

Alina

Holdings PLC

Interim report

Six months to 30 June 2021

Directors, Secretary and Advisers

Directors	C Duncan Soukup, Chairman Gareth Maitland Edwards
Registered Office	Eastleigh Court, Bishopstrow Warminster BA12 9HW
Company Secretary	William Heaney (resigned 30.07.21)
Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
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

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Highlights for the 6 months ended 30 June 2021

GROUP RESULTS 1H 2021 versus 1H 2020

Group Net Profit / (Loss) for the period	(£0.08)m vs. (£0.21)m
Group Earnings / (Loss) Per Share (both basic and diluted)* ¹	(£0.36) vs. (£0.92)
Reported Book value per share* ²	£0.28 vs. £0.30
Net Cash	£2.9m vs. £4.1m

*¹ based on weighted average number of shares in issue of 22,697,000 (1H20: 22,697,000)

*² based on actual number of shares in issue as at 30 June 2021 of 22,697,000

Chairman's Statement

I am happy to present the unaudited interim accounts for the six months to 30 June 2021. Following the Company's readmission to the market and change of objectives, the Board has focused its efforts on reviewing potential new acquisitions whilst also managing the vestiges of the LSR property portfolio.

As shareholders may know, your board is not made up of what I would call, "property experts", which we think is a benefit, as we do not have any pre-, nor mis-conceptions of the value or opportunities of the Company's property assets. The current portfolio, which is not fully let is yielding in excess of 15%. Notwithstanding the yield and the Company's success in collecting in excess of 92% of rents during the duration of the Covid crisis, the Company's independent valuers, using the red-book method (akin to the car dealers' blue book!), have reduced their estimation of the value of the Company's assets. In the real world a portfolio of assets yielding 15% wouldn't be marked down when yielding 15%, unless of course interest rates were going through the roof, which they aren't...yet!

The Company's property portfolio includes shopping arcades in Oldham (nr Manchester), Brislington (Bristol) and Hastings (Sussex) where, as a reminder, England lost 1 – 0 to France in 1066.

Our 3 main properties are all leasehold for up to 186 years. Oldham has one vacant unit, where the tenant has vacated but is still paying, which we are working with them on re-leasing; Brislington is more or less fully let, needs some repairs but has some development potential, and Denmark Place in Hastings, where a major retailer, which has closed over 400 stores in the UK, has surrendered its lease, has ca. 9,000 sq. ft of available space. The good news is that the retailer was paying well below current market rates, and we believe that once cleaned up and repaired that we will be able to relet the property well above what we were previously receiving. Hastings may also have some expansion possibilities, which we are also investigating.

Given the above, we are not a seller at these levels.

As previously announced, the Company has dipped its toe into the leisure market and acquired 2.7% of Dolphin Capital Investors (DCI LON). DCI is a European Leisure business focused on developing high end hotels in the eastern Mediterranean (Greece and the surrounding area). DCI has lost its shareholders even more money than the previous board of Local Shopping REIT achieved...a record not to be proud of.

The shareholders of DCI voted some years ago to liquidate and return capital to shareholders. This process is still ongoing and will certainly take a few more years, in our opinion. Shareholders recently removed the previous board and are now working on accelerating the liquidation process. DCI's September 2021 NAV was 16p per share, as a going concern...which makes little sense to us when the company is in wind down mode. Nonetheless, we believe the break-up value of the Company is North of the current market price of 4.1p/share but South of 16p. We would be very happy to get out at 8p/share with a +100% gain on our cost or better. We do not, however, realistically believe that DCI shares will fetch 16p in liquidation. Time will tell.

The remainder of the Company's assets are in cash.

Conclusion

US markets are trading near their all-time highs, Chinese and Hong Kong markets are taking it on the chin. And interest rates are bouncing along the bottom of a pit whilst Central Bankers now have to find a way to wean drug addicts off free money...without causing a market collapse.

Dr Nouriel Roubini, (aka Dr Doom or Dr Realist, as he refers to himself) renowned for foreseeing the mortgage collapse which brought on the 2008 market collapse said, on 21 September 2021, that the post-pandemic world is heading for a repeat. His concern is that "We are in a debt trap" and in order to avoid a major market and economic collapse, Central Banks will inflate their way out of the situation they have created with, over time and inevitably, higher rates

and slower growth, with the potential for Stagflation.

Unfortunately, I agree with Dr Doom/Realist, the elastic band is awfully stretched and risks snapping; what will the ultimate catalyst be, remains to be seen but, in our opinion, snap it probably will.

From an investment point of view, therefore, given the above and the possibility of a fourth Covid wave...we are glad to maintain our cash balance and wait for prices to adjust to reflect a slowing economy.

Portfolio Valuation

The fair value of the property portfolio of six assets held at 30 June 2021 was £2.795 million (30 June 2020: six assets, £3.120 million, 31 December 2020: six assets, £2.795 million), based on the valuation provided by Allsop LLP, a firm of independent chartered surveyors, as at 30 September 2020. The holding value of the property assets in the Company's accounts was £2.775 million (30 June 2020: £3.100 million, 31 December 2021: £2.775 million), which took account of agreed pricing, where contracts for sale had been exchanged, and sales costs for all transactions in progress. The directors considered that it was not appropriate to undertake a further valuation of the property assets during the prevailing epidemic, bearing in mind the recent date of the previous valuation and the continuing unsettled state of the market. For the 30 September 2020 independent valuation, two of the larger assets were subject to full RICS valuations, with the remainder subject to desktop updates of their previous full valuations provided by Allsop LLP in July 2019. The holding value of the property assets in the financial statements takes account of the agreed pricing for disposal of the one remaining property considered to be held for sale and also incorporates the estimated transaction costs for the sale. On 30 June 2021 the aggregate holding value of the property investment portfolio in the Company's accounts, incorporating the adjustment for the value of head leases under IFRS 16, was £3.116 million (30 June 2020: £3.816 million, 31 December 2021: £3.092 million). On a like-for-like basis (excluding the value of properties disposed of during the year), the property valuation at 31 December 2020 showed a reduction on the 30 September 2019 valuation of 10.42%.

Dolphin Capital Investors (DCI LON)

Dolphin Capital Investors Ltd (www.dolphinci.com) has been a leading investor and developer in the luxury residential resort sector. Dolphin aims to dispose all of the company's assets by 31 December 2021.

https://www.dolphinci.com/wp-content/uploads/DCI-Fact-Sheet_September21.pdf

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
27 September 2021

Interim Condensed Consolidated Statement of Income

For the six months ended 30 June 2021

		Six months ended 30 Jun 21 Unaudited £	Six months ended 30 Jun 20 Unaudited £	15 months ended 31 Dec 20 Audited £
	Note			
Gross rental income		218	214	598
Property operating expenses		(72)	(28)	(159)
Net rental income		146	186	439
Profit/Loss on disposal of investment properties		-	5	1
Profit/(loss) from change in fair value of investment properties		-	-	(325)
Profit/(loss) from change in fair value of afs investments		125	-	-
Administrative expenses including non-recurring items		(245)	(277)	(489)
Operating loss before net financing costs		26	(86)	(374)
Depreciation		(2)	-	-
Financing income*		54	-	3
Financing expenses*		(160)	(123)	(94)
Loss before tax		(82)	(209)	(465)
Taxation		-	-	-
Profit/(loss) for the year from continuing operations		(82)	(209)	(465)
Attributable to:				
Equity shareholders of the parent		(82)	(209)	(465)
		(82)	(209)	(465)
Earnings per share - GBP- pence (using weighted average number of shares)				
Basic and Diluted	3	(0.36)	(0.92)	(2.05)

The notes on pages 11 to 14 form an integral part of this consolidated interim financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 Jun 21 Unaudited £	Six months ended 30 Jun 20 Unaudited £	15 months ended 31 Dec 20 Audited £
Profit/(loss) for the financial year	(82)	(209)	(465)
Other comprehensive income:			
Total comprehensive income	(82)	(209)	(465)
Attributable to:			
Equity shareholders of the parent	(82)	(209)	(465)
Total Comprehensive income	(82)	(209)	(465)

The notes on pages 11 to 14 form an integral part of this consolidated interim financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30 Jun 21 Unaudited £	As at 30 Jun 20 Unaudited £	As at 31 Dec 20 Audited £
Assets				
Non-current assets				
Investment properties	4	2,786	3,139	2,762
Available for sale financial assets	5	1,082	-	-
Total non-current assets		3,868	3,139	2,762
Current assets				
Trade and other receivables		466	348	228
Investment properties held for sale		330	330	330
Cash and cash equivalents		2,920	4,050	4,073
Total current assets		3,716	4,728	4,631
Total assets		7,584	7,867	7,393
Non-current liabilities				
Finance lease liabilities	6	(324)	(350)	(300)
Total non-current liabilities		(324)	(350)	(300)
Liabilities				
Current liabilities				
Trade and other payables		(815)	(694)	(566)
Total current liabilities		(815)	(694)	(566)
Total liabilities		(1,139)	(1,044)	(866)
Net assets		6,445	6,823	6,527
Shareholders' Equity				
Share capital	10	319	319	319
Capital redemption reserve		598	598	598
Retained earnings		5,528	5,906	5,610
Total shareholders' equity		6,445	6,823	6,527
Total equity		6,445	6,823	6,527

The notes on pages 11 to 14 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 27 September 2021.

Signed on behalf of the board by:



Duncan Soukup

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	As at 30 Jun 21 Unaudited £	As at 30 Jun 20 Unaudited £	As at 31 Dec 20 Audited £
Cash flows from operating activities			
Profit/Loss for the period before taxation	(82)	(209)	(465)
Loss from change in fair value of investment properties	-	-	325
Gain from change in fair value of afs	(125)	-	-
Loss from change in fair value of head leases	-	-	48
Net financing loss/(income)	117	123	91
(Profit)/Loss on disposal of investment properties	-	5	(1)
Decrease/ (Increase) in trade and other receivables	(83)	70	150
(Decrease)/ Increase in trade and other payables	92	204	146
Loss on foreign exchange	(95)	(123)	(57)
Lease liability interest	(11)	-	(26)
Depreciation	2	-	-
Interest paid	-	(6)	(7)
Interest received	-	1	3
Net cash flow from operating activities	(185)	65	207
Net proceeds from sale of investment properties	-	-	348
Net proceeds/(purchases) from available for sale investments	(957)	-	-
Net cash flow in investing activities	(957)	-	348
Cash flows from financing activities			
Reduction in head lease liabilities	(11)	-	(48)
Net cash flow from financing activities - continuing operations	(11)	-	(48)
			-
Net increase in cash and cash equivalents	(1,153)	65	507
Cash and cash equivalents at the start of the year	4,073	3,985	3,566
Cash and cash equivalents at the end of the year	2,920	4,050	4,073

The notes on pages 11 to 14 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 2021

	Attributable to owners of the Company				
	Share Capital £000	Reserves £000	Capital redemption reserve £000	Retained Earnings £000	Total £000
Balance as at 31 December 2019	319	-	598	6,115	7,032
Loss for Period	-	-	-	(209)	(209)
Balance as at 30 June 2020	319	-	598	5,906	6,823
Loss for Period	-	-	-	(296)	(296)
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

The notes on pages 11 to 14 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.

In December 2020 the Company changed its accounting reference date to 31 December in each year, following which it published an interim report for the six months to its previous accounting reference date of 30 September 2020. The comparative period reported on in this document is therefore the six months from the 1 January 2020 and 30 June 2020, thereby ensuring continuity in the Company’s financial reporting.

2. Significant Accounting policies

The Group prepares its accounts in accordance with applicable International Financial Reporting Standards (“IFRS”) as adopted by the UK.

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 2020 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 2021 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 2020.

These condensed interim financial statements for the six months ended 30 June 2021 and 30 June 2020 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2020 are extracted from the 2020 audited financial statements. The independent auditor’s report on the 2020 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 21 Unaudited	Six months ended 30 Jun 20 Unaudited	15 months ended 31 Dec 20 Audited
The calculation of earnings per share is based on the following loss and number of shares:			
Profit/(loss) for the period (£'000)	(82)	(209)	(465)
Weighted average number of shares of the Company ('000)	22,697	22,697	22,697
Earnings per share:			
Basic and Diluted (GBP - pence)	(0.36)	(0.92)	(2.05)

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 2019	40	3,099	3,139
Fair value adjustments	-	-	-
At 30 June 2020	40	3,099	3,139
Fair value adjustment - head leases	-	(48)	(48)
Depreciation - head leases	-	(4)	(4)
Fair value adjustments - property	-	(325)	(325)
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

Allsop LLP, a firm of independent chartered surveyors valued the Group's property portfolio at 30 September 2017, 31 March 2018, 30 September 2018 and 31 March 2019. On each of these dates Allsop LLP performed a full valuation of 25% of the Group's properties (including site inspections) and a desktop valuation of the remainder, such that all properties owned by the Group have been inspected and valued over the two-year period. The valuations, using assumptions regarding yield rates, void levels and comparable market transactions, were undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards on the basis of market value. Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

In July 2019 Allsop LLP carried out a full valuation (including site visits) on all the properties held at that date. In the light of that recent full valuation, for the 30 September 2019 financial statements the Company had desktop valuations prepared by Allsops for all the properties in the portfolio at that date, except for three properties which were considered to be held for sale and were therefore valued at their expected sale price less sales costs.

The six property assets held at 30 September 2020 were valued at that date by Allsop LLP. In line with the Company's established valuation policy, 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 therefore continue to be recognised in the financial statements at their holding value in the Company's accounts at 30 September 2020. One property is considered to be held for sale and its holding value in the Company's accounts therefore takes account of agreed pricing and sales costs. There were no sales during the period.

Material valuation uncertainty

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 2021 to the total value for investment properties given in the Consolidated Balance Sheet is as follows:

	As at 30 Jun 21 Unaudited £000	As at 30 Jun 20 Unaudited £000	As at 31 Dec 20 Audited £000
Portfolio valuation	2,775	3,100	2,775
Investment Properties held for sale	(330)	(330)	(330)
Head leases treated as investment properties per IFRS 16	341	369	317
Total per Balance Sheet	2,786	3,139	2,762

Notes to the Interim Condensed Consolidated Financial Information Continued

5. Available for sale investments

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 21 Unaudited £000	As at 30 Jun 20 Unaudited £000	As at 31 Dec 20 Audited £000
Available for sale investments			
At the beginning of the period	-	-	-
Additions	957	-	-
Unrealised gain/(losses)	125	-	-
Disposals	-	-	-
At period close	1,082	-	-

AFS 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 September 2019	3,074	(2,705)	369
Movement in value	(340)	292	(48)
At 30 December 2020	2,734	(2,413)	321
Head lease payment increase following rent review	317	(292)	25
Movement in value	(11)	11	0
At 30 June 2021	3,040	(2,694)	346
Short term liabilities	19	-	19
Long term liabilities	3,055	(2,705)	350
At 30 June 2020	3,074	(2,705)	369
Short term liabilities	21	-	21
Long term liabilities	2,713	(2,413)	300
At 31 December 2020	2,734	(2,413)	321
Short term liabilities	22	-	22
Long term liabilities	3,018	(2,694)	324
At 30 June 2021	3,040	(2,694)	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 £139,599 (December 2020: £99,700, June 2020: £18,400) to Thalassa Holdings Limited (“Thalassa”), a company under common directorship. The bulk of this sum related to legal fees settled by Thalassa but payable by the Group. The remainder related 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. The full amount was settled August 2021.

During the period the Group accrued £77,598 (December 2020: nil, June 2020: nil) for consultancy and administrative services provided to the Group by a company in which the Chairman has a beneficial interest.

8. Share capital

	As at 30 Jun 21 Unaudited £	As at 30 Jun 20 Unaudited £	As at 31 Dec 20 Audited £
Allotted, issued and fully paid:			
22,697,000 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 (September 2019: 9,164,017, June 2020: 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.