

Alina

Holdings PLC

Interim report

Six months to 30 June 2022

Directors, Secretary and Advisers

Directors	C Duncan Soukup, Chairman Gareth Edwards (resigned 7 February 2022) 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 DWF LLP No. 2 Lochrin Square 96 Fountainbridge Edinburgh EH3 9QA
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
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 2022	4
Chairman’s Statement.....	5
Responsibility Statement	7
Interim Condensed Consolidated Statement of Income	8
Interim Condensed Consolidated Statement of Comprehensive Income	9
Interim Condensed Consolidated Statement of Financial Position	10
Interim Condensed Consolidated Statement of Cash Flows.....	11
Interim Condensed Consolidated Statement of Changes in Equity	12
Notes to the Interim Condensed Consolidated Financial Information	13
Notes to the Interim Condensed Consolidated Financial Information Continued	14
Notes to the Interim Condensed Consolidated Financial Information Continued	15
Notes to the Interim Condensed Consolidated Financial Information Continued	16

Highlights for the 6 months ended 30 June 2022

GROUP RESULTS 1H 2022 versus 1H 2021

Group Net Profit / (Loss) for the period	(£0.33m) vs. (£0.08m)
Group Earnings / (Loss) Per Share (both basic and diluted)* ¹	(1.44p) vs. (0.36p)
Reported Book value per share* ²	£0.26 vs. £0.28
Net Cash	£1.1m vs. £2.9m
Investment Holdings	£2.7m vs. £1.1m

*¹ based on weighted average number of shares in issue of 22,697,397 (1H21: 22,697,397)

*² based on actual number of shares in issue as at 30 June 2022 of 22,697,397

Chairman's Statement

Trading update

The Company's hedging strategy served its purpose and partially protected ALNA shareholders during the first half of 2022, thereby reducing the impact of mark-to-market declines in the Companies quoted holdings. Both of the Company's two largest holdings Dolphin Capital Investors (DCI LN) and HEIQ (HEIQ LN) traded lower, like many small cap. company shares, on lack of interest, rather than on concerted selling.

Macro Background

Global Technology stock took the full brunt of the 2022 correction on the chin, which has seen Cathie Woods' ARK Innovation ETF give back virtually all its ~383% gain and which is now down ~74% since peaking in December 2021. Many of ARK's investments had no earnings or were trading on triple digit p/e multiples. Many of the major stock market indices have performed badly but not as badly as the investment vehicles with substantial exposure to "Story Stocks". At the time of writing, the Dow Jones Index is down Year to Date ("YTD") 15.29%, the S&P 500 is down 51% and the NASDAQ Index is down 29.19%. whilst European Indices are down YTD between ~7% and ~22%.

Macro Outlook

Your Board is not convinced by the Markets recent rally, but take the view that there is another leg down in US and EU (incl. UK) Stock prices, which will be driven by research analysts reducing their overly optimistic earnings estimates for 2022, 2023 and 2024.

Analysts surveyed by Bloomberg are still estimating that S&P 500 earnings will increase from current level of 199.67 to 235.78, an increase of 18.08%, in 2022, by +5.22% in 2023, and by +9.02% in 2024. Given the fact that inflation is currently running at record levels, and our view that Central Bankers may well tighten too much, just as Western economic activity slows, we believe that analysts will rapidly start to reduce their 2022 Q3 and Q4, as well as 2023 and 2024, earnings estimates when they get back from their summer holidays.

Operations

Real Estate

We continue to actively manage the Company's realestate assets and a number of properties will be put up for sale in the second half of the year. In respect of the Hastings and Bristol properties, the Board has actioned a refurbishment and capital expenditure plan, which we believe will enhance both the yield and potential sale value of both properties.

Holdings

1. Dolphin Capital Investors Ltd (DCI LN)

https://www.dolphinci.com/?doing_wp_cron=1658743513.1735150814056396484375

ALNA currently owns ~3.2% of DCI, which is focused on the development of luxury leisure properties in the Eastern Mediterranean Greece, Cyprus and Croatia).

The company has had a torrid life and is currently trying to wind down its realestate portfolio and return capital to shareholders. DCI's most recently released (July 2022) fact sheet indicates that the current NAV of the company stands at 12p/share versus a market price of 3.15p (at the time of writing). Clearly the new Board are struggling to convince the market that the liquidation of the company's assets will return stated NAV!. Your Board has discounted the Company's stated NAV by 33%, and estimate NAV to be ±8p, which if achieved would result in excess of a 100% ROI.

2. HEIQ plc (HEIQ LN)

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

ALNA currently owns ~0.68% of HeiQ which is an IP creator and established global brand in materials and textile innovation, adding hygiene, comfort, protection and sustainability to the products we use every day.

HeiQ has a core chemical business, which in 2021 generated Revenues of \$57.9m and EBITDA of \$6.5m.

HeiQ has a pipeline of innovative and potentially disruptive products such as:

HEIQ AeonIQ, an innovative high-performance cellulose filament yarn that has for the first time in textiles the potential to replace polyester and nylon. Made from waste, recycled or reactor grown cellulosic biopolymers that bind carbon (CO₂) from the atmosphere. For every ton of polyester substituted by HeiQ AeonIQ, up to +5 tons of CO₂ can be reduced.

As of February 2022, only four months after we announced the project, AeonIQ had on-boarded two global brands, The LYCRA Company and HUGO BOSS, with total financial commitments (subject to milestone achievements) exceeding US\$10m.

HeiQ GrapheneX, a highly porous graphene membrane electronics, batteries and beyond.

Graphene is an atomically-thin, two-dimensional layer of carbon with unique properties, including exceptionally high strength, high conductivity, non-permeability, flexibility and chemical inertness. Permeable membrane materials are a critical feature in diverse filtration and separation applications that are essential to society and the environment. Membrane performance is determined by material strength, minimal permeation resistance to the substances being filtered and separated, and other material properties such as conductivity and wettability. HeiQ aims to create an ultra-thin, extra-strong, fully-permeable and conductive porous graphene membrane material for use in applications such as batteries and filtration that enable positive global impact in resource efficiency, health and sustainability.

Conclusion

We remain cautious on the macro-economic outlook, and do not believe it is safe to get back into the water yet. Having said that, we continue to research and find potentially interesting businesses at increasingly appealing valuations as investor interest dwindles with the increasing expectation of recession.



Duncan Soukup

Chairman
Thalassa Holdings Ltd
1 August 2022


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
1 August 2022

Interim Condensed Consolidated Statement of Income

For the six months ended 30 June 2022

	Note	Six months ended 30 Jun 22 Unaudited £'000	Six months ended 30 Jun 21 Unaudited £'000	Year ended 31 Dec 21 Audited £'000
Gross rental income		196	218	437
Property operating expenses		(158)	(72)	(136)
Net rental income		38	146	301
Profit/(loss) from change in fair value of investment holdings		(441)	125	-
Administrative expenses including non-recurring items		(297)	(245)	(540)
Operating loss before net financing costs		(700)	26	(239)
Depreciation		(2)	(2)	(3)
Financing income*		405	54	23
Financing expenses*		(30)	(160)	(75)
Loss before tax		(327)	(82)	(294)
Taxation		-	-	-
Profit/(loss) for the year from continuing operations		(327)	(82)	(294)
Attributable to:				
Equity shareholders of the parent		(327)	(82)	(294)
		(327)	(82)	(294)
Earnings per share - GBP- pence (using weighted average number of shares)				
Basic and Diluted	3	(1.44)	(0.36)	(1.30)

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 2022

	Six months ended 30 Jun 22 Unaudited £'000	Six months ended 30 Jun 21 Unaudited £'000	Year ended 31 Dec 21 Audited £'000
Profit/(loss) for the financial year	(327)	(82)	(294)
Total comprehensive income	(327)	(82)	(294)
Attributable to:			
Equity shareholders of the parent	(327)	(82)	(294)
Total Comprehensive income	(327)	(82)	(294)

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 2022

	Note	As at 30 Jun 22 Unaudited £'000	As at 30 Jun 21 Unaudited £'000	As at 31 Dec 21 Audited £'000
Assets				
Non-current assets				
Investment properties	4	2,782	2,786	2,784
Total non-current assets		2,782	2,786	2,784
Current assets				
Trade and other receivables		495	466	255
Investment holdings	5	2,680	1,082	1,819
Investment properties held for sale		-	330	330
Cash and cash equivalents		1,129	2,920	1,767
Total current assets		4,304	4,798	4,171
Total assets		7,086	7,584	6,955
Liabilities				
Current liabilities				
Trade and other payables		856	815	398
Total current liabilities		856	815	398
Finance lease liabilities	6	324	324	324
Total non-current liabilities		324	324	324
Total liabilities		1,180	1,139	722
Net assets		5,906	6,445	6,233
Shareholders' Equity				
Share capital	10	319	319	319
Capital redemption reserve		598	598	598
Retained earnings		4,989	5,528	5,316
Total shareholders' equity		5,906	6,445	6,233
Total equity		5,906	6,445	6,233

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 1 August 2022.

Signed on behalf of the board by:



Duncan Soukup

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	As at 30 Jun 22 Unaudited £'000	As at 30 Jun 21 Unaudited £'000	As at 31 Dec 21 Audited £'000
Cash flows from operating activities			
Profit/(Loss) for the period before taxation	(702)	(82)	(239)
(Profit)/Loss from change in fair value of head leases	-	-	26
Net financing loss/(income)	-	117	(3)
Decrease/(Increase) in trade and other receivables	90	(83)	(27)
(Decrease)/Increase in trade and other payables	458	92	(168)
Gain/(loss) on foreign exchange	144	(95)	(44)
Lease liability interest	(11)	(11)	(22)
Depreciation	2	2	-
Interest paid	(17)	-	(6)
Profit from change in fair value of investments held for sale	(17)	(125)	(4)
Cash generated by operations	(53)	(185)	(487)
Taxation	-	-	-
Net cash flow from operating activities	(53)	(185)	(487)
Cash flows from investing activities			
Purchase of holdings	(3,592)	(957)	(1,993)
Sale of holdings	2,566	-	200
Unrealised Gain or (Loss) on holdings	441	-	-
Net cash flow in investing activities	(585)	(957)	(1,793)
Cash flows from financing activities			
(Increase)/reduction on head lease liabilities	-	(11)	(26)
Net cash flow from financing activities	-	(11)	(26)
Net increase(decrease) in cash and cash equivalents	(638)	(1,153)	(2,306)
Cash and cash equivalents at the start of the year	1,767	4,073	4,073
Cash and cash equivalents at the end of the year	1,129	2,920	1,767

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 2022

	Attributable to owners of the Company			
	Share Capital £'000	Capital redemption reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 31 December 2020	319	598	5,610	6,527
Loss for Period	-	-	(82)	(82)
Balance as at 30 June 2021	319	598	5,528	6,445
Total comprehensive income for the year	-	-	(212)	(212)
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

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 2021 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 2022 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 2021.

These condensed interim financial statements for the six months ended 30 June 2022 and 30 June 2021 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2021 are extracted from the 2021 audited financial statements. The independent auditor’s report on the 2021 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 22 Unaudited	Six months ended 30 Jun 21 Unaudited	Year ended 31 Dec 21 Audited
The calculation of earnings per share is based on the following loss and number of shares:			
Profit/(loss) for the period (£'000)	(327)	(82)	(294)
Weighted average number of shares of the Company ('000)	22,697	22,697	22,697
Earnings per share:			
Basic and Diluted (GBP - pence)	(1.44)	(0.36)	(1.30)
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	Total £000
At 31 December 2020	40	2,722	2,762
Fair value adjustment - head leases	-	26	26
Depreciation - head leases	-	(2)	(2)
At 30 June 2021	40	2,746	2,786
Fair value adjustment - head leases	-	(1)	(1)
Depreciation - head leases	-	(1)	(1)
At 31 December 2021	40	2,744	2,784
Fair value adjustment - head leases	-	-	-
Depreciation - head leases	-	(2)	(2)
At 30 June 2022	40	2,742	2,782

The six property assets held at 30 September 2020 were valued at that date by Allsop LLP. Two of the larger assets were subject to full RICS valuations, including site inspections, with the remainder subject to desktop updates of their previous carrying values. In view of the market uncertainty and the operational restrictions arising from the COVID-19 outbreak, the directors did not consider it appropriate to carry out a fresh valuation of the property portfolio at the half-year. The six properties contained in the portfolio were therefore continued to be recognised in the financial statements at their holding value in the Company's accounts at 30 September 2020. One property was considered to be held for sale and its holding value in the Company's accounts therefore took account of agreed pricing and sales costs. There were no sales during the period.

The Directors are pleased to announce the completion of sale of the Westcliff property held for sale as at 31 December 2020 and 2021, which was agreed under the previous board in 2019 and has taken this reporting period to finalise.

The Directors have concluded that they will be maintaining the valuation of the property portfolio at previous levels. The Board is also of the opinion that the carrying values, based on the "Red Book" valuation, do not reflect the real value of the properties. The Company's objective is still to liquidate the current portfolio of shopping assets which currently show a Gross Initial Yield of more than 16%, but only if a sale can achieve a sensible return in excess of the year end 2021 carrying value of £2.45m.

The Directors obtained pricing and yields of similar transactions made within the accounting period to December 2021 and compared them to the Gross Initial Yield stated above. In all cases the transactions that were measured came in at a lower value than that currently being achieved. As stated, although the data is below the Yield being achieved it was felt prudent to leave the valuations as they stand.

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and global economy. Despite the easing of restrictions, the future impact that COVID-19 might have on the real estate market gives that less certainty should be attached to the valuation than would normally be the case. A reconciliation of the portfolio valuation at 30 June 2022 to the total value for investment properties given in the Consolidated Balance Sheet is as follows:

	As at 30 Jun 22 Unaudited £000	As at 30 Jun 21 Unaudited £000	As at 31 Dec 21 Audited £000
Portfolio valuation	2,445	2,775	2,775
Investment Properties held for sale	-	(330)	(330)
Head leases treated as investment properties per IFRS 16	337	341	339
Total per Balance Sheet	2,782	2,786	2,784

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 22 Unaudited £000	As at 30 Jun 21 Unaudited £000	As at 31 Dec 21 Audited £000
Securities investments			
At the beginning of the period	1,783	-	-
Additions	2,844	957	1,957
Unrealised gain/(losses)	(169)	125	23
Disposals	(2,566)	-	(197)
	1,892	1,082	1,783
Investment Holdings			
Securities held	1,892	1,082	1,783
Portfolio Holdings	788	-	36
	2,680	1,082	1,819

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).

6. Lease liabilities

Finance lease liabilities on head rents are payable as follows:

	Minimum Lease Payment £000	Interest £000	Principal £000
At 30 June 2021	3,040	(2,694)	346
Movement in value	(11)	11	-
At 31 December 2021	3,029	(2,683)	346
Movement in value	(11)	11	-
At 30 June 2022	3,018	(2,672)	346
Short term liabilities	22	-	22
Long term liabilities	3,018	(2,694)	324
At 30 June 2021	3,040	(2,694)	346
Short term liabilities	22	-	22
Long term liabilities	3,007	(2,683)	324
At 31 December 2021	3,029	(2,683)	346
Short term liabilities	22	-	22
Long term liabilities	3,007	(2,683)	324
At 30 June 2022	3,029	(2,683)	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 £49,303 (December 2021: £nil, June 2021: £139,599) 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 was invoiced £88,887 (December 2021: £158,401, June 2021: £77,598) 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 £88,887 (December 2021: nil, June 2021: £77,598)

8. Share capital

	As at 30 Jun 22 Unaudited £	As at 30 Jun 21 Unaudited £	As at 31 Dec 21 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 2021: 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.