

Alpha Returns Group Plc
(“Alpha Returns” or “the Company”)

Unaudited Interim Results for the Six Months Ended 30 June 2016

Alpha Returns Group Plc today announces its unaudited interim results for the six months ended 30 June 2016.

Director’s Statement

Review of the Six Month Period ended 30 June 2016

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 in Note 5 and on the Company’s website at alpharet.com/rule26.

Financial Review

The unaudited results for the six month period ended 30 June 2016 show a profit on continuing operations after taxation of £423,923 (30 June 2015: £54,914), after including a gain on the disposal of the Company’s investment in Riche Bright Securities Ltd. (“RBSL”) of £665,035. The profit per share was 0.06p (30 June 2015: loss 0.02p) from continuing operations. After a gain on translation of foreign subsidiaries of £204,219 (2015: loss £61,379) and loss from discontinued operations of £220,633 (2015: nil), profits after tax was £407,509 (2015: loss £6,645) of which £263,192 (2015: loss £94,536) was attributable to equity holders of the Company.

Total revenue was **£1,005,068** (30 June 2015: £1,728,423).

During the period the Company issued 32,142,857 new ordinary shares to complete the acquisition of a 30% interest in Oriental Ventures Limited. At the end of the period under review net assets were £4,377,100, of which £4,210,525 were attributable to equity shareholders of the Company (31 December 2015: £4,222,435, attributable £3,049,490 and 30 June 2015: £4,624,679, attributable £3,689,050) giving net assets attributable to equity shareholders of approximately 0.6p per share. Included in this amount are cash and cash equivalents of £2,159,193, an increase of over £1.75 million from that available at 31 December 2015.

Review of Operations

On 31 May 2016 the Company, through its then 70 per cent. owned joint-venture investment vehicle Riche Bright Group Limited (“RBG”), completed the disposal of its shareholding in RBSL for a total cash consideration of HK\$33.17 million.

RBG subsequently repurchased its own shares from its 30% minority shareholders at attributable net asset value, thereby becoming a wholly owned subsidiary available for use as an intermediate bare holding company for future investments in accordance with the Company’s investing policy.

The Company’s investment portfolio presently includes a 52.5% interest in Singapore based Telistar, a 30% investment in PRC based Maxlife, and a conditional 50% investment in PRC based Jesoft.

Telistar has continued to perform to expectations and is on track to grow revenues and profits from the previous year. Since the adoption of its new business model, Maxlife has been renamed Shenzhen Maxlife Lifestyle Commerce Co., Ltd. Maxlife continues to grow its e-commerce platform through the expansion of product and service offerings.

The Company announced in July its intention to terminate the investment in Jesoft following the non-satisfaction of conditions precedent past the extended long-stop date. The Directors expect to conclude a termination agreement with the vendor in the near future with the return of 17,394,054 ordinary shares previously issued to the vendor as initial consideration.

Post Period Events

After the end of the period, on 31 August 2016, the Company's wholly owned subsidiary ARGP Investments Limited acquired a 6.67% interest in New Trend Lifestyle Group PLC (AIM: NTLG) for £100,000 at a price of 1.2p per share.

Board Changes

During the period non-executive director Eric Leung resigned to focus on other commitments and post period end the resolution to re-appoint Tony Drury was not passed by shareholders. The Board thanks them both for their contributions and continues to search for suitable replacements.

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, whilst not themselves being involved in the day-to-day operations of investee companies.

Outlook

Following UK's historic EU referendum, we have seen a sharp drop in the value of sterling which resulted in a boost in the value of the Company's assets which are mainly denominated in foreign currencies but are reported in sterling. Whilst we expect to see continued global uncertainty and market volatility, the Board believes that Alpha Returns will be able to continue to identify high quality investments in the Asia Pacific region.

Christopher Neo
Executive Director

29 September 2016

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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Statement of Comprehensive Income

For the six months ended 30 June 2016

	Note	Unaudited 6 Months to 30 June 2016 £	Unaudited 6 Months to 30 June 2015 £	Audited 12 months to Dec 2015 £
Continuing operations				
Revenue		1,005,068	1,728,423	2,256,770
Cost of sales		(666,172)	(754,136)	(1,388,507)
Gross profit		338,896	974,287	868,263
Administration costs		(575,280)	(1,010,609)	(1,251,988)
Share based payments		(6,241)	(67,000)	(134,000)
Other income		53	201,224	28,880
Other losses		-	-	(37,000)
Operating profit/(loss)		(242,572)	97,902	(525,845)
Gain on disposal of investments		665,035	-	-
Profit/(loss) before financing		422,463	97,902	(525,845)
Finance cost		-	-	(1)
Finance income		236	5	6
Investment income		58	226	6,515
Gain on foreign exchange		6,506	1,895	3,167
Profit/(loss) on continuing operations before taxation		429,263	100,028	(516,158)
Taxation		(5,340)	(45,114)	(6,193)
Profit/(loss) on continuing operations after taxation		423,923	54,914	(522,351)
Gain on translation of foreign subsidiaries		204,219	(61,379)	19,689
Discontinued operations				
(Loss)/profit from operations reclassified as held for sale		(220,633)	-	5,258
Profit/(loss) after taxation and total comprehensive income/(expense)		407,509	(6,465)	(497,404)
Attributable to:				
Equity holders of the company		263,192	(94,536)	(554,320)
Non- controlling interests		144,317	88,071	56,916
Basic and diluted profit/(loss) per share				
- Basic and diluted – continuing operations	3	0.06p	(0.02p)	(0.09p)
- Basic and diluted – operations reclassified as held for sale		(0.03p)	0.00p	0.00p
- Total basic and diluted profit/(loss) per share		0.03p	(0.02p)	(0.09p)

Statement of Financial Position

As at 30 June 2016

	Unaudited 30 June 2016	Unaudited 30 June 2015	Audited 31 December 2015
	£	£	£
Assets			
Non-Current Assets			
Property, plant and equipment	120,119	131,103	107,477
Intangible assets	638,780	1,317,457	1,276,407
Investments	1,243,785	581,586	790,883
Investments in associate	-	295,699	-
	<u>2,002,684</u>	<u>2,325,845</u>	<u>2,174,767</u>
Current Assets			
Trade and other receivables	492,743	1,937,290	620,260
Financial assets available for sale	-	111,379	1,860,773
Cash and cash equivalents	2,159,193	1,280,138	394,963
	<u>2,651,936</u>	<u>3,328,807</u>	<u>2,875,996</u>
Total Assets	<u>4,654,620</u>	<u>5,654,652</u>	<u>5,050,763</u>
Liabilities			
Liabilities of disposal group classified as held for sale	-	-	107,926
Trade and other payables	277,520	1,029,973	720,402
	<u>277,520</u>	<u>1,029,973</u>	<u>828,328</u>
Total Liabilities	277,520	1,029,973	828,328
Net Assets	<u>4,377,100</u>	<u>4,624,679</u>	<u>4,222,435</u>
Equity			
Share capital	1,354,838	1,351,624	1,351,624
Share premium	7,516,010	7,069,224	7,069,224
Revaluation reserve	11,176	-	8,275
Share option reserve	267,999	194,758	261,758
Foreign currency translation reserve	343,510	33,896	109,975
Profit and loss account	(5,283,008)	(4,960,452)	(5,751,366)
Attributable to equity holders of the company	<u>4,210,525</u>	<u>3,689,050</u>	<u>3,049,490</u>
Non-controlling interests	<u>166,575</u>	<u>935,629</u>	<u>1,172,945</u>
Total equity	<u>4,377,100</u>	<u>4,624,679</u>	<u>4,222,435</u>

Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital	Share premium	Revaluation reserve	Share option reserve	Foreign currency reserve	Profit and loss account	Total equity	Non-controlling interest	Total
	£	£	£	£	£	£	£	£	£
Balance at 1 Jan 2015	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 year	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	68,054	(319,100)	(251,046)
Profit for the 6 months to 30 June 2015	-	-	-	-	-	(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
Balance at 1 Jan 2015	1,348,580	6,525,522	-	127,758	87,870	(4,987,944)	3,101,786	1,166,658	4,268,444
Prior year adjustment	-	-	-	-	-	(255,050)	(255,050)	255,050	-
Shares issued in year	3,044	543,702	-	-	-	-	546,746	-	546,746
Share based payment charge	-	-	-	134,000	-	-	134,000	-	134,000
Revaluation of investment	-	-	8,275	-	-	-	8,275	-	8,275
Foreign Currency reserve	-	-	-	-	22,105	-	22,105	13,421	35,526
Acquisitions during the year	-	-	-	-	-	65,637	65,637	(319,100)	(253,463)
Loss for the year	-	-	-	-	-	(574,009)	(574,009)	56,916	(517,093)
Balance at 31 Dec 2015	1,351,624	7,069,224	8,275	261,758	109,975	(5,751,366)	3,049,490	1,172,945	4,222,435
Shares issued in the period	3,214	446,786	-	-	-	-	450,000	-	450,000
Share based payment charge	-	-	-	6,241	-	-	6,241	-	6,241
Revaluation of investment	-	-	2,901	-	-	-	2,901	-	2,901
Foreign Currency reserve	-	-	-	-	233,535	-	233,535	(29,316)	204,219
Share buyback	-	-	-	-	-	(23,900)	(23,900)	(973,795)	(997,695)
Profit for the period and total comprehensive income	-	-	-	-	-	492,258	492,258	(3,259)	488,999
Balance at 30 June 2016	1,354,838	7,516,010	11,176	267,999	343,510	(5,283,008)	4,210,525	166,575	4,377,100

Statement of Cash Flow

For the six months ended 30 June 2016

	Unaudited 6 Months to June 2016	Unaudited 6 Months to June 2015	Audited 12 months to December 2015
	£	£	£
Cash flows from operating activities			
Loss after taxation	423,923	54,914	(435,100)
Adjustments for:			
Depreciation and amortisation	6,172	9,489	20,451
Profit on sale of property, plant and equipment	-	-	3,854
Share based payments	6,241	67,000	134,000
(Gain)/Loss on disposal of investment	(665,035)	-	37,000
Dividend income	-	-	(88,383)
(Increase)/Decrease in trade and other receivables	789,411	(77,054)	951,826
Increase/(Decrease) in trade and other payables	(849,031)	(482,364)	(815,618)
Foreign exchange differences	(86,406)	5,423	(24,982)
Taxation	5,340	45,114	43,293
Income tax paid	(8,867)	(24,902)	(14,844)
Net cash used in operating activities	<u>(378,252)</u>	<u>(402,380)</u>	<u>(188,503)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(4,675)	(38,010)	(80,576)
Disposal of property, plant and equipment	-	-	102,221
Purchase of investments	-	-	(75,617)
Disposal of investments	2,709,678	-	-
Purchase of financial assets	-	(114,907)	-
Net cash used in investing activities	<u>2,705,003</u>	<u>(152,917)</u>	<u>(53,972)</u>
Cash flows from financing activities			
Net proceeds from issue of share capital	-	847	-
Share buyback	(808,811)	-	-
Net cash generated from financing activities	<u>(808,811)</u>	<u>847</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,517,940	(554,450)	(242,475)
Cash and cash equivalents at beginning of period	394,963	1,848,183	1,848,183
Cash and cash equivalents in disposal group at beginning of period	15,950	-	(1,287,573)
Effect of foreign exchange rate changes on cash and cash equivalents	230,340	(13,595)	76,828
Cash and cash equivalents at end of period	<u>2,159,193</u>	<u>1,280,138</u>	<u>394,963</u>

Notes to the Interim Results

For the six months ended 30 June 2016

1. General information

The financial information set out in this consolidated interim report for the six months ended 30 June 2016 and the comparative figures for the six months ended 30 June 2015 are unaudited. The financial information for the six months ended 30 June 2016 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 2015, prepared under International Financial Reporting Standards (IFRS), received an unmodified audit report, 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 2016 consolidated interim financial statements of Alpha Returns Group Plc are for the six months ended 30 June 2016. 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 2015.

The comparative figures for the six months ended 30 June 2015 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 2015 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 2015, as described in those financial statements and as expected to be adopted in the financial statements for the year ended 31 December 2016.

3. Earnings per share

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

In the six months to 30 June 2016, the exercise price of the options and warrants exceeded the average market price of ordinary shares in the period, thus there is no dilutive effect on the weighted average number of ordinary shares or the diluted earnings per share.

Earnings per share	Unaudited 6 Months to June 2016	Unaudited 6 Months to June 2015	Audited 12 months to December 2015
Net profit/(loss) for the period attributable to equity owners of the parent	263,192	(94,536)	(554,320)
Add: loss/(profit) from discontinued operations	220,633	-	(5,258)
Non-controlling interest in discontinued operations	(66,190)	-	1,577
Net profit/(loss) for the period attributable to equity owners of the parent from continuing operations	417,635	(94,536)	(558,001)
Weighted average number of shares in issue	676,959,503	649,515,679	654,029,897
Basic and diluted earnings per share	0.06p	(0.02p)	(0.09p)

Notes to the Interim Results

For the six months ended 30 June 2016

4. Investments held at fair value through profit and loss

	Unaudited 6 Months to June 2016	Unaudited 6 Months to June 2015	Audited 12 months to December 2015
Non-current portion			
Fair value at 1 January 2016	790,883	583,720	583,720
Acquisitions	450,000	-	244,163
Net gain on disposal of investments	-	(2,134)	-
Impairment review	2,902	-	(37,000)
	<u>1,243,785</u>	<u>581,586</u>	<u>790,883</u>
Current portion			
Acquisitions	-	111,379	-
	<u>1,243,785</u>	<u>692,965</u>	<u>790,883</u>
Fair value at 30 June 2016	<u>1,243,785</u>	<u>692,965</u>	<u>790,883</u>
Categorised as:			
Level 1 – quoted investments	21,652	177,452	18,750
Level 3 – unquoted investments	<u>1,222,133</u>	<u>515,513</u>	<u>772,133</u>

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.

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Notes to the Interim Results

For the six months ended 30 June 2016

5. Investing Policy (continued)

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.