)**	(4,394,594)
Total Equity		**865,246**	(21,999)

The financial statements were approved by the Board of Directors on 23 June 2014.

C Neo
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Company statement of financial position

	Note	Note	Dec 2013	Dec 2012
			£	£
Fixed assets				
Investments		10	1,047,544	-
			1,047,544	-
Current assets				
Trade and other receivables		11	19,912	38,664
Cash and cash equivalents		12	7,130	179,989
			27,042	218,653
Total Assets			1,074,586	218,653
Non-Current Liabilities				
Long term borrowings		14	-	125,663
			-	125,663
Current liabilities				
Trade and other payables		13	72,335	73,865
Borrowings		14	-	41,124
			72,335	114,989
Total liabilities			72,335	240,652
Net assets/(liabilities)			1,002,251	(21,999)
Capital and reserves				
Called up share capital		17	1,332,843	1,285,679
Share premium			4,255,147	2,748,904
Shares to be issued			-	200,836
Loan note equity reserve			-	137,176
Profit and loss account			(4,585,739)	(4,394,594)
Equity shareholders' funds			1,002,251	(21,999)

The financial statements were approved by the Board of Directors on 23 June 2014.

C Neo
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated statement of changes in equity

	Share capital	Share premium	Shares to be issued	Loan note equity reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
Balance at 1 Jan 2012	1,071,040	2,200,052	-	-	171,000	(3,559,980)	(117,888)
Shares issued in year	214,639	377,852	-	-	-	-	592,491
Shares to be issued in settlement of CVA liabilities	-	-	200,836	-	-	-	200,836
Issue of convertible loan notes	-	-	-	137,176	-	-	137,176
Transfer on closure of subsidiary undertakings	-	171,000	-	-	(171,000)	-	-
Loss for the year and total comprehensive expense	-	-	-	-	-	(834,614)	(834,614)
Balance at 31 Dec 2012	1,285,679	2,748,904	200,836	137,176	-	(4,394,594)	(21,999)
Shares issued in year	47,164	1,506,242	(200,836)	-	-	-	1,352,570
Conversion of loan notes				(137,176)			(137,176)
Loss for the year and total comprehensive expense						(328,149)	(328,149)
Balance at 31 Dec 2013	1,332,843	4,255,147	-	-	-	(4,727,744)	865,246

Company statement of changes in equity

	Share capital	Share premium	Shares to be issued	Loan note equity reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
Balance at 1 Jan 2012	**1,071,040**	**2,200,052**	**-**	**-**	**171,000**	**(3,559,980)**	**(117,888)**
Shares issued in year	**214,639**	**377,852**	**-**	**-**	**-**	**-**	**592,491**
Shares to be issued in settlement of CVA liabilities	**-**	**-**	**200,836**	**-**	**-**	**-**	**200,836**
Issue of convertible loan notes	**-**	**-**	**-**	**137,176**	**-**	**-**	**137,176**
Transfer on closure of subsidiary undertakings	**-**	**171,000**	**-**	**-**	**(171,000)**	**-**	**-**
Loss for the year and total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(834,614)**	**(834,614)**
Balance at 31 Dec 2012	**1,285,679**	**2,748,904**	**200,836**	**137,176**	**-**	**(4,394,594)**	**(21,999)**
Shares issued in year	**47,164**	**1,506,242**	**(200,836)**	**-**	**-**	**-**	**1,352,570**
Conversion of loan notes				**(137,176)**			**(137,176)**
Loss for the year and total comprehensive expense						**(328,149)**	**(328,149)**
Balance at 31 Dec 2013	**1,332,843**	**4,255,147**	**-**	**-**	**-**	**(4,727,744)**	**865,246**

Consolidated statement of cash flows

	12 months to Dec 2013	12 months to Dec 2012
	£	£
Cash flows from operating activities		
Loss after taxation	(328,149)	(834,614)
Adjustments for:		
Depreciation and amortisation	-	49,256
Loss from discontinued operations	-	471,041
Extraordinary credit arising from CVA	-	(468,618)
Loss on disposal of investments	-	57,638
Interest expense	-	7,711
Decrease in trade and other receivables	16,322	58,855
Increase/(decrease) in trade and other payables	2,924	16,867
Net cash used in operating activities	(308,903)	(641,864)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Purchase of investments	(397,399)	(198,000)
Disposal of investments	-	161,965
Investment in intangible assets	-	-
Cash acquired with business	-	-
Cash balances held by discontinued businesses	-	(10,342)
Net cash used in investing activities	(397,399)	(46,377)
Cash flows from financing activities		
Net proceeds from issue of share capital	1,352,571	528,491
Proceeds from borrowings	50,000	-
Proceeds from issue of convertible loan notes	-	300,000
Repayment of convertible loan	(303,963)	
Net repayment of bank and other loans	-	-
Finance costs	-	(3,748)
Net cash generated from financing activities	1,098,608	824,743
Net increase in cash and cash equivalents	392,306	136,502
Cash and cash equivalents at beginning of period	179,989	43,487
Cash and cash equivalents at end of period	572,296	179,989

Company statement of cash flows

	12 months to Dec 2013	12 months to Dec 2012
	£	£
Cash flows from operating activities		
Loss after taxation	**(191,144)**	(2,142,629)
Adjustments for:		
Depreciation and amortisation	**-**	1,104
Loss from discontinued operations	**-**	1,778,518
Extraordinary credit arising from CVA	**-**	(468,618)
Loss on disposal of investments	**-**	57,638
Interest expense	**-**	7,711
Decrease/(increase) in trade and other receivables	**(117,803)**	14,578
Increase in trade and other payables	**(168,317)**	359,765
Net cash used in operating activities	**(477,264)**	(391,933)
Cash flows from investing activities		
Purchase of investments	**(1,047,544)**	(198,000)
Disposal of investments	**-**	161,965
Advances to subsidiary undertakings	**-**	(217,408)
Net cash used in investing activities	**(1,047,544)**	(253,443)
Cash flows from financing activities		
Net proceeds from issue of share capital	**1,352,571**	528,491
Proceeds from issue of convertible loan notes	**-**	300,000
Repayment of convertible loan	**-**	
Finance costs	**-**	(3,748)
Net cash generated from financing activities	**1,352,571**	824,743
Net (decrease) / increase in cash and cash equivalents	**(172,237)**	179,367
Cash and cash equivalents at beginning of period	**179,367**	622
Cash and cash equivalents at end of period	**7,130**	179,989

Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the parent company.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

These consolidated financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value cannot be readily established, the Group is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

Fair value of financial instruments

The Group holds investments that have been designated as held for trading on initial recognition. Where practicable the Group determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

Going concern

The reasons for the directors considering that it is appropriate to adopt the going concern basis in the preparation of these financial statements are set out in note 1.

Principal accounting policies

Statement of Compliance

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been early adopted by the Company will be relevant to the Company but will not result in significant changes to the Company's accounting policies. These are:

		Effective for accounting periods beginning on or after:
IFRS 2,8,16,24,36	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13, IAS 40	Amendments resulting from Annual improvements 2011-2013 Cycle	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities	1 January 2014
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 38	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives	1 January 2014
IFRIC	Levies	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the Financial Statements of the Group.

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the parent company and all of its subsidiaries drawn up to 31 December 2013. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the

Principal accounting policies

financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are expensed as incurred.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when a software licence is delivered.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is generally when the licence key is delivered,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the amount of revenue and the costs associated with the transaction can be measured reliably.

Related ancillary services such as support and maintenance and system hosting are recognised over the period of the contract. Content development sales are recognised on a work performed basis. Where training or support services are invoiced but not supplied by the period end, the value of these services is recorded in current liabilities as deferred income.

The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the stage of completion of the transaction at the reporting date can be measured reliably and is estimated by reference to the period of the contract,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the amount of revenue and costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Segmental reporting

The Group is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the Asia-Pacific region.

Given that there is only one continuing class of business, operating with the Asia-Pacific no further segmental information has been provided.

Exceptional items

Exceptional items are those by which their size or nature are considered by the directors to be necessary to be disclosed separately so as to inform users of the financial statements. The release of CVA liabilities has been disclosed as such.

Principal accounting policies

Goodwill

Goodwill, representing the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets

Distribution rights are initially recognised at cost, then amortised to the statement of comprehensive income over their estimated economic life.

Software development costs relate to expenditure on the development of certain new products and service projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over the expected sales life of the software, being generally a period not longer than five years commencing in the year the sales of the product were first made.
Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

Assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations revised, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill .

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Disposals

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments where it reflects the basis of consumption of the asset over their estimated useful economic lives. The rates/periods generally applicable are:

Principal accounting policies

Fixtures, fittings and equipment	20-25% straight line
Computer hardware	33 1/3 % straight line
Improvements to leasehold	Over the term of the lease

Material residual value estimates are updated to current value as required, but at least annually.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, cash-generating units that include goodwill, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula.

Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease costs are charged to the statement of comprehensive income on a straight line basis over the lease term.

Taxation

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

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Principal accounting policies

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and cash and cash equivalents are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

Provision against 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 determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Investments held at fair value through profit or loss

All investments are determined upon initial recognition as held at fair value through profit or loss were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as “Net gains on investments”. Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Cash and cash equivalents

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

A financial asset is de-recognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value and all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Principal accounting policies

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Equity

Equity comprises the following:

"Share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

“Shares to be issued” represents the nominal value and share premium of the shares agreed to be issued in respect of the CVA settlement.

“Loan note equity reserve” represents the equity portion of the convertible loan notes issued as detailed in note 18.

"Merger reserve" represents the fair value of the consideration received in excess of the nominal value of equity shares in connection with acquisitions where the company has exercised entitlement to the merger relief offered by the Companies Act 2006.

"Profit and loss account" represents retained profits and losses.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

Share-based payment

For equity-settled share options, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the statement of comprehensive income, together with a corresponding credit to "other reserves", on a straight-line basis over the vesting period, based on the best available estimate of the number of options that are expected eventually to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value.

IFRS 2 has been applied, in accordance with IFRS 1, to equity-settled share options granted on or after 7 November 2002 and not vested at 1 April 2006.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium. At the year-end date all options previously granted were deemed to have lapsed.

Notes to the group financial statements

1 Going concern

The financial statements have been prepared on the going concern basis.

In determining the appropriate basis of preparation of the financial statements, the Directors have considered whether the Group can continue in operational existence for the foreseeable future. At 31 December 2013 the Group had cash resources of £621,935 and net assets of £864,246. Subsequent to the year end, the Directors have raised a total of £1,325,000 in March and June 2014. They have prepared cash flow forecasts through to June 2015, which show that the Group will have sufficient available cash resources to provide for its future requirements. In preparing their forecasts they have given due regard to the risks and uncertainties affecting the business as set out in the Strategic Report and the liquidity risk disclosed in note 19, and they have made the following key assumptions:

- that no additional funds will be raised
- that no new investment will be undertaken by the Group unless sufficient additional funding is in place

On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

2 Loss before taxation

Loss on continuing operations before taxation is stated after charging:

	Year to Dec 2013	Year to Dec 2012
	£	£
Amortisation and impairment of intangible assets	**-**	-
Depreciation of plant, property and equipment		
- owned by the group	**-**	1,104
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's annual accounts	**9,000**	10,000
Fees payable to the company's auditors for other services:		
- The audit of the company's subsidiaries, pursuant to legislation	**-**	-
- Taxation services	**1,500**	2,000
- Other services	**-**	-
Operating lease rentals		
- other operating leases	**-**	51,143

Notes to the group financial statements

3 Exceptional items

	Year to Dec 2013 £	Year to Dec 2012 £
Release of liabilities resulting from the CVA	**-**	468,618
	-	468,618

Company Voluntary Arrangement (CVA)
On 3 December 2012 the Company entered into a CVA with its creditors, under which it was agreed that a total of 6,694,546 ordinary shares would be issued in settlement of the CVA creditors, resulting in an extraordinary credit to the profit and loss account of £468,618. The CVA was completed on 5 November 2013.

4 Directors and employees

Staff costs during the period were as follows:	**Year to Dec 2013 £**	Year to Dec 2012 £
Wages and salaries	**59,236**	242,481
Social security costs	**-**	1,826
	59,236	244,307

The average number of employees (including directors) of the Group during the period was as follows:

	Year to Dec 2013 Number	Year to Dec 2012 Number
Sales, Administration and Technical	**6**	4

5 Directors

Key management are considered to be the Directors. Remuneration in respect of directors is disclosed as follows.

Name of director	**Fees £**	**Benefits £**	**Total 2013 £**	**Total 2012 £**
A G P Forrest	5,700	–	5,700	66,252
B Leith	-	–	-	44,000
A Hasoon	-	-	-	42,500
G Collier	9,000	-	9,000	-
P Henry	-	-	-	25,000
C Y Chan	27,049	-	27,049	-
H J Lim	7,213	-	7,213	-
C Neo	7,869	-	7,869	-
H K Leung	656	-	656	-
A C Drury	1,839	-	1,839	-
	59,236	–	59,236	177,752

Notes to the group financial statements

There were no pension contributions made or payable during the year and no cash or non-cash benefits were paid or payable.

6 Finance costs

	Year to Dec 2013	Year to Dec 2012
	£	£
Finance costs		
On other loans wholly repayable within five years	**1,269**	7,711
	1,269	7,711

7 Taxation

No provision has been made for corporation tax due to group trading losses being available for relief against the future profits of the Group at 31 December 2013. No deferred tax has been recognised in respect of the losses as recoverability is uncertain.

Analysis of the charge for the period;

	Year to Dec 2013	Year to Dec 2012
	£	£
Current tax	**-**	-

The tax assessed for the period differs from that calculated at the standard rate of corporation tax in the UK. The difference is explained below:

	Year to Dec 2013	Year to Dec 2012
	£	£
Loss on continuing activities before taxation	**(328,149)**	(363,573)
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 24.5% (Dec 2012: 25.6%)	**(80,641)**	(93,074)
Effects of:		
Expenses not deductible for tax purposes	**-**	11,520
Excess of depreciation and amortisation over capital allowances	**-**	-
Unutilised tax losses carried forward	**80,641**	81,554
Exceptional items	**-**	-
Tax charge for the period	**-**	-

8 Discontinued operations

During 2012 the Group either disposed of or closed all its trading operations.

In September 2012, Intellego PDP Limited entered into a Company Voluntary Arrangement ("CVA"), which was terminated in November 2012. The business was sold for a 5% royalty and a liquidator was appointed on 13 December 2012.

DLM Products Limited was formed in January 2012 to sell courses created by other group companies and those licenced in from third party publishers of learning materials direct to end customers and via distributors, but sales did not progress and the company was put into liquidation in December 2012.

Notes to the group financial statements

DLM Professional Services Limited also started trading in January 2012, as a supplier of software and related services, and was put into liquidation in December 2012.

The assets of Pixelearning Limited were sold for £3,000 and the company was put into liquidation in November 2012.

In October 2012 the parent company, then named Digital Learning Marketplace plc, disposed of its trading activities which consisted of a library of pharmaceutical content for £35,000 plus a 10% royalty payable over the next year's sales, together with associated fixed assets for £10,000.

The results of the discontinued activities are as follows:

	Year to Dec 2013	Year to Dec 2012
	£	£
Revenue	-	652,055
Cost of sales	-	(311,704)
Gross profit	-	340,351
Administrative expenses	-	(1,260,023)
Exceptional credit resulting from the CVA and subsequent winding-up of Intellego Group Limited	-	-
Operating loss on discontinued activities	-	(919,672)
Finance costs	-	(8,955)
Credit on disposal and closure of discontinued activities	-	457,586
Attributable tax expense	-	-
Net loss attributable to discontinued activities	-	(471,041)

During the year discontinued activities consumed £nil (2012: £249,931) of the Group's net operating cash flows, consumed £nil (2012: £10,342) in investing activities and consumed £nil (2012: £nil) in financing activities.

9 Loss per share

	Year to Dec 2013	Year to Dec 2012
	£	£
Loss attributable to equity holders of the Group:		
Loss from continuing operations	**(328,149)**	(363,573)
Loss from discontinued operations	-	(471,041)
Loss for the period attributable to equity holders of the Group	**(328,149)**	(834,614)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	**168,324,866**	1,795,349
Earnings per share attributable to equity holders of the Group:		
Basic and diluted loss per share from continuing operations	**(0.19p)**	(21.00p)
Basic and diluted loss per share from discontinued operations	-	(26.00p)
Basic and diluted loss per share for the period	**(0.19p)**	(47.00p)

For the current year and for the prior period the loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic loss per share. This is because the exercise of share options and warrants would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

Notes to the group financial statements

10 Investments in subsidiaries

	Group	
	Dec 2013	Dec 2012
	£	£
Cost		
As at 1 January and 31 December	**-**	-
Purchases during the year	**1,047,544**	-
Net book value	**1,047,544**	-

The Group's principal subsidiary undertakings during the year were as follows:

Principal subsidiaries	**Country of Incorporation**	**Percentage of ordinary shares held**	**Principal activity**
Shidu Investments Limited	England and Wales	100%	Dormant
Shidu International Limited	BVI	100%	Investment Holding

11 Trade and other receivables

	Group		Company	
	Dec 2013	Dec 2012	Dec 2013	Dec 2012
	£	£	£	£
Trade receivables	**-**	-	-	-
Amounts owed by group undertakings	**-**	-	-	-
Other receivables	**19,948**	37,260	19,948	37,260
Prepayments and accrued income	**2,400**	1,404	2,400	1,404
	22,348	38,664	22,348	38,664

Trade receivables are stated net of amounts totalling £Nil (Dec 2012: £nil) which are provided for.

The carrying amount of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment.

12 Cash and cash equivalents

	Group		Company	
	Dec 2013	Dec 2012	Dec 2013	Dec 2012
	£	£	£	£
Cash and cash equivalents	**572,295**	179,989	7,130	179,989
	572,295	179,989	7,130	179,989

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value.

Notes to the group financial statements

13 Trade and other payables

Current	Group		Company	
	Dec 2013	Dec 2012	Dec 2013	Dec 2012
	£	£	£	£
Trade payables	**15,093**	11,122	15,093	11,122
Taxes and social security costs	**-**	-	-	-
Other payables	**-**	-	-	-
Accruals and deferred income	**61,703**	62,743	61,703	62,743
Deferred contingent consideration	**-**	-	-	-
Directors' loans	**-**	-	-	-
	76,796	73,865	76,796	73,865

All trade and other payables are short term. The carrying values are considered to be a reasonable approximation of fair value.

14 Borrowings

Group and Company

The outstanding convertible loan notes at 31 December 2012 were issued in two tranches.

The first tranche totalling £50,000 were issued on 1st October 2012 ("2013 loan notes"). They are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount on 31 October 2013. In addition there are fees totalling £10,000 payable on conversion or redemption. The loan notes are convertible at 1p per share.

The second tranche totalling £250,000 were issued on 3rd December 2012 ("2015 loan notes"). They are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount on 31 December 2015. The loan notes are convertible at 0.625p per share.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

	2013 loan notes	**2015 loan notes**	**Total**
	£	**£**	£
Nominal value of convertible loan notes issued	50,000	250,000	300,000
Equity component of convertible loan notes issued	(10,494)	(126,682)	(137,176)
	39,506	123,318	162,824
Notional interest charged	1,618	2,345	3,963
Liability component at 31 December 2012	41,124	125,663	166,787

The interest charged during the period is calculated by applying an effective average interest rate of 25% to the liability component for the period since the loan notes were issued.

The Directors estimate the fair value of the liability component of the loan notes at 31 December 2012 to be approximately £166,787. This fair value has been calculated by discounting the future cash flows at the market rate of 25%.

The Group's borrowings are disclosed in the statements of financial position as follows:

Notes to the group financial statements

	Dec 2013	Dec 2012
	£	£
Current		
Convertible loan stock	**-**	41,124
Other loans	**50,000**	-
	50,000	41,124
Non current		
Convertible loan stock	**-**	125,663
Bank loans	**-**	-
	-	125,663

Notes to the group financial statements

15 Investments held at fair value through profit or loss

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
At 1 January – fair value	-	-	-	-
Acquisitions	397,399	-	-	-
Net gain on disposal of investments	-	-	-	-
Movement in fair value of investments	-	-	-	-
At 31 December – fair value	397,399	-	-	-
Categorised as:				
Level 1 – quoted investments	49,460			
Level 3 – Unquoted investments	347,759	-	-	-

The table of investments sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading".

LEVEL 3 FINANCIAL ASSETS

Reconciliation of Level 3 fair value measurement of financial assets

	2013	2012
	£	£
Brought forward	-	-
Purchases	347,759	-
Carried forward	347,759	-

Level 3 valuation techniques used by the Group are explained on page 19 (Fair value of financial instruments)

Notes to the group financial statements

16 Financial instruments

The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from its financial instruments are interest rate, liquidity, foreign currency and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below together with a sensitivity analysis. These policies have remained unchanged from previous years.

Interest rate risk

The Group finances its operations through a mixture of loans and equity capital. Borrowings are generally at floating rates of interest. The Group does not enter into any interest rate derivative transactions to manage interest rate risk. The Group had no interest bearing loans at the year-end or the prior period end and hence no interest rate exposure.

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

As at 31 December 2013 the Group's liabilities have contractual maturities which are summarised below:

31 December 2013	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	£	£	£	£
Other loans	**-**	**50,000**	**-**	**-**
Trade and other payables	**76,796**	**-**	**-**	**-**
	76,796	**50,000**	**-**	**-**

Included in trade and other payables are accruals and deferred income of £61,703 (Dec 2012:£37,743)

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

31 December 2012	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	£	£	£	£
Bank loan	-	50,000	250,000	-
Trade and other payables	73,865	-	-	-
	73,865	50,000	250,000	-

Notes to the group financial statements

16 Financial instruments (continued)

Credit risk

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as follows:

	Dec 2013	Dec 2012
	£	£
Trade and other receivables	**73,385**	37,260
Cash and cash equivalents	**572,295**	179,989
	645,680	217,249

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit controls. Where available at reasonable cost external credit ratings and / or reports on customers and other counter parties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial instruments measured at fair value

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the statement of financial position specifically the fair value hierarchy. The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair values of the financial assets and liabilities. The fair value hierarchy has the following levels; Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). No financial assets or liabilities are measured at fair value in the statement of financial position.

Notes to the group financial statements

16 Financial instruments (continued)

Categories of financial instruments

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	Dec 2013	Dec 2012
	£	£
Financial assets		
Cash and bank balances	**572,295**	179,989
Loans and receivables	**19,949**	37,260
Financial liabilities at amortised cost		
Borrowings	**50,000**	166,787
Trade and other payables	**76,796**	73,865

Capital management policies and procedures

The Group's management objectives are:

- To ensure the Group's ability to continue as a going concern, and
- To provide an adequate return to shareholders

by pricing services commensurately with the levels of risk.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the balance sheet. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets or reduce debt.

Notes to the group financial statements

17 Share capital

The issued share capital of the Company is shown below:

	Number of shares		Share Capital	
	Ordinary	Deferred	Ordinary	Deferred
			£	£
At 31 December 2012				
Ordinary shares of 0.01p	**2,149,056**		**215**	
Deferred shares of 0.45p		**166,313,349**		**748,410**
Deferred shares of 24.99p		**2,149,077**		**537,054**
	2,149,056	**168,462,426**	**215**	**1,285,464**
At 31 December 2013				
Ordinary shares of 0.01p	**473,790,650**		**47,379**	
Deferred shares of 0.45p		**166,313,349**		**748,410**
Deferred shares of 24.99p		**2,149,077**		**537,054**
	473,790,650	**168,462,426**	**47,379**	**1,285,464**

The deferred shares carry no right to payment of dividend or on a return of capital.

On 25 February 2013, 46,259,547 ordinary shares were issued to satisfy the conversion of loans and loan stock totalling £300,141.

On 4 September 2013, 363,131,948 ordinary shares were issued to existing shareholders at a price of 0.15p per share.

On 19 September 2013, 6,694,544 ordinary shares were issued in relation to the creditors of the CVA.

On 2 December 2013, 55,555,555 ordinary shares were issued at a price of 0.9p per share.

Share options

On 17 January 2014, 40,000,000 share options were issued at an exercise price of 2.2 pence per share in accordance with the terms of the company share option scheme.

Share warrant

In December 2012 the Company issued Peterhouse Corporate Finance Limited a warrant which is exercisable over 3% of the Company's issued share capital from time to time. The warrant is exercisable at 0.625p per share until 3 December 2015. The notional value of the warrant has not been reflected in these accounts as it is not considered material. The warrant was exercised on 25 February 2013.

Notes to the group financial statements

18 Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not required to be disclosed.

19 Contingent liabilities

At the balance sheet date, the Group had no known contingent liabilities or commitments other than those shown in the financial statements.

20 Post year end events

Further to the Group's announcement on 27 December 2013, Alpha Returns Group plc has entered into a joint-venture agreement with Miss Tong Shyn Leng, a Singapore entrepreneur with interests in a number of privately owned companies, to co-fund a BVI incorporated investment vehicle, Riche Bright Group Limited for the sole purpose of acquiring MY Securities Limited, a member firm of the Stock Exchange of Hong Kong Limited. This follows Riche Bright's conditional agreement to acquire the entire issued share capital of MY Securities. MY Securities provides a wide range of brokerage services including margin trading and IPO subscription services on HKSE traded stocks principally to retail investors in Hong Kong via an internet trading platform.

On 17 January 2014, the Board granted options over a total of 40,000,000 ordinary shares, representing 7.99 per cent of the Group's current issued ordinary share capital at an exercise price of 2.2p per share accordance with the terms of the share option scheme.

On 28 February 2014 the Group through its wholly owned subsidiary Shidu International Limited, acquired a further 15% shareholding in Telistar Solutions Pte. Ltd., an unquoted Singapore incorporated IT service solutions provider, for a total cash consideration of S$330,000, satisfied by the issue of 12,087,912 new ordinary shares of 0.01p each in the capital of the Group. The investment brings the current shareholding in Telistar to 33.75% with a further 18.75% still to be acquired under the earlier agreement announced on 22 October 2013.

On 10 March 2014 the Group completed an equity subscription to raise an additional £725,000 through the issue of a further 55,769,230 new ordinary shares of 0.01p each in the capital of the Group at a price of 1.3 pence per share. The funds raised strengthen the Group's financial position and give it the flexibility to take advantage of potential investment opportunities with the Asia-Pacific region.

On 29 March 2014 the Group through its wholly owned subsidiary Shidu International Limited, entered into a Sale and Purchase Agreement for the acquisition from Wong Xin Yan of 30 per cent of the issued share capital of Oriental Ventures, a BVI registered special purpose vehicle which has been formed to acquire Shenzen MaxLife Catering Management Ltd, a start-up coffee chain business operating in the PRC. Consideration for the acquisition of the 30 per cent shareholding is expressed to be US$1,500,000 satisfied by the payment of HK$5,812,500 cash paid on the execution of the SPA with the balance on completion through the issue of 32,142,857 new ordinary shares in Alpha Returns at an agreed price of 1.4p per share.

On 18 June 2014 the Group completed an equity subscription to raise an additional £660,000 (before expenses) through the issue of a 41,250,000 new ordinary shares of 0.01p each in the capital of the Group at a price of 1.6 pence per share.

21 Ultimate controlling party

Until 9 December 2013, Sze Thye Group Limited was a controlling shareholder of the Company. Following sale of shares by Sze Thye Group Limited on 9 December 2013, there was no single controlling party.