

Alpha Returns Group Plc
("Alpha Returns" or "the Company")

Unaudited Interim Results for the Six Months Ended 30 June 2015

Alpha Returns Group Plc today announces its unaudited interim results for the six months ended 30 June 2015.

Chairman's Statement

Review of the Six Month Period ended 30 June 2015

Alpha Returns is an investment company which operates in the Asia Pacific (APAC) region and is based in Hong Kong. The Company aims to create long-term shareholder value through early stage investments in high-growth Asian economies.

The Company's Investing Policy is set out in full at the end of this statement and on the Company's website at alpharet.com/rule26.

Financial Review

The unaudited results for the six month period ended 30 June 2015 show a profit after taxation of **£54,914** (30 June 2014: £122,860 loss). The loss per share was **0.02p** (30 June 2014: 0.09p).

Total revenue was **£1,728,423** (30 June 2014: £85,198).

During the period the Company issued 13,041,352 new ordinary shares to acquire an additional 10% interest in Riche Bright Group Limited. An additional 17,394,054 new ordinary shares were issued in part consideration for a new investment, further details of which are provided below. At the end of the period under review net assets were £4,624,679 (31 December 2014: £4,268,444 and 30 June 2014: £2,562,145).

Review of Operations

On 16 February 2015, the Company exercised its final option to purchase an additional 10% interest in Riche Bright Group Limited ("Riche Bright"), bringing the Group's total interest in Riche Bright to 70%. Riche Bright is a joint-venture investment vehicle of the Company which owns 100% of M Y Securities Limited ("MYS"). MYS was renamed Riche Bright Securities Limited ("RB Securities") after the end of the period.

On 24 April 2015, the Company's wholly owned subsidiary, ARGP Investments Ltd. ("ARGPI"), entered into a conditional sale and purchase agreement ("SPA") for the acquisition of 50 per cent. of the issued share capital of Jesoft International Limited, a BVI registered special purpose vehicle which has been formed to acquire, via a VIE (variable interest entity) structure, beneficial ownership of Jesoft Computer Technology Co. Ltd. ("Jesoft PRC"). Jesoft PRC is a PRC corporate IT solutions provider that specializes in logistics and retail solutions.

At the end of the period, the Company's investments also included a 52.5% interest in Telistar Solutions Pte Ltd ("Telistar"), a Singapore based IT service solutions provider, and a conditional investment in OVL/MaxLife, further details of which are provided below. RB Securities and Telistar are profitable businesses that continue to be operated independently by their respective management teams.

Post Period Events

After the end of the period, in July 2015, Oriental Ventures Limited ("OVL") completed its acquisition of Shenzhen MaxLife Catering Management Co., Ltd. ("MaxLife"), a PRC coffee chain business. The

Company has a conditional 30% investment in OVL which remains subject to a number of preconditions including three consecutive months of profitable trading. The Company has further extended the long-stop date to 31 December 2015 for fulfilment of the preconditions attached to the investment. Deferred consideration, to be satisfied by the issue of 32,142,857 new ordinary shares in Alpha Returns, is payable on completion.

Board Changes

There were no Board changes during the period under review.

Corporate Governance

The Company operates Audit, AIM Compliance, Nominations and Remuneration committees. The roles and composition of these committees are kept under regular review.

Risk Assessment

The Directors consider that the main risk is a loss of some or all value at one or more of its investee companies. The Executive Directors maintain a close liaison with the management of each company to limit, as far as possible, this exposure to risk.

Outlook

Recently we have experienced disruptive market volatility due to concerns over China's growth prospects and its surprise devaluation of the Renminbi. The Board continues to closely monitor the market conditions and its effects on our investments, especially RB Securities. Nonetheless, your directors remain committed to the creation of shareholder value and confident that the Company's investments are well placed to deliver good performance over the longer-term.

Tony Drury
Chairman

30 September 2015

A copy of this interim report will shortly be available on the Company's website at alpharet.com/rule26.

For further information please call:

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**Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2015**

	Note	Unaudited 6 Months to 30 June 2015	Unaudited 6 Months to 30 June 2014	Audited 12 months to Dec 2014
		£	£	£
Continuing operations				
Revenue		1,728,423	-	1,219,808
Cost of sales		(754,136)	-	(361,209)
Gross profit		974,287	-	858,399
Administration costs		(1,010,609)	(207,442)	(996,243)
Share based payments		(67,000)	-	(127,758)
Other income		201,224	85,185	45,876
Operating profit/(loss)		97,902	(122,257)	(219,526)
Loss on disposal of investments		-	-	(371,713)
Profit/(loss) before financing		97,902	(122,257)	(591,239)
Finance cost		-	(616)	-
Finance income		5	13	40
Investment income		226	-	2,680
Gain on foreign exchange		1,895	-	58,915
Profit/(loss) on continuing operations before taxation		100,028	(122,860)	(157,891)
Taxation		(45,114)	-	(1,391)
Profit/(loss) on continuing operations after taxation		54,914	(122,860)	(159,282)
Gain on translation of foreign subsidiaries		(61,379)	-	87,870
Profit/(loss) after taxation and total comprehensive income/(expense)		(6,465)	(122,860)	(71,412)
Attributable to:				
Equity holders of the company		(94,536)	(122,860)	(265,200)
Non- controlling interests		88,071	-	105,918
Basic and diluted loss per share				
- Basic and diluted – continuing operations	3	(0.02p)	(0.09p)	(0.05p)
- Total basic and diluted loss per share		(0.02p)	(0.09p)	(0.05p)

**Consolidated Statement of Financial Position
As at 30 June 2015**

	Unaudited 30 June 2015 £	Unaudited 30 June 2014 £	Audited 31 December 2014 £
Assets			
Non-Current Assets			
Property, plant and equipment	131,103	-	104,815
Intangible assets	1,317,457	-	1,317,857
Investments	581,586	1,768,680	583,720
Investments in associate	295,699	-	-
Deferred income tax assets	-	-	19,290
	<u>2,325,845</u>	<u>1,768,680</u>	<u>2,025,682</u>
Current Assets			
Trade and other receivables	1,937,290	36,246	1,932,752
Financial assets available for sale	111,379		
Cash and cash equivalents	1,280,138	1,295,313	1,848,183
	<u>3,328,807</u>	<u>1,331,558</u>	<u>3,780,935</u>
Total Assets	<u>5,654,652</u>	<u>3,100,238</u>	<u>5,806,617</u>
Liabilities			
Trade and other payables	1,029,973	128,257	1,538,173
Borrowings	-	409,836	-
	<u>1,029,013</u>	<u>538,093</u>	<u>1,538,173</u>
Total Liabilities	1,029,973	538,093	1,538,173
Net Assets	<u>4,624,679</u>	<u>2,562,145</u>	<u>4,268,444</u>
Equity			
Share capital	1,351,624	1,346,421	1,348,580
Share premium	7,069,224	6,061,328	6,525,522
Share option reserve	194,758	-	127,758
Foreign currency translation reserve	33,896	-	87,870
Profit and loss account	(4,960,452)	(4,845,604)	(4,987,944)
Attributable to equity shareholders of the company	<u>3,689,050</u>	<u>2,562,145</u>	<u>3,101,786</u>
Non-controlling interests	935,629	-	1,166,658
Total equity	<u>4,624,679</u>	<u>2,562,145</u>	<u>4,268,444</u>

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015

	Share capital	Share premium	Shares to be issued	Loan note equity reserve	Share option reserve	Foreign currency reserve	Profit and loss account	Total equity	Non-controlling interest	Total
	£	£	£	£	£	£	£	£	£	£
Balance at 1 Jan 2014	1,322,843	4,255,147	-	-	-	-	(4,722,744)	865,246	-	865,246
Shares issued in year	13,578	1,806,182	-	-	-	-	-	1,819,760	-	1,819,760
Loss for the 6 months to 30 June 2014	-	-	-	-	-	-	(122,860)	(122,860)	-	(122,860)
Balance at 30 June 2014	1,346,421	6,061,329	-	-	-	-	(4,845,604)	2,562,145	-	2,562,145
Balance at 1 Jan 2014	1,322,843	4,255,147	-	-	-	-	(4,722,744)	865,246	-	865,246
Shares issued in year	15,737	2,270,375	-	-	-	-	-	2,286,112	-	2,286,112
Share based payment charge	-	-	-	-	127,758	-	-	127,758	-	127,758
Foreign Currency reserve	-	-	-	-	-	87,870	-	87,870	-	87,870
Acquisitions during the year	-	-	-	-	-	-	-	-	1,060,740	1,060,740
Loss for the year	-	-	-	-	-	-	(265,200)	(265,200)	105,918	(159,282)
Balance at 31 Dec 2014	1,348,580	6,525,522	-	-	127,758	87,870	(4,987,944)	3,101,786	1,166,658	4,268,444
Shares issued in the period	3,044	543,702	-	-	-	-	-	546,746	-	546,746
Share based payment charge	-	-	-	-	67,000	-	-	67,000	-	67,000
Foreign Currency reserve	-	-	-	-	-	(53,974)	-	(53,974)	(7,405)	(61,379)
Acquisitions during the year	-	-	-	-	-	-	-	68,054	(319,100)	(251,046)
Profit for the period and total comprehensive income	-	-	-	-	-	-	(40,562)	(40,562)	95,476	54,914
Balance at 30 June 2015	1,351,624	7,069,224	-	-	194,758	33,896	(4,960,452)	3,689,050	935,629	4,624,679

Consolidated Statement of Cash Flow
For the six months ended 30 June 2015

	Unaudited 6 Months to June 2015	Unaudited 6 Months to June 2014	Audited 12 months to December 2014
	£	£	£
Cash flows from operating activities			
Loss after taxation	54,914	(122,860)	(159,282)
Adjustments for:			
Depreciation and amortisation	9,489	-	17,474
Profit on sale of property, plant and equipment	-	-	(430)
Share based payments	67,000	-	127,758
Loss on disposal of investment	-	-	375,207
Decrease in trade and other receivables	(77,054)	(13,898)	(238,014)
(Decrease)/Increase in trade and other payables	(482,364)	51,461	249,881
Foreign exchange differences	5,423	-	6,337
Taxation	45,114	-	1,391
Income tax paid	(24,902)	-	(4,525)
Net cash used in operating activities	<u>(402,380)</u>	<u>(85,297)</u>	<u>(624,498)</u>
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	-	-	(651,121)
Purchase of property, plant and equipment	(38,010)	-	(86,251)
Disposal of property, plant and equipment	-	-	900
Purchase of investments	-	-	(479,097)
Purchase of financial assets	(114,907)	(1,371,281)	-
Net cash used in investing activities	<u>(152,917)</u>	<u>(1,371,281)</u>	<u>(1,215,570)</u>
Cash flows from financing activities			
Net proceeds from issue of share capital	847	1,819,759	2,959,853
Proceeds from borrowings	-	359,836	-
Net cash generated from financing activities	<u>847</u>	<u>2,179,595</u>	<u>2,959,853</u>
Net (decrease)/increase in cash and cash equivalents	<u>(554,450)</u>	<u>723,018</u>	<u>1,119,785</u>
Cash and cash equivalents at beginning of period	1,848,183	572,296	572,296
Effect of foreign exchange rate changes on cash and cash equivalents	(13,595)	-	156,102
Cash and cash equivalents at end of period	<u>1,280,138</u>	<u>1,295,313</u>	<u>1,848,183</u>

NOTES TO THE FINANCIAL INFORMATION

1. General information

The financial information set out in this consolidated interim report for the six months ended 30 June 2015 and the comparative figures for the six months ended 30 June 2014 are unaudited. The financial information for the six months ended 30 June 2015 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2014, prepared under International Financial Reporting Standards (IFRS), received an unqualified audit report. The report did however contain an emphasis of matter paragraph on going concern, but did not contain statements under sections 498(2) or section 498(3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

2. Basis of Preparation

The 30 June 2015 consolidated interim financial statements of Alpha Returns Group Plc are for the six months ended 30 June 2015. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group prepared under IFRS for the year ended 31 December 2014.

The comparative figures for the six months ended 30 June 2014 have been extracted from the accounting records of the Group and were prepared on a consistent basis with the results presented for the year ended 31 December 2014 and have been neither reviewed nor audited by the Group's auditors.

The accounting policies applied are consistent with those of the financial statements for the year ended 31 December 2014, as described in those financial statements, and as expected to be adopted in the financial statements for the year ending 31 December 2015.

3. Earnings per share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

The loss attributable to equity shareholders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

Earnings per share	Unaudited 5 Months to June 2015	Unaudited 6 Months to June 2014	Audited 12 months to December 2014
Net profit/(loss) for the period attributable to equity owners of the parent	(94,536)	(122,860)	(265,200)
Weighted average number of shares in issue	649,515,679	584,362,232	585,326,862
Basic and diluted earnings per share	<u>(0.02p)</u>	<u>(0.09p)</u>	<u>(0.05p)</u>

4. Investments held at fair value through profit and loss

	Unaudited 5 Months to June 2015	Unaudited 6 Months to June 2014	Audited 12 months to December 2014
Fair value at 1 January 2015	583,720	397,399	397,399
Acquisitions	111,379	1,371,281	186,321

Net gain on disposal of investments	(2,134)	-	-
Movement in fair value of investments	-	-	-
Fair value at 30 June 2015	692,965	1,768,680	583,720
Categorised as:			
Level 1 – quoted investments	177,452	49,460	68,207
Level 3 – unquoted investments	515,513	1,719,220	515,513

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.

5. 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 early stage investments and the opportunities would be 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.

Investments may be made in all types of assets falling within the remit of the Investing Policy and there will be no sector-driven investment restrictions. Investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

New investments will be held for the medium to longer term, although shorter term disposal of any investments cannot be ruled out. There will be no limit on the number of projects into which the Company may invest and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets.

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

The Directors believe that their broad collective business and investing experience in the areas of investment and trading natural resources will assist in the identification and evaluation of suitable opportunities and will enable the Company to achieve its investing objectives.