London Asia Capital plc
Annual report 30 June 2020

Contents

Strategic Report

Principal activity

The principal activity of the Group is that of an investment group focusing on China and other Asian markets.

The emphasis of the Group has been to maximise shareholder value by realising assets, resolving disputes where possible and find a way of maximising the value of our investment in Zhongying Changjiang International New Energy Investment Co., Ltd ("Zhongying").

Developments in the period

The Company has now resolved almost all the remaining issues arising from past events. In addition to the continuing effort to maximise the value of our investment in Zhongying, we are continuing to seek to recover its loan to Nourican Adriatic.

Trading performance

Loss before tax for the period is reported at £0.2 million (2018: £0.8 million). Basic earnings per share were 0.04 pence loss (2018: 0.14 pence loss).

Analysis of reported revenue and other income

	Jan 19-Jun 20	Jan -Dec 18
	£'000	£'000
Interest	4	10
Total income	**4**	**10**

Financial position

Our statement of financial position shows a decrease in net assets, which are currently £18.5 million (2018: £18.9 million). This is equal to 3.2 pence per share (2018: 3.2 pence per share). The table below provides an analysis of the Group's net asset position. Cash and cash equivalents comprise £0.07 million (2018: £1.5 million) which represents 0.4% (2018: 8%) of our stated net asset.

Analysis of the Group's net asset position

	Jun 2020	Dec 2018
	£'000	£'000
Property, plant and equipment	3	17
Unlisted investments	16,660	15,640
Cash	68	1,498
Other net trading balances	1,806	1,753
	18,537	**18,908**

Key performance indicators

The Board examines a number of Key Performance Indicators in evaluating the performance of the business. The most important of these are:

	Jun 2020	Dec 2018
Net asset decrease	(2%)	(4%)
Cash decrease	(95%)	(53%)

Strategic Report (continued)

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historic results. The Board monitors risks on an on-going basis and implements appropriate procedures and processes to try and mitigate the adverse consequences of such risks.

The business faces three principal risks:-

- the volatility of international markets, particularly in the Far East;
- the exposure to international currency fluctuations; and
- the uncertainty surrounding investments in China.

Going Concern

The Directors will continue to monitor the liquidity requirements of the company and to take such action as may be appropriate so that the Company continues to operate effectively for the foreseeable future.

This statutory strategic report was approved by the board of directors and was signed on their behalf by:

David Buchler
Chairman
31 March 2021

Report of the Directors

The directors present their annual report and the audited consolidated financial statements for the period ended 30 June 2020.

Please refer to the Strategic Report on pages 2 to 3 for the activities and likely future developments of the company and a discussion of the risks and uncertainties.

Results and dividends

The Group recorded a loss after tax of £0.4 million (2018: £0.8m).

The Directors do not recommend the payment of a dividend for the period ended 30 June 2020 (2018: £nil).

Directors

The following directors have held office during the period:

David Buchler
Paul Bobroff

Brief biographies of each of the Directors appear on page 9.

Substantial shareholdings

At 30 June 2020 the following interests exceed a 3% interest in the issued share capital of the Company. See table below.

Name of holder	Number of shares	% of issued share capital
Richpoint Group Overseas Limited	391,281,306	66.63
Laurent Tschopp Fiscalité et Conseils SA as trustee of the London Asia Capital plc Employee Benefit Trust	88,706,852	15.10

Directors' confirmation

Each of the persons who are directors at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors (continued)

The directors' report was approved by the board of directors and was signed on their behalf by:

Paul Bobroff
Managing Director
31 March 2021

Company Number: 03784771

Directors Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of London Asia Capital plc

Disclaimer of opinion

We have audited the financial statements of London Asia Capital plc ("the Parent Company") and its subsidiaries ("the group") for the period ended 30 June 2020 which comprise the Consolidated Statement of Financial Performance, the Consolidated Statement of Comprehensive Loss, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

We do not express an opinion on the accompanying financial statements of the group and the company. Because of the significance of the matter described in the basis of disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The directors' valuation of the group and company's unlisted investment, as set out in note 13 to the financial statements, is based on financial information provided by the investee company. We have not been able to obtain sufficient appropriate audit evidence to provide reasonable assurance over the valuation of the group and the company's unlisted investment.

We are consequently unable to satisfy ourselves as to valuation of the debt due from the London Asia Capital plc Employee Benefit Trust, as recoverability of that debt depends on the valuation of the unlisted investment referred to above. Therefore, we do not express an opinion on the balance in note 14.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

• the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

• the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, performed subject to the pervasive limitation described above, we have not identified material misstatement in the Strategic Report or the Report of the Directors.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Independent Auditors' Report to the Members of London Asia Capital plc

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Warren Weiss LLB, MSc, MA, FCA *(Senior Statutory Auditor)*

For and on behalf of Defries Weiss (Accountants) Limited

Statutory Auditor

311 Ballards Lane
London
N12 8LY

Dated 31 March 2021

Directors' Background, Directors and Advisers

David Buchler – aged 68

David is a Chartered Accountant and has some 36 years of experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, the UK's leading financial recovery and restructuring specialist, which was acquired by the Kroll Inc. Company in 1999, the world's leading risk mitigation firm. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, as well as a member of the Institute for Turnaround, Treasurer of INSOL International, Trustee of Syracuse University and until 2006, Vice-Chairman of Tottenham Hotspur Football Club. He has been a Director of a number of public companies and is currently a Director of the English National Opera.

Paul Bobroff - aged 68

Paul has over 30 years' experience of managing businesses. He was Managing Director of Markheath PLC for 20 years having founded the company and then taking it public where it specialised in property and corporate investment. He was also Chairman of Tottenham Hotspur PLC for 7 years during which time the Club became the first football club to float on the Stock Exchange.

He has been Managing Director of a diversified investment group for many years and since 2013 has been an integral member of the management of London Asia Capital PLC with particular involvement in the realisation of assets and the recovery of funds.

Directors

David Buchler (Executive Chairman)
Paul Bobroff (Managing Director)

Company Registration Number

03784771

Secretary and Registered Office

David Fordham
6 Grosvenor Street
London W1K 4PZ

Registrars

London Asia Capital plc
6 Grosvenor Street
London W1K 4PZ

Auditors

Defries Weiss (Accountants) Limited
311 Ballards Lane
London N12 8LY

Principal Bankers

HSBC Bank
Poultry & Princes Street Branch
27-32 Poultry
London EC2P 2BX

Consolidated Statements of Financial Performance
for the Period Ended 30 June 2020

	Note	Jan 19- Jun 20 £'000	Jan-Dec 2018 £'000
Revenue	3	4	10
Administrative expenses		(1,307)	(1,299)
Professional fees		(135)	(273)
Operating loss		**(1,438)**	**(1,562)**
Unrealised gain on revaluation of investments		1,020	680
Gain on disposal of investment fixed assets		8	-
Government grant income		38	-
Foreign exchange (losses)/ gains		(12)	55
Other operating income		13	-
Loss before taxation	5	**(371)**	**(827)**
Taxation	6	-	-
Loss for the period		**(371)**	**(827)**
Attributable to:			
Equity holders of the parent		(356)	(844)
Non-controlling interest		(15)	17
		(371)	**(827)**
Earnings per share	10	**Pence**	**Pence**
Basic		(0.06)	(0.14)
Diluted		(0.06)	(0.14)

All amounts are from continuing operations.

Consolidated Statement of Comprehensive Loss

	Jan 19- Jun 20 £'000	Jan-Dec 2018 £'000
Losses for the period	(356)	(844)
Those that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	-	4
Total comprehensive losses for period attributable to shareholders	**(356)**	**(840)**

The notes on pages 14 to 28 form an integral part of these financial statements.

Consolidated and Company Statements of Financial Position
as at 30 June 2020

	Note	Jun 2020 £'000 Group	Dec 2018 £'000 Group	Jun 2020 £'000 Company	Dec 2018 £'000 Company
ASSETS					
Non-current assets					
Property, plant and equipment	11	3	17	3	17
Investment in subsidiaries	12	–	–	84	84
Investments	13	16,660	15,640	16,660	15,640
		16,663	**15,657**	**16,747**	**15,741**
Current assets					
Trade and other receivables	14	1,865	1,829	1,911	1,874
Cash and cash equivalents		68	1,498	68	1,498
		1,933	**3,327**	**1,979**	**3,372**
Total assets		**18,596**	**18,984**	**18,726**	**19,113**
LIABILITIES					
Current liabilities					
Trade and other payables	15	(59)	(76)	(3,454)	(3,716)
Total liabilities		**(59)**	**(76)**	**(3,454)**	**(3,716)**
Net Assets		**18,537**	**18,908**	**15,272**	**15,397**
EQUITY					
Share capital	16	18,630	18,630	18,630	18,630
Share premium account	16	21,330	21,330	21,330	21,330
Capital redemption reserve	16	10,828	10,828	10,828	10,828
Translation reserve	17	831	827	–	–
Retained loss	18	(33,193)	(32,837)	(35,516)	(35,391)
Equity attributable to equity holders of the parent		**18,426**	**18,782**	**15,272**	**15,397**
Non-controlling interest		**111**	**126**	**–**	**–**
Total Equity		**18,537**	**18,908**	**15,272**	**15,397**

The financial statements were approved by the Board and authorised for issue on 31 March 2021.

David Buchler
Director

Paul Bobroff
Director

The notes on pages 14 to 28 form an integral part of these financial statements.

Consolidated and Company Statements of Cash Flows as at 30 June 2020

	Note	Group Jun 2020 £'000	Group Dec 2018 £'000	Company Jun 2020 £'000	Company Dec 2018 £'000
Net cash used in operating activities	21	**(1,430)**	**(1,677)**	**(1,430)**	**(1,677)**
Investing activities					
Purchase of property, plant and equipment		-	(5)	-	(5)
Net cash used in investing activities		**(1,430)**	**(1,682)**	**(1,430)**	**(1,682)**
Net decrease in cash and cash equivalents		**(1,430)**	**(1,682)**	**(1,430)**	**(1,682)**
Cash and cash equivalents at beginning of period		**1,498**	**3,180**	**1,498**	**3,180**
Cash and cash equivalents at end of period		**68**	**1,498**	**68**	**1,498**

The notes on pages 14 to 28 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity as at 30 June 2020

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2018	18,630	10,828	21,330	827	(31,993)	19,622
Total comprehensive loss for 2018	–	–	–	4	(844)	(840)
Balance at 31 December 2018	**18,630**	**10,828**	**21,330**	**831**	**(32,837)**	**18,782**
Total comprehensive loss for the 18 months period	–	–	–	–	(356)	(356)
Balance at 30 June 2020	**18,630**	**10,828**	**21,330**	**831**	**(33,193)**	**18,426**

Company Statement of Changes in Equity as at 30 June 2020

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2018	18,630	10,828	21,330	(34,236)	16,552
Total comprehensive loss for 2018	–	–	–	(1,155)	(1,155)
Balance at 31 December 2018	**18,630**	**10,828**	**21,330**	**(35,391)**	**15,397**
Total comprehensive loss for the 18 months period	–	–	–	(125)	(125)
Balance at 30 June 2020	**18,630**	**10,828**	**21,330**	**(35,516)**	**15,272**

The notes on pages 14 to 28 form an integral part of these financial statements.

Notes to the Financial Statements for the Period Ended 30 June 2020

Note 1 General information

London Asia Capital plc is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 9. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 3. These financial statements are presented in pounds sterling, rounded to the nearest thousand.

The group's last accounting reference date was 31 December 2018. The accounting reference date has been extended to 30 June 2020 due to impact of Covid-19. Accordingly, the current financial statements are prepared for 18 months from 1 January 2019 to 30 June 2020. As a result, the comparative figures stated are not comparable.

New interpretations and revised standards effective for the period ended 30 June 2020

On 1 January 2019, the Group adopted the new standard IFRS 16: Leases. The adoption of this standard has had no impact on the accounting of any operating leases by the Group in the 18 months period ended 30 June 2020 or any comparatives.

Standards and interpretations issued but not yet effective
A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the period ended 30 June 2020. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the year of initial application. The most significant of these are:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use (effective for periods beginning on or after 1 January 2022).
- Amendment to IFRS 16 Covid-19-Related Rent Concessions (effective for periods beginning on or after 1 June 2020)

Note 2 Significant accounting policies

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The principal accounting policies adopted are set out below.

Property, plant and equipment
Computer equipment is stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis so as to write off the cost of the asset less residual value over the useful economic life, taken to be three years from the date of purchase.

Note 2 Significant accounting policies (continued)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and their share of changes in equity since the date of the combination. Losses applicable to them in excess of their interest in the subsidiary's equity are allocated to non-controlling interests.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

Investments
Investment in subsidiaries are included at cost.

Equity investments are recognised and derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

The Investments are classified as assets at fair value through profit and loss and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are included in net profit or loss for the period.

If the market for a financial asset is not active, or the asset is an unlisted security, fair values are established by using valuation techniques, discounted cash flow analysis and the valuation techniques commonly used by market participants.

Revenue recognition
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the income statement.

Assets and liabilities of subsidiary undertakings are translated at the rates of exchange ruling on the reporting date. Exchange differences arising on the translation of foreign equity investments are taken to reserves except to the extent that they are offset by corresponding differences arising on the translation of related borrowings.

Note 2 Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case it is recognised in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less appropriate allowances for credit losses over the expected lifetime of the asset.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

Significant judgements and sources of estimation uncertainty

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors are considered to be relevant. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Note 2 Significant accounting policies (continued)

Allowances for credit losses

The Group reviews the ageing analysis of trade and other receivables on a regular basis. No expected credit loss has been provided on the loan provide to the London Asia Employee Benefit Trust, but the Company does consider receivables to be in default based on observable internal or external information. A considerable amount of judgement is required in assessing the recoverability of receivables, including credit worthiness and collection history of counterparties. Deterioration in the counterparty's financial conditions may affect allowances for credit losses.

Note 3 Revenue

	Jan 19-Jun 2020 £'000	Jan-Dec 2018 £'000
Interest received	4	10
	4	**10**

Note 4 Business and geographical segments

For management purposes, the Group is currently organised as one operating division – investment activities. The Board of directors review the Group's internal reporting in order to assess performance and allocated resources. Operating segments have been identified by location of principal assets (in £'000):

Period ended 30 June 2020

	China	Mauritius	Hong Kong	United Kingdom	Total
Revenue	–	–	–	17	**10**
Assets by location of asset	16,660	–	–	1,936	**18,596**
Liabilities by location of liability	–	–	–	59	**59**

Year ended 31 December 2018

	China	Mauritius	Hong Kong	United Kingdom	Total
Revenue	–	–	–	10	**10**
Assets by location of asset	15,640	–	–	3,343	**18,984**
Liabilities by location of liability	–	–	–	76	**76**

Note 5 Loss before taxation

	June 2020 £'000	Dec 2018 £'000
Loss before taxation has been arrived at after charging:		
Net foreign exchange (losses)/gain	(12)	55
Depreciation charge	13	10
Auditors' remuneration – audit	9	18
Auditors' remuneration – tax compliance	–	3

Note 6 Taxation

	June 2020 £'000	Dec 2018 £'000
Current tax charge	–	–
Current tax reconciliation		
Losses before taxation	(371)	(827)
Current tax at 19% (2018: 19%)	(49)	(157)
Other disallowed items	(87)	(40)
Depreciation in excess of capital allowances	3	1
Results of subsidiaries not subject to taxation at 19% (2018: 19%)	30	(63)
Tax losses utilised in the period	(157)	(76)
Tax losses carried forward	260	335
Current tax charge	**–**	**–**

The Group has not recognised a UK deferred tax assets of £1,976,000 (2018: £1,884,000) in respect of losses on the grounds that recoverability of the assets is considered uncertain in the foreseeable future based on expected profitability.

Note 7 Staff costs

	Jan 19-Jun 2020	Jan-Dec 2018
	£'000	£'000
Wages and salaries (including directors' emoluments)	787	755
Pension contribution	12	7
Social security costs	105	97
Total staff costs	**904**	**859**

Staff costs include the following emoluments in respect of the qualifying service of directors of the company:

Directors' emoluments	**540**	**540**

The highest paid director received emoluments of £281,000 (2018: £274,000).

There is no pension contribution included within Directors' emoluments (2018: £nil).

Employees

	Jan 19-Jun 2020	Jan-Dec 2018
	Number	Number
The average number of persons employed by the Group, including directors, during the period was:	6	8

The Directors are of the opinion that the key management of the Group comprises the Board of Directors who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Note 8 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not shown here.

The Company paid office accommodation costs of £90,000 (2018: £130,000) to Parkstone Capital Limited, a company where D. Buchler and P Bobroff are both directors. As at the period end a balance of £60,000 (2018: £nil) is included within other receivables.

The Company paid office support and IT services of £nil (2018: £26,000) to Parkstone Capital Limited during the period.

Note 9 Holding company results

The company has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 from presenting its own income statement. Net loss after taxation amounted to £125,000 (2018: £1,155,000 loss) has been included in the financial statements of the holding company.

Note 10 Earnings per share

Earnings	**Jan 19-Jun 2020 £'000**	**Jan-Dec 2018 £'000**
Loss for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	(371)	(827)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**587,213,731**	**587,213,731**
Earnings per share		
Basic (pence)	(0.06)	(0.14)
Diluted (pence)	(0.06)	(0.14)

Note 11 Tangible fixed assets

Cost	**£'000**
At 1 January 2018	37
Additions	5
At 31 December 2018	42
Additions	–
At 30 June 2020	**42**
Accumulated depreciation	
At 1 January 2018	15
Charge in the year	10
At 31 December 2018	25
Charge in the period	14
At 30 June 2020	**39**
Net book value	
At 31 December 2018	17
At 30 June 2020	**3**

Note 12 Investment in subsidiaries

The principal subsidiaries comprise:

Name	Place of incorporation	Method used to account for investments	Proportion of voting power and ownership interest
London Asia Capital (S) Pte Ltd	Singapore	Consolidation	100%
London Asia Investments Limited	Hong Kong	Consolidation	80%
Huang He Securities Limited	Hong Kong	Consolidation	99.70%
London Asia Limited	Hong Kong	Consolidation	99.998%

Analysis of movement during the period:

	Company Jun 2020 £'000	Company Dec 2018 £'000
Balance at beginning and end of period	84	84

Note 13 Investments

	Group Jun 2020 £'000	Group Dec 2018 £'000	Company Jun 2020 £'000	Company Dec 2018 £'000
Analysis of movement during the period:				
Opening balance	15,640	14,960	15,640	14,960
Unrealised gain on revaluation of investments	1,020	680	1,020	680
Balance at the end of period	**16,660**	**15,640**	**16,660**	**15,640**

Note 13 Investments (continued)

Unquoted Investments

Every unquoted investment held by the Group has been stated at nil value as at 30 June 2020 other than the investment in:

Zhongying Changjiang International New Energy Investment Co. Ltd ("Zhongying"), located in Wuhan, Hubei Province, China was established in 2005 under the terms of a Joint Venture Agreement ("JVA") between Wuhan Kaidi Investment Holdings ("Kaidi") and others. The Group owns a 20% stake in Zhongying and the remaining 80% was transferred to Sunshine Kaidi New Energy Group Co., Ltd in late 2017. Zhongying has a range of investments from property, coal mines and other investments in China.

In order to be compliant with IFRSs, the investment in Zhongying has been stated at Fair Value at the reporting date for £16,660,000. The valuation at 30 June 2020 has been determined using the same formula as the one applied in the previous year, which took into account of the terms of the Zhongying JVA which expires in 2035 and states that net assets of the company will be distributed to the shareholders in proportion to their equity interest, namely 20% for LAC.

More recent information has been brought to the Company's attention which purports to ascribe values to the Zhongying investment but this information is at present unverifiable. The directors will continue to review the position as and when new information comes to light and report accordingly.

The Fair Value for the investment in Zhongying has been determined as follows:

Directors believe that the Fair Value of Zhongying should reflect LAC's share of the net assets of £136,000,000, per the most recent financial information (being 31 December 2014); less a discount.

A 38.75% discount factor (2018: 42.5%) is considered to be applicable to the net asset value of Zhongying for the period to 30 June 2020. The discount factor applied is due to:

- There being no current yield from the investment; and
- Caution in presuming that there is a market for the shares.

	£'000
Fair value for Zhongying shareholding at 1 January 2019	15,640
Unrealised gain on revaluation of investments	1,020
Fair Value for Zhongying shareholding at 30 June 2020	**16,660**

Note 14 Trade and other receivables

	Group Jun 2020 £'000	Group Dec 2018 £'000	Company Jun 2020 £'000	Company Dec 2018 £'000
Other receivable	1,865	1,829	1,865	1,828
Amounts due from subsidiary companies	-	-	46	46
	1,865	**1,829**	**1,911**	**1,874**

Included within other receivables is a loan provided to the London Asia Capital plc Employee Benefit Trust of £1,777,000 (2018: £1,777,000) set up for the purpose of acquiring shares in the company. The loan was due to be repaid 30 October 2020 and remained unpaid, is unsecured and is interest free. The Group has not recognised an expected credit loss against other receivables, because there has been no indication for any recoverability issues.

The amounts due from subsidiary companies are unsecured, interest free and repayable on demand. Impairment consideration on amounts due from subsidiary companies is measured at an amount equal to lifetime expected credit losses. The Company has impaired 100% of any receivable balance due from subsidiaries which are in net liability positions at the reporting date. This has resulted in an impairment charge of £nil recorded in the Company (2018: £373,000).

Note 15 Trade and other payables

	Group Jun 2020 £'000	Group Dec 2018 £'000	Company Jun 2020 £'000	Company Dec 2018 £'000
Amounts due to subsidiary companies	–	–	3,395	3,489
Accruals and deferred income	15	26	15	26
Other taxation and social security	44	50	44	50
Other creditors	–	–	–	151
	59	**76**	**3,454**	**3,716**

The amounts due to subsidiary companies are unsecured, interest free and repayable on demand.

Note 16 Share capital and share premium

Allotted and issued:	Jun 2020 £'000	Dec 2018 £'000
229,508,582 Ordinary shares of 5p each (2018: 229,508,582)	11,475	11,475
357,705,149 Ordinary B shares of 2p each (2018: 357,705,149)	7,155	7,155
	18,630	**18,630**
Share premium	**21,330**	**21,330**
Shares gifted back and cancelled in 2009	**10,828**	**10,828**

Note 17 Translation reserve

	Group Jun 2020 £'000	Group Dec 2018 £'000
Balance at beginning of period	831	827
Current period movement	–	4
Balance at end of period	**831**	**831**

Note 18 Retained loss

	Group Jun 2020 £'000	Group Dec 2018 £'000	Company Jun 2020 £'000	Company Dec 2018 £'000
Balance at beginning of period	(32,837)	(31,993)	(35,391)	(34,236)
Net loss	(356)	(844)	(125)	(1,155)
Balance at end of period	**(33,193)**	**(32,837)**	**(35,516)**	**(35,391)**

Note 19 Financial risk management objectives and policies

The objective of the Company's policies is to manage the Company's financial risk, secure cost effective funding for the Company's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Company's financial assets and liabilities, on reported profitability and on the cash flows of the Company.

At 30 June 2020, the Company's financial instruments primarily comprise investments and cash and cash equivalents. Throughout the period under review, the Company has not traded in any other financial instruments. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Note 19 Financial risk management objectives and policies (continued)

Credit Risk

The risk of financial loss due to counterparty's failure to honour its obligations arises principally in connection with the investment of surplus cash.

Concentration of credit risk exists to the extent that at 30 June 2020, current account and short term deposits were held with two financial institutions, HSBC and Metrobank.

Interest Rate Risk

The Company is not significantly exposed to interest rate risk, as it has no borrowings and limited interest received on its cash and cash equivalents.

Sensitivity analysis

The following analyses illustrate the effect that specific changes could have had on our results in the June 2020 financial period. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the following table, which therefore should not be considered a projection of likely future events and losses.

Foreign currency risk

Group companies have their local currency as their functional currency. The Group policy has the objective of reducing exposure to revaluation of monetary assets and liabilities. Under the policy, material outstanding foreign currency balances arising from transactions in currencies other than a company's functional currency are not hedged but foreign currency exposure is monitored regularly by the Board.

Unlisted investments and corresponding liabilities have not been included due to documented uncertainties with the groups' principal investment.

Period ended 30 June 2020

	Singapore $'000	US$'000
Net foreign currency monetary assets	18	24

	Weakening of GBP		Strengthening of GBP	
	10%	**20%**	**10%**	**20%**
	£'000	**£'000**	**£'000**	**£'000**
Impact on equity gain/(loss)				
Singapore $	1	2	(1)	(2)
US $	2	4	(2)	(4)
Total	**3**	**6**	**(3)**	**(6)**

Note 19 Financial risk management objectives and policies (continued)

Financial Instruments hierarchy

The following table provides an analysis of financial instruments as at 30 June 2020 that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from 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: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments at 30 June 2020				
Investments	–	–	16,660	16,660
Financial instruments at 31 December 2018				
Investments	–	–	15,640	15,640

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company has sufficient cash and cash equivalents to meet its financial liabilities.

Capital Management

The primary objectives of the Company's capital management are:

- to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders; and
- to enable the Company to respond quickly to changes in market conditions and to take advantage of opportunities.

Note 20 Categories of financial assets and liabilities

The following tables set out the categories of the Group's financial assets and liabilities at the reporting date:

Financial assets	**Group Jun 2020 £'000**	**Group Dec 2018 £'000**
Financial assets at amortised cost:		
Trade and other receivables	1,865	1,829
Cash and cash equivalents	68	1,498
	1,933	3,327
Financial assets at fair value through profit and loss:		
Investments	16,660	15,640
	18,593	**18,967**

Financial liabilities	**Group Jun 2020 £'000**	**Group Dec 2018 £'000**
Liabilities at amortised cost		
Trade and other payables	59	76
	59	**76**

Note 21 Notes to the cash flow statement

	Group Jun 2020 £'000	Group Dec 2018 £'000	Company Jun 2020 £'000	Company Dec 2018 £'000
Loss for the period	**(371)**	**(827)**	**(125)**	**(1,155)**
Adjustments for:				
Depreciation charge	14	10	14	10
Unrealised gain on revaluation of investments	(1,020)	(680)	(1,020)	(680)
Operating cash flows before movements in working capital	**(1,377)**	**(1,497)**	**(1,131)**	**(1,825)**
(Increase)/decrease in trade and other receivables	(36)	43	(37)	105
Foreign exchange	-	4	-	-
(Decrease)/increase in trade and other payables	(17)	(227)	(262)	43
Net cash used in operating activities	**(1,430)**	**(1,677)**	**(1,430)**	**(1,677)**

Note 22 Contingent liabilities

As at the period end, there was an amount of £30,000 due to Higgins Fairbairn & Co which may become payable in certain defined circumstances.

Note 23 Legal proceedings, recoveries and disputes

1. Nourican $5,000,000 loan

The Company loaned Nourican Adriatic DOO US$ 5m in 2005. Following investigation and legal advice it is our view that this was a fraud perpetrated on the Company. It is clear that the loan proceeds were not used for their intended purpose, did not go into proper escrow with Raiffessenbank, were not repaid and have disappeared. Following the Company making a criminal complaint to the Croatian authorities, a meeting was held with the Croatian police in order to assist the Company in the recovery of the funds. Further action continues to be taken to enhance the prospect of recovery.

Our efforts to recover these funds are hampered by the lack of documentation from 2005 and the time that has since elapsed. However we are continuing our efforts and will continue to take such action as is necessary, proportionate to the costs incurred, to enhance our prospects of recovery.