Alina
Holdings PLC

Interim report (unaudited)

Six months to 30 June 2023

Directors, Secretary and Advisers

Directors	C Duncan Soukup, Chairman Tim Donell (appointed 7 February 2022) Martyn Porter (appointed 20 May 2022)
Registered Office	Eastleigh Court Bishopstrow Warminster BA12 9HW
Company Secretary	Alasdair Johnston
Broker	Peterhouse Capital 3rd Floor 80 Cheapside London EC2V 6EE
Solicitors to the Company	Locke Lord (UK) LLP 201 Bishopsgate London EC2M 3AB Eversheds Sutherland One Wood Street London EC2V 7WS
Auditors	RPG Crouch Chapman LLP 5th Floor, 14-16 Dowgate Hill London EC4R 2SU
Registrars	Equiniti Limited Aspect House Spencer Street Lancing BN99 6QQ
Company website	www.alina-holdings.com

Contents

Highlights for the 6 months ended 30 June 2023

GROUP RESULTS 1H 2023 versus 1H 2022

Group Net Profit / (Loss) for the period	(£0.82m) vs. (£0.33m)
Group Earnings / (Loss) Per Share (both basic and diluted)*[1]	(3.62p) vs. (1.44p)
Reported Book value per share*[2]	£0.23 vs. £0.26
Net Cash	£1.5m vs. £1.1m
Available for sale financial assets	£1.9m vs. £2.7m

*[1] based on weighted average number of shares in issue of 22,697,397 (1H22: 22,697,397)
*[2] based on actual number of shares in issue as at 30 June 2023 of 22,697,397

- Gross Rental Income declined by 16% due to the sale of Shaw in April 2023 and increased vacancy rates at Hastings.
- Hastings is currently being refurbished following the departure of Argos (now part of J Sainsbury PLC). The refurbishment process has been delayed due to the need for Asbestos Treatment. During remediation further incidence of Asbestos was identified, resulting in further delays as well as significantly more work and higher costs than originally forseen. Notwithstanding these delays, the Board is confident that gross rental income of the property should be substantially increased once works are completed in H2 2023.
- At Brislington, advanced stage architectural designs have been completed for the re-development of the site into a mix of commercial units and residential apartments. The Board believes that the project has good potential for planning consent as it will assist the local council in achieving their need for a substantial increase in Social Housing.
- Shares in investment holding HEIQ Plc were down 63% over the H1 2023 period. Subsequently, the Company failed to post its accounts on a timely basis, which has resulted in the suspension of its shares.
- During the period under review Book Value per share declined 14.5% from 26.9p as at 31 December 2022 to £23p per share.

Chairman’s Statement

Trading update
First Half 2023 results were disappointing due to the negative impact of refurbishment delays at the Hastings property and the decline in HEIQ shares. I am confident that once the refurbishment in Hastings is completed that the Company will find a solid tenant for the vacant unit at market rates, above what the previous tenant was paying. Notwithstanding the cyclical nature of all chemical companies, HEIQ’s performance has been more than disappointing, and the suspension of the Company’s shares, due to delayed Audit, is clearly very concerning.

Macro Background/Outlook
Western economies are in the eye of the storm, with stock market bulls and bears reacting (read over reacting!) to every snippet of economic news and comment from the FED and the ECB. China’s growth has stalled and the World waits to see what the impact will be on Western inflation and economic growth. Worryingly, inflation in Europe having shown signs of abaiting, now appears to be on the rise again.

Niall Fergusson, Bloomberg columnist and the Milbank Family Senior Fellow at the Hoover Instituion at Stanford University recently wrote…As Humpty Dumpty says to Alice: “When I use a word, it means just what I choose it to mean — neither more nor less.” Inflation has been above target for nearly two and a half years. Whenever it returns to 2%, we’ll be told: “That’s what we meant by transitory!”

The Company’s Board is still in the “Markets arer overvalued camp”, and believe that Central Bank fiddling and tinkering will eventually result in the likelihood of stagflation in the UK and Europe and, if they get lucky, only recession in US.

Recessions have a habit of creeping up on one and then falling off a cliff. Past downturns have taken longer than expected to manifest themselves, but when they arrive they invariable bring pain and a dose of sanity back to markets as they adjust to the new “normal”.

Given that the FED and ECB are still way behind the curve, their efforts to curb inflation are, in my opinion, ironically adding to inflation rather than killing it. The outcome will be a slow and painful death probably resulting in a longer recession, rather than the desired short sharp recessions which characterised the past couple of corrections. In our opinion, the current increase in interest rates will severly damage property prices in the US, UK and Europe (the greatest store of personal value for most families), which will ultimately result in a substantial stock market correction … that I and other (older!) participants have aluded to for some time.

Operations
Real Estate
Hastings: the detection of asbestos in Hastings has delayed the letting of the largest area of the property (nearly 50%). Remediation is, however, now nearing completion and the unit will shortly be available to rent, which should have the dual positive impact of reducing costs (the Company is currently paying rates) whilst also substantially increasing revenues. With regard to the upper floors, planning permission has been applied for, and we are currently awaiting consent from the local council for conversion to mixed residential and commercial use.

Bristol: the local council is currently carrying out recladding to the residential tower, which abuts our retail units. Unfortunately, refurbishment of the sdjoining property has been substantially delayed due to the scarcity of replacement cladding.

Staffordshire: the refurbishment of the last unlet unit at Company’s small residential property in Staffordshire is now nearing completion and the property will be put into auction in Q4 2023.

Holdings
1. DCI Advisors Ltd (DCI LN)

   https://www.dciadvisorsltd.com/index.html

   As at June 30 2023, ALNA owned ~3.2% of DCI Advisors Ltd., which is focused on the development of luxury leisure properties in the Eastern Mediteranean Greece, Cyprus and Croatia).

   The company has had a torrid life and has unsuccessfully been trying to wind down its property portfolio and return capital to shareholders for a number of years.

DCI shares are up +15% YTD, in anticipation of the potential sale of Company assets, whilst the share price movement is welcome we are disapointed with the Board's decision to use debt to fund working capital, which it can neither service nor repay unless the sale of property assets is successfully concluded…in an enviroment of increasing interest rates.

2. HEIQ plc (HEIQ LN)

https://www.heiq.com/investors/

We are decidedly annoyed with the situation at HEIQ. The company's shares have been suspended since 2 May 2023 due to the company's inability to file audited accounts for 2022, "as a result of the acquisition and implementation of new systems as well as changes to processes within the organisation. This has impacted the timing of the audit work, in this first year for the company's new auditor, Deloitte".

In both HEIQ's RNSs of 27 April 2023 and 2 May 2023 the company stated, "The Directors anticipate that the Company will be in a position to publish the audited report and accounts in the coming weeks." In its RNS of 2 May 2023, the company stated that "The company will provide further market updates around the expected timing of the annual results publication once its financial reporting and the audit work is sufficiently progressed". The coming weeks have come and gone, and it is now more than 4 months since HEIQ's shares were suspended and no further announcements have, to the best of our knowledge, been made which, given the number of acquisitions that the Company has made in the past 18 months, gives us substantial cause for concern.

Conclusion

The most recent inflation data might seem to suggest that warnings of a reprise of the 1970s were wrong. The optimists have been in the ascendancy since last spring's mini-banking crisis. Now, the consensus, with the exception of a few older, maybe wiser heads(?), suggest that the economy can return to the Fed's target of 2% rate of inflation without a recession. Lest we forget, pain-free disinflation was a recurring delusion of the 1970s which suffered painful (Central Bank induced) recessions in 1970, 1974-75 and 1980.

As a reminder for those too young to know, or too old to remember, monetary policy acts with long and variable time-lags. The time it takes from the moment the yield curve inverts (as happened in July 2022) to the start of a recession has historically ranged between 4 and 16 months. Higher interest rates impact an economy in multiple complex ways, but ultimately they are bad news for all indebted companies or individuals who need to refinance their liabilities in an environment of rising interest rates.

The idea that the West can recover from the fiscal and monetary excesses of the past twenty years without economic pain seems like wishful thinking…unless, that is, you believe in miracles or fairy tales…which brings us back to Humpty Dumpty and Alice in Wonderland.

Duncan Soukup
Chairman
Thalassa Holdings Ltd
28 September 2023

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole as required by DTR 4.2.4 R;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Company’s strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

Duncan Soukup
Chairman
Thalassa Holdings Ltd
28 September 2023

Interim Condensed Consolidated Statement of Income

For the six months ended 30 June 2023

	Note	Six months ended 30 Jun 23 Unaudited £'000	Six months ended 30 Jun 22 Unaudited £'000	Year ended 31 Dec 22 Audited £'000
Gross rental income		165	196	351
Property operating expenses		(142)	(158)	(300)
Net rental income		**23**	**38**	**51**
Profit/Loss on disposal of investment properties		**-**	**-**	**4**
Profit/(loss) from change in fair value of investment holdings		(331)	(441)	563
Administrative expenses including non-recurring items		(373)	(297)	(604)
Operating loss before net financing costs		**(681)**	**(700)**	**14**
Depreciation		(2)	(2)	(3)
Financing income*		44	405	318
Financing expenses*		(182)	(30)	(470)
Share of profits of associated entities		-	-	5
Loss before tax		(821)	(327)	(136)
Taxation		-	-	-
Profit/(loss) for the year from continuing operations		**(821)**	**(327)**	**(136)**
Attributable to:				
Equity shareholders of the parent		(821)	(327)	(136)
		(821)	**(327)**	**(136)**
Earnings per share - GBP- pence (using weighted average number of shares)				
Basic and Diluted	3	**(3.62)**	**(1.44)**	**(0.60)**

The notes on pages 13 to 16 form an integral part of this consolidated interim financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 Jun 23 Unaudited £'000	Six months ended 30 Jun 22 Unaudited £'000	Year ended 31 Dec 22 Audited £'000
Profit/(loss) for the financial year	**(821)**	**(327)**	**(136)**
Total comprehensive income	**(821)**	**(327)**	**(136)**
Attributable to:			
Equity shareholders of the parent	(821)	(327)	(136)
Total Comprehensive income	**(821)**	**(327)**	**(136)**

The notes on pages 13 to 16 form an integral part of this consolidated interim financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	As at 30 Jun 23 Unaudited	As at 30 Jun 22 Unaudited	As at 31 Dec 22 Audited
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Investment properties	4	2,502	2,782	2,504
Investments in associated entities		5	-	5
Total non-current assets		**2,507**	**2,782**	**2,509**
Current assets				
Trade and other receivables		356	495	233
Available for sale financial assets	5	1,907	2,680	2,597
Investment properties held for sale		-	-	800
Cash and cash equivalents		1,503	1,129	873
Total current assets		**3,766**	**4,304**	**4,503**
Total assets		**6,273**	**7,086**	**7,012**
Liabilities				
Current liabilities				
Trade and other payables		673	856	591
Total current liabilities		**673**	**856**	**591**
Finance lease liabilities	6	324	324	324
Total non-current liabilities		**324**	**324**	**324**
Total liabilities		**997**	**1,180**	**915**
Net assets		**5,276**	**5,906**	**6,097**
Shareholders' Equity				
Share capital	8	319	319	319
Capital redemption reserve		598	598	598
Retained earnings		4,359	4,989	5,180
Total shareholders' equity		5,276	5,906	6,097
Total equity		**5,276**	**5,906**	**6,097**

The notes on pages 13 to 16 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 28 September 2023

Signed on behalf of the board by:

Duncan Soukup

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	As at 30 Jun 23 Unaudited £'000	As at 30 Jun 22 Unaudited £'000	As at 31 Dec 22 Audited £'000
Cash flows from operating activities			
Profit/(Loss) for the year before taxation	**(683)**	**(702)**	**14**
Gain from change in fair value of investment properties	-	-	(563)
(Profit)/Loss from change in fair value of head leases	-	-	(3)
(Profit)/Loss on disposal of investment properties	-	-	(4)
Decrease/(Increase) in trade and other receivables	(123)	90	22
(Decrease)/Increase in trade and other payables	82	458	164
Gain/(loss) on foreign exchange	(3)	144	126
Lease liability interest	(11)	(11)	(23)
Depreciation	801	2	-
Interest received	9	-	1
Interest paid	(3)	(17)	(19)
Profit from change in fair value of investments held for sale	(3)	(17)	191
Cash generated by operations	**66**	**(53)**	**(94)**
Taxation	-	-	-
Net cash flow from operating activities	**66**	**(53)**	**(94)**
Purchase of investments held for sale	(341)	(3,592)	(1,206)
Sale of investments held for sale	574	2,566	-
Unrealised Gain or (Loss) on Investment	331	441	-
Net Proceeds from sale of investment properties	-	-	403
Net cash flow in investing activities	**564**	**(585)**	**(803)**
Cash flows from financing activities			
(Increase)/reduction on head lease liabilities	-	-	3
Net cash flow from financing activities	**-**	**-**	**3**
Net increase in cash and cash equivalents	**630**	**(638)**	**(894)**
Cash and cash equivalents at the start of the year	873	1,767	1,767
Cash and cash equivalents at the end of the year	**1,503**	**1,129**	**873**

The notes on pages 13 to 16 form an integral part of this consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share Capital £'000	Capital redemption reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 31 December 2021	**319**	**598**	**5,316**	**6,233**
Loss for Period	-	-	(327)	(327)
Balance as at 30 June 2022	**319**	**598**	**4,989**	**5,906**
Total comprehensive income for the year	-	-	191	191
Balance as at 31 December 2022	**319**	**598**	**5,180**	**6,097**
Loss for Period	-	-	(821)	(821)
Balance as at 30 June 2023	**319**	**598**	**4,359**	**5,276**

The notes on pages 13 to 16 form an integral part of this consolidated interim financial information.

Notes to the Interim Condensed Consolidated Financial Information

1. General information

Alina Holdings PLC ("Alina" or the "Company") is a company registered on the Main Market of the London Stock Exchange.

2. Significant Accounting policies

The Group prepares its accounts in accordance with applicable UK Adopted International Accounting Standards (IFRSs).

The accounting policies applied by the Company in this unaudited consolidated interim financial information are the same as those applied by the Company in its consolidated financial statements as at and for the period ended 31 December 2022 except as detailed below.

The financial information has been prepared under the historical cost convention, as modified by the accounting standard for financial instruments at fair value.

Estimates

There are no changes to the estimates since last reporting period.

Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reported to the chief operating decision maker to allocate resources to the segments and to assess their performance. Since the strategy review in July 2013 the Group has identified one operation and one reporting segment, being rental income in the UK, which is reported to the Board of directors on a quarterly basis. The Board of directors is considered to be the chief operating decision maker.

2.1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard No. 34, 'Interim Financial Reporting'. 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 Company as at and for the year ended 31 December 2022.

These condensed interim financial statements for the six months ended 30 June 2023 and 30 June 2022 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2022 are extracted from the 2022 audited financial statements. The independent auditor's report on the 2022 financial statements was not qualified.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.2. Going concern

The financial information has been prepared on the going concern basis as management consider that the Group has sufficient cash to fund its current commitments for the foreseeable future.

3. Earnings per share

	Six months ended 30 Jun 23 Unaudited	Six months ended 30 Jun 22 Unaudited	Year ended 31 Dec 22 Audited
The calculation of earnings per share is based on the following loss and number of shares:			
Profit/(loss) for the period (£'000)	**(821)**	**(327)**	**(136)**
Weighted average number of shares of the Company ('000)	**22,697**	**22,697**	**22,697**
Earnings per share:			
Basic and Diluted (GBP - pence)	(3.62)	(1.44)	(0.60)
Number of shares outstanding at the period end:	**22,697,397**	**22,697,397**	**22,697,397**

Notes to the Interim Condensed Consolidated Financial Information Continued

4. Investment Properties

	Freehold Investment Properties £000	Leasehold Investment Properties £000	Investment Properties Held for sale £000	Total £000
At 31 December 2021	**40**	**2,744**	**330**	**3,114**
Fair value adjustment - head leases	-	-	-	-
Depreciation - head leases	-	(2)	-	(2)
At 30 June 2022	**40**	**2,742**	**330**	**3,112**
Depreciation - head leases	-	(1)	-	(1)
Fair value adjustment - property	-	563		563
Reclassification of property for sale	-	(800)	800	-
Sale of property	(40)	-	(330)	(370)
At 31 December 2022	**-**	**2,504**	**800**	**3,304**
Fair value adjustment - head leases	-	-	-	-
Depreciation - head leases	-	(2)	-	(2)
Sale of property	-	-	(800)	(800)
At 30 June 2023	**-**	**2,502**	**-**	**2,502**

The Directors are pleased to announce the completion of sale on 26th April 2023 of the Oldham, Manchester property held for sale as at 31 December 2022.

	As at 30 Jun 23 Unaudited £000	As at 30 Jun 22 Unaudited £000	As at 31 Dec 22 Audited £000
Portfolio valuation	**2,168**	**2,445**	**2,968**
Investment Properties held for sale	**-**	**-**	**(800)**
Head leases treated as investment properties per IFRS 16	**334**	**337**	**336**
Total per Balance Sheet	**2,502**	**2,782**	**2,504**

Notes to the Interim Condensed Consolidated Financial Information Continued

5. Investment Holdings

The Group classifies the following financial assets at fair value through profit or loss (FVPL):-

Equity investments that are held for trading

	As at 30 Jun 23 Unaudited £000	As at 30 Jun 22 Unaudited £000	As at 31 Dec 22 Audited £000
Securities investments			
At the beginning of the period	1,749	1,783	1,783
Additions	1,117	2,844	5,532
Unrealised gain/(losses)	(385)	(169)	(211)
Disposals	(574)	(2,566)	(5,355)
	1,907	**1,892**	**1,749**
Investment Holdings			
Securities held	1,907	1,892	1,749
Portfolio Holdings	-	788	848
	1,907	**2,680**	**2,597**

Investments have been valued incorporating Level 1 inputs in accordance with IFRS7. They are a combination of cash and securities held with the listed broker.

Financial instruments require classification of fair value as determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

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);

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For period ending 30 Jun 23, portfolio holdings cash balances have been reclassified to cash and cash equivalents.

6. Lease liabilities

Finance lease liabilities on head rents are payable as follows:	Minimum Lease Payment £000	Interest £000	Principal £000
At 30 June 2022	**3,018**	**(2,672)**	**346**
Movement in value	(12)	12	-
At 31 December 2022	**3,006**	**(2,660)**	**346**
Movement in value	(11)	11	-
At 30 June 2023	**2,995**	**(2,649)**	**346**
Short term liabilities	22	-	22
Long term liabilities	2,996	(2,672)	324
At 30 June 2022	**3,018**	**(2,672)**	**346**
Short term liabilities	22	-	22
Long term liabilities	2,984	(2,660)	324
At 31 December 2022	**3,006**	**(2,660)**	**346**
Short term liabilities	22	-	22
Long term liabilities	2,973	(2,649)	324
At 30 June 2023	**2,995**	**(2,649)**	**346**

In the above table, interest represents the difference between the carrying amount and the contractual liability/cash flow. All leases expire in more than five years.

Notes to the Interim Condensed Consolidated Financial Information Continued

7. Related party balances and transactions

As at the period end the Group owed £49,886.70 (December 2022: £17,073, June 2022: £49,303) to Thalassa Holdings Limited ("Thalassa"), a company under common directorship. The balance relates to accounting and registered office services supplied to the Group by Thalassa at cost. The total amount is treated as an unsecured, interest free loan made repayable on demand.

During the period the Group accrued £75,755 (December 2022: £155,000, June 2022: £88,887) for consultancy and administrative services provided to the Group by a company in which the Chairman has a beneficial interest. The balance owed by the Group at the period end date was (£33,245) (December 2022: £717, June 2022: £88,887).

Athenium Consultancy Ltd, a company in which the Group owns shares invoiced the group for financial and corporate administration services totaling £90,750 for the period (Jun 2022: £82,500).

8. Share capital

	As at 30 Jun 23 Unaudited £	As at 30 Jun 22 Unaudited £	As at 31 Dec 22 Audited £
Allotted, issued and fully paid:			
22,697,397 ordinary shares of £0.01 each	226,970	226,970	226,970
9,164,017 treasury shares of £0.01 each	91,640	91,640	91,640
Total Share Capital	**318,610**	**318,610**	**318,610**

During the year to 30 September 2019, the Company underwent a Court approved restructure of capital and buy back of shares. Under this action the issued 20p shares were converted to 1p; capital reserves were transferred to distributable reserves; 59,808,456 shares were repurchased, and a new Capital Redemption Reserve of £0.598m was established.

Investment in Own Shares

At the year-end, 9,164,017 shares were held in treasury (June 2022: 9,164,017), and at the date of this report 9,164,017 were held in treasury.

9. Subsequent events

There were no subsequent events.

10. Copies of the Interim Report

The interim report is available on the Company's website: www.alina-holdings.com.