
28 September 2017

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

Unaudited Interim Results for the Six Months Ended 30 June 2017

Alpha Returns Group Plc today announces its unaudited interim results for the six months ended 30 June 2017.

Chairman’s Statement

Review of the Six Month Period ended 30 June 2017

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.

Shareholders have approved an updated Investing Policy at the AGM that allows the Company to invest in liquid securities in order to attain a highly-invested status and avoid cash drag to enhance portfolio returns.

The Company’s revised 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 2017 show a loss on continuing operations after taxation of **£96,209** (30 June 2016: profit £423,923, after including a gain on the disposal of the Company’s investment in Riche Bright Securities Ltd. (“RBSL”) of £665,035). The loss per share was **0.02p** (30 June 2016: profit 0.02p) from continuing operations. After a loss on translation of foreign subsidiaries of £47,496 (2016: gain £204,219) and loss from discontinued operations of £nil (2016: £220,633), loss after tax and total comprehensive expense was £143,705 (2016: profit £407,509) of which £191,492 (2016: profit £263,192) was attributable to equity holders of the Company.

Total revenue was **£2,190,877** (30 June 2016: £1,005,068).

At the end of the period under review net assets were £3,890,926, of which £3,552,885 were attributable to equity shareholders of the Company (31 December 2016: £4,047,479, attributable £3,757,225) giving net assets attributable to equity shareholders of approximately 0.5p per share. Included in this amount are cash and cash equivalents of £1,500,132.

Review of Operations

The Company’s investment portfolio presently includes a 52.5% interest in Singapore based Telistar, a 30% investment in PRC based Maxlife, and a 6.67% investment in Singapore based New Trend Lifestyle Group plc (AIM: NTLG).

Telistar has continued to perform to expectations, and the Company extended a long term loan to Telistar to fund business expansion. Trading at Maxlife has been difficult this year, and the Directors will continue to work with its management and monitor their progress.

The Company has also expanded its portfolio of listed securities in the period and the Directors plan to make additional investments this year.

Post Period Events

After the end of the period, the Company updated its Investment Policy at the AGM.

Board Changes

During the period we were pleased to welcome Brent Fitzpatrick to the Board as a Non-executive Director. Brent has considerable quoted company experience and brings a wealth of valuable experience to the Board.

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

Following the update of the Company's Investing Policy, we now seek to expand our investment portfolio and will update shareholders as developments are made.

Quattro Chan Interim Chairman

28 September 2017

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 2017

	Note	Unaudited 6 Months to 30 June 2017 £	Unaudited 6 Months to 30 June 2016 £	Audited 12 months to Dec 2016 £
Continuing operations				
Revenue		2,190,877	1,005,068	2,691,071
Cost of sales		(1,830,994)	(666,172)	(1,759,809)
Gross profit		359,883	338,896	931,262
Administration costs		(494,700)	(575,280)	(1,307,943)
Share based payments		-	(6,241)	(6,242)
Other income		71,649	53	88,924
Other losses		-	-	(201,499)
Operating (loss)		(63,168)	(242,572)	(495,498)
Gain on disposal of investments		-	665,035	-
(Loss)/Profit before financing		(63,168)	422,463	(495,498)
Finance cost		-	-	(26)
Finance income		4,098	236	1,144
Investment income		352	58	58
Gain on foreign exchange		468	6,506	38,710
Impairment loss		(37,500)	-	(193,750)
(Loss)/profit on continuing operations before taxation		(95,750)	429,263	(649,362)
Taxation		(459)	(5,340)	(11,278)
(Loss)/profit on continuing operations after taxation		(96,209)	423,923	(660,640)
Discontinued operations				
(Loss)/profit from operations reclassified as held for sale		-	(220,633)	476,097
(Loss)/profit after taxation		(96,209)	203,290	(184,543)
(Loss)/profit attributable to:				
Equity holders of the company		(136,208)	131,296	(420,824)
Non-controlling interest		39,999	71,994	236,281
(Loss)/profit after taxation		(96,209)	203,290	(184,543)
(Loss)/Gain on translation of foreign subsidiaries		(47,496)	204,219	383,468
Available for sale financial assets		-	-	4,573
Profit/(loss) after taxation and total comprehensive income/(expense)		(143,705)	407,509	203,498
Total comprehensive income attributable to:				
Equity holders of the company		(191,492)	263,192	146,595
Non- controlling interests		47,787	144,317	56,903
Basic and diluted profit/(loss) per share				

Statement of Comprehensive Income

For the six months ended 30 June 2017

- Basic and diluted – continuing operations	3	(0.02p)	0.02p	(0.06p)
- Basic and diluted – operations reclassified as held for sale		-	(0.03p)	0.07p
- Total basic and diluted profit/(loss) per share		(0.02p)	(0.01p)	0.01p

Statement of Financial Position

As at 30 June 2017

	Unaudited 30 June 2017 £	Unaudited 30 June 2016 £	Audited 31 December 2016 £
Assets			
Non-Current Assets			
Property, plant and equipment	85,938	120,119	86,793
Intangible assets	638,780	638,780	638,780
Investments	995,076	1,243,785	856,008
	1,719,794	2,002,684	1,581,581
Current Assets			
Trade and other receivables	1,225,930	492,743	820,201
Cash and cash equivalents	1,500,132	2,159,193	2,149,378
	2,726,062	2,651,936	2,969,579
Total Assets	4,445,856	4,654,620	4,551,160
Liabilities			
Trade and other payables	554,930	277,520	503,681
	554,930	277,520	503,681
Total Liabilities	554,930	277,520	503,681
Net Assets	3,890,926	4,377,100	4,047,479
Equity			
Share capital	1,354,839	1,354,838	1,354,839
Share premium	7,516,009	7,516,010	7,516,009
Revaluation reserve	-	11,176	12,848
Share option reserve	268,000	267,999	268,000
Foreign currency translation reserve	(21,713)	343,510	33,571
Profit and loss account	(5,564,250)	(5,283,008)	(5,428,042)
Attributable to equity shareholders of the company	3,552,885	4,210,525	3,757,225
Non-controlling interests	338,041	166,575	290,254
Total equity	3,890,926	4,377,100	4,047,479

Statement of Changes in Equity

For the six months ended 30 June 2017

	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 2016	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 year	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 6 months to 30 June 2016	-	-	-	-	-	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
Balance at 1 Jan 2016	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 year	3,215	446,785	-	-	-	-	450,000	-	450,000
Share based payment charge	-	-	-	6,242	-	-	6,242	-	6,242
Revaluation of investment	-	-	4,573	-	-	-	4,573	-	4,573
Foreign Currency reserve	-	-	-	-	562,846	-	562,846	(179,378)	383,468
Change in minority interest	-	-	-	-	(639,250)	744,148	104,898	(939,594)	(834,696)
Loss for the year	-	-	-	-	-	(420,824)	(420,824)	236,281	(184,543)
Balance at 31 Dec 2016	1,354,839	7,516,009	12,848	268,000	33,571	(5,428,042)	3,757,225	290,254	4,047,479
Balance at 1 Jan 2017	1,354,839	7,516,009	12,848	268,000	33,571	(5,428,042)	3,757,225	290,254	4,047,479
Revaluation of investment	-	-	(12,848)	-	-	-	(12,848)	-	(12,848)
Foreign Currency reserve	-	-	-	-	(55,284)	-	(55,284)	7,788	(47,496)
Loss for the period and total comprehensive income	-	-	-	-	-	(136,208)	(136,208)	39,999	(96,209)
Balance at 30 June 2017	1,354,839	7,516,009	-	268,000	(21,713)	(5,564,250)	3,552,885	338,041	3,890,926

Statement of Cash Flow

For the six months ended 30 June 2017

	Unaudited 6 Months to June 2017	Unaudited 6 Months to June 2016	Audited 12 months to December 2016
	£	£	£
Cash flows from operating activities			
Loss after taxation	(97,517)	423,923	(184,543)
Adjustments for:			
Depreciation and amortisation	6,393	6,172	52,430
(Loss) on sale of property, plant and equipment	-	-	(3,478)
Share based payments	-	6,241	6,242
Gain on disposal of investment	(29,288)	(665,035)	(495,170)
Impairment provision	37,500	-	193,750
Dividend income	(90)	-	(58)
(Increase)/Decrease in trade and other receivables	(205,971)	789,411	(309,841)
(Decrease)/Increase in trade and other payables	3,314	(849,031)	(27,317)
Foreign exchange differences	(94,414)	(86,406)	(76,892)
Interest received	(3,386)	-	(111)
Taxation	459	5,340	16,646
Income tax paid	(5,709)	(8,867)	(43,870)
Net cash used in operating activities	(388,709)	(378,252)	(872,212)
Cash flows from investing activities			
Purchase of property, plant and equipment	(6,310)	(4,675)	(16,286)
Disposal of property, plant and equipment	-	-	5,738
Purchase of investments	(199,892)	-	(550,000)
Disposal of subsidiary	-	2,709,678	3,366,820
Disposal of investment	40,925	-	-
Investment income	87	-	58
Interest income	3,273	-	111
Loans issued	(54,324)	-	-
Net cash used in investing activities	(216,241)	2,705,003	2,806,441
Cash flows from financing activities			
Net proceeds from issue of share capital	-	-	450,000
Share buyback	-	(808,811)	(858,663)
Net cash generated from financing activities	-	(808,811)	(408,663)
Net increase/(decrease) in cash and cash equivalents	(604,950)	1,517,940	1,525,566
Cash and cash equivalents at beginning of period	2,149,378	394,963	394,963
Cash and cash equivalents in disposal group	-	15,950	-
Effect of foreign exchange rate changes on cash and cash equivalents	(44,296)	230,340	228,849
Cash and cash equivalents at end of period	1,500,132	2,159,193	2,149,378

Notes to the Interim Results

For the six months ended 30 June 2017

1. General information

The financial information set out in this consolidated interim report for the six months ended 30 June 2017 and the comparative figures for the six months ended 30 June 2016 are unaudited. The financial information for the six months ended 30 June 2017 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 2016, 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 2017 consolidated interim financial statements of Alpha Returns Group Plc are for the six months ended 30 June 2017. 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 2016.

The comparative figures for the six months ended 30 June 2016 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 2016 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 2016, as described in those financial statements and as expected to be adopted in the financial statements for the year ended 31 December 2017.

3. Earnings per share

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

In the six months to 30 June 2017, 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 2017	Unaudited 6 Months to June 2016	Audited 12 months to December 2016
Net (loss)/profit for the period attributable to equity owners of the parent from continuing operations	(136,208)	131,296	(420,824)
Weighted average number of shares in issue	693,737,368	676,959,503	685,394,277
Basic and diluted earnings per share	(0.02p)	0.02p	(0.06p)

4. Investments held at fair value through profit and loss

	Unaudited 6 Months to June 2017	Unaudited 6 Months to June 2016	Audited 12 months to December 2016
Non-current portion			
Fair value at 1 January 2017	856,008	790,883	790,883
Acquisitions	199,892	450,000	550,000
Disposal of investments	(23,324)	-	(203,625)
Impairment review	(37,500)	2,902	(281,250)
	995,076	1,243,785	856,008

Notes to the Interim Results

For the six months ended 30 June 2017

Current portion

Acquisitions	-	-	-
Fair value at 30 June 2017	995,076	1,243,785	856,008
Categorised as:			
Level 1 – quoted investments	349,892	21,652	210,824
Level 3 – unquoted investments	645,184	1,222,133	645,184

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 consider opportunities at all stage of development with a 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;
- operating within an emerging industry with potential for rapid growth in sales;
- a trading history which reflects past profitability or potential for significant growth going forward;
- for developing companies, potential for increased profitability through expertise, economies of scale, savings and operation efficiencies; 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 where appropriate having regard to the size of the Company's investment, 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.

Notes to the Interim Results

For the six months ended 30 June 2017

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. The Company aims to structure its investments tax efficiently through the use of intermediate holdings vehicles in tax efficient jurisdictions.

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 or the amount to be invested in any project and the Company may undertake an investment which might 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.

In addition, the Company may from time to time invest in liquid securities in order to attain a highly-invested status and avoid cash drag to enhance portfolio returns. Such securities may include:

- Government debt and exchange-traded corporate bonds;
- Exchange-traded equity securities;
- Index funds and exchange-traded funds; and
- Mutual funds and other investment funds capable of redemption.

No more than fifty per cent. of the Company's gross assets will be invested in such liquid securities at the point of investment.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distributions via dividends. Given the focus on early stage investments, valuations will occur twice yearly to coincide with the preparation by the Company of its half-yearly report and annual accounts.

The Directors believe that their broad collective business and investing experience as set out on the Company's website will assist in the identification and evaluation of suitable opportunities and will enable the Company to achieve its investing objectives.