London Asia Capital plc

Annual Report 2015

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 year

We have met the other shareholders of Zhongying on a number of occasions during the year to agree a solution to the current shareholding position. These discussions have now been concluded and a settlement agreement has been agreed in principle to settle all outstanding matters. The terms of the settlement agreement will have the effect of confirming our ownership of the balance of the Zhongying shareholding originally subscribed for but not fully paid. The principal terms of the settlement agreement are shown in Note 12 to these Financial Statements. Full details of the settlement agreement will be included in the Circular which will shortly be sent to all Shareholders.

During the year the Company established an Employee Benefit Trust. In the period to 31 December 2015 the Trust acquired some 34m shares in the Company from several hundred shareholders who had offered their shares for sale.

The board have continued to work hard on resolving issues arising from past events through continued consolidation of group transactions and assets into the parent company. Considering this alongside the recent advances in Zhongying negotiations, the directors feel an appropriate system of corporate governance and internal control has been maintained.

Trading performance

Loss before tax for the year is reported at £1.0 million (2014: £2.3 million). Basic earnings per share were 0.47 pence loss (2014: 0.82 pence loss).

Analysis of reported revenue and other income

	2015	2014
	£'000	£'000
Dividends	**–**	15
Interest	**4**	1
Total income	**4**	16

Financial position

Our statement of financial position shows a decrease in net assets which are currently £14.4 million (2014: £15.3 million). This is equal to 6.3 pence per share (2014: 6.7 pence per share). The table below provides an analysis of the Group's net asset position. Cash and listed investments comprise £4.0 million (2014: £5.9 million) which represents 28% of our stated net assets.

Analysis of the Group's net asset position

	2015	2014
	£'000	£'000
Property, plant and equipment	**1**	–
Unlisted investments	**13,600**	12,509
Cash	**3,986**	5,925
Other net Liabilities	**(3,218)**	(3,145)
	14,369	15,289

Included in 'other net liabilities' in 2015 is £4.0 million (2014: £3.1 million), representing the revised amount to be paid, including the unpaid share subscription of 30 million RMB, to Zhongying in the Settlement Agreement anticipated to be entered into in the near future.

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:

	2015	2014
Net asset decrease	**(6)%**	(12)%
Cash (decrease)/increase	**(33)%**	119%

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 have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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

David Buchler
Chairman
6 June 2016

Report of the Directors

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

Please refer to the Strategic Report on pages 3 to 4 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 £1.0 million (2014: £2.3m).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £nil).

Directors

The following directors have held office during the year:

David Buchler	
Fenton Higgins	(resigned 29 June 2015)
Peter Hewitt	(resigned 31 May 2015)
Stanley Simmonds	(resigned 15 April 2016)
Paul Bobroff	(appointed 27 May 2015)
Jiawei Li	(appointed 29 June 2015)

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

Substantial shareholdings

At 31 December 2015 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
Rock (Nominees) Limited	68,622,986	29.90
Laurent Tschopp Fiscalité et Conseils SA as trustee of the London Asia Capital plc Employee Benefit Trust	34,114,991	14.86
Nutraco Nominees Limited	15,425,000	6.72
Harewood Nominees Limited	10,750,000	4.68
Pershing Nominees Limited	10,450,000	4.55
Barclayshare Nominees Limited	8,198,521	3.57
Vidacos Nominees Limited	7,016,564	3.06

Included within the shares held by Rock (Nominee) Limited is the 29.9% held on behalf of Richpoint Group Overseas Limited.

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.

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

Paul Bobroff
Managing Director
6 June 2016

Company Number: 03784771

Directors Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 year. 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

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

We have audited the financial statements of London Asia Capital Plc for the year ended 31 December 2015 which are set out on pages 11 to 28. 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.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. Because of the matters described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Basis for disclaimer of opinion on financial statements

Until the settlement agreement as set out in note 12 to the financial statements is completed, we continue to be unable to obtain sufficient appropriate audit evidence to provide reasonable assurance over the ownership of the company's unlisted investment.

The directors' valuation of the company's unlisted investment as set out in note 12 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 company's unlisted investment.

Disclaimer of opinion on financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on other matters prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Arising from the limitation on 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 had been maintained.

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.

Mark Ayres
Senior Statutory Auditor

For and on behalf of Moore Stephens LLP,
Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

6 June 2016

Directors’ Background, Directors and Advisors

David Buchler – aged 64

David is a Chartered Accountant and has some 35 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 64

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.

Jiawei Li – aged 36

Jiawei Li is a qualified PRC lawyer. She has more than ten years of experience in the legal field, in particular the legal practices in respect of investment, M&A and financing. She is the general counsel of Sunshine Kaidi New Energy Group Co., Ltd which is one of the leading renewable energy companies in China with total assets valued at more than 40 billion RMB. She has also been the director of four North American subsidiaries of Kaidi group.

Directors

David Buchler (Executive Chairman)
Peter Hewitt (Non-Executive Director) – resigned 31 May 2015
Stanley Simmonds (Non-Executive Director) – resigned 15 April 2016
Fenton Higgins (Non-Executive Director) – resigned 29 June 2015
Paul Bobroff (Managing Director) – appointed 27 May 2015
Jiawei Li (Non-Executive Director) – appointed 29 June 2015

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

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Principal Bankers

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

Consolidated Statement of Financial Performance
for the Year Ended 31 December 2015

	Note	2015 £'000	2014 £'000
Revenue	3	**4**	16
Administrative and professional expenses	7	**(1,237)**	(1,180)
Operating loss		**(1,233)**	(1,164)
Realised losses on sale of investments		**–**	(916)
Unrealised gain on revaluation of investments		**1,091**	–
Costs relating to the settlement agreement	12,14	**(876)**	–
Foreign exchange losses		**(2)**	(203)
Loss before taxation	5	**(1,020)**	(2,283)
Taxation	6	**–**	–
Loss for the year		**(1,020)**	(2,283)
Attributable to:			
Equity holders of the parent		**(1,070)**	(1,877)
Non-controlling interest		**50**	(406)
		(1,020)	(2,283)
Earnings per share	9	**Pence**	Pence
Basic		**(0.47)**	(0.82)
Diluted		**(0.47)**	(0.82)

All amounts are from continuing operations.

The notes on pages 16 to 28 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Loss

	2015 £'000	2014 £'000
Losses for the year	**(1,070)**	(1,877)
Exchange differences on translation of foreign operations	**100**	207
Total comprehensive losses for year attributable to shareholders	**(970)**	(1,670)

The notes on pages 16 to 28 form an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2015

	Note	2015 £'000 Group	2014 £'000 Group	2015 £'000 Company	2014 £'000 Company
Property, plant and equipment	10	**1**	–	**1**	–
Investment in subsidiaries	11	**–**	–	**84**	84
Investments	12	**13,600**	12,509	**13,600**	12,509
Trade and other receivables	13	**861**	118	**1,108**	333
Cash and cash equivalents		**3,986**	5,925	**3,986**	5,918
		18,448	18,552	**18,779**	18,844
Trade and other payables	14	**(4,079)**	(3,263)	**(7,563)**	(6,850)
		14,369	15,289	**11,216**	11,994
Capital and reserves					
Share capital	15	**11,475**	11,475	**11,475**	11,475
Share premium account	15	**21,330**	21,330	**21,330**	21,330
Capital redemption reserve	15	**10,828**	10,828	**10,828**	10,828
Translation reserve	16	**541**	441	**–**	–
Retained loss	17	**(29,941)**	(28,871)	**(32,417)**	(31,639)
Equity attributable to equity holders of the parent		**14,233**	15,203	**11,216**	11,994
Non-controlling interest		**136**	86	**–**	–
		14,369	15,289	**11,216**	11,994

The financial statements were approved by the Board and authorised for issue on 6 June 2016.

David Buchler
Director

Paul Bobroff
Director

The notes on pages 16 to 28 form an integral part of these financial statements.

Statement of Cash Flows
as at 31 December 2015

	Note	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Net cash (used in)/from operating activities	20	**(1,253)**	(1,006)	**(1,246)**	2,152
Investing activities					
Loan provided to Employee Benefit Trust		**(685)**	–	**(685)**	–
Proceeds on disposal of investments		**–**	4,229	**–**	1,071
Purchase of property, plant and equipment		**(1)**	–	**(1)**	–
Net cash (used in)/from investing activities		**(686)**	4,229	**(686)**	1,071
Net (decrease)/increase in cash and cash equivalents		**(1,939)**	3,223	**(1,932)**	3,223
Cash and cash equivalents at beginning of year		**5,925**	2,702	**5,918**	2,695
Cash and cash equivalents at end of year		**3,986**	5,925	**3,986**	5,918

The notes on pages 16 to 28 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
as at 31 December 2015

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Translation Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2015	11,475	10,828	21,330	441	(28,871)	15,203
Total comprehensive loss for the year	–	–	–	100	(1,070)	(970)
Balance at 31 December 2015	**11,475**	**10,828**	**21,330**	**541**	**(29,941)**	**14,233**
Balance at 1 January 2014	11,475	10,828	21,330	234	(26,994)	16,873
Total comprehensive loss for the year	–	–	–	207	(1,877)	(1,670)
Balance at 31 December 2014	11,475	10,828	21,330	441	(28,871)	15,203

The notes on pages 16 to 28 form an integral part of these financial statements.

Notes to the Financial Statements
for the Year Ended 31 December 2015

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.

At the date of the statement of financial position the following Standards and Interpretations, which are applicable to the Group, were in issue but not yet effective:

IFRS 9 Financial Instruments

The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments other than the re-categorisation.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

IFRS 9 has not yet been endorsed by the European Union and no date has been set for its implementation, though it is included on the current European Financial Reporting Advisory Group IFRS endorsement status report.

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.

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

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, and are initially measured at cost, net of transaction costs except for those financial assets classified as assets at fair value through profit and loss which are initially measured at fair value.

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

Revenue is measured at the fair value of the consideration received or receivable and comprises dividends and interest received on investments (all net of discounts, VAT and other sales related taxes) and are accounted for on a receivables basis.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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.

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

Financial instruments are recognised in the Group's statement of financial performance when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

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

Impairment of financial assets

Financial assets, other than those assets at fair value through profit and loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Note 3 Revenue

	2015	2014
	£'000	£'000
Dividends	**–**	16
Interest received	**4**	–
	4	16

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):

Year ended 31 December 2015

	China	Mauritius	Hong Kong	Malaysia	Indonesia	United Kingdom	Total
Revenue	–	–	–	–	–	4	4
Assets by location of asset	13,600	2	110	–	–	4,736	18,448
Liabilities by location of liability	4,000	8	–	–	–	71	4,079

Year ended 31 December 2014

	China	Mauritius	Hong Kong	Malaysia	Indonesia	United Kingdom	Total
Revenue	–	–	–	16	–	–	16
Assets by location of asset	12,509	2	110	–	–	5,931	18,552
Liabilities by location of liability	3,123	8	6	–	–	126	3,263
Realised losses on sale of investments	–	–	–	(76)	(840)	–	(916)

Note 5 Loss before taxation

	2015 £'000	2014 £'000
Loss before taxation has been arrived at after charging:		
Net foreign exchange losses	**2**	203
Auditors' remuneration – audit	**25**	25
Auditors' remuneration – tax compliance	**4**	3

Note 6 Taxation

	2015 £'000	2014 £'000
Current tax charge	**–**	–
Current tax reconciliation		
Losses before taxation	**(1,020)**	(2,283)
Current tax at 20.25% (2014: 21.5%)	**(207)**	(491)
Other disallowed items	**6**	268
Results of subsidiaries not subject to taxation at 20.25% (2014: 21.5%)	**49**	540
Tax losses utilised in the period	**(80)**	(548)
Tax losses carried forward	**232**	231
Current tax charge	**–**	–

The Group has not recognised a UK deferred tax assets of £1,601,000 (2014: £1,420,000) 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 Administrative and professional expenses

Staff costs	2015 £'000	2014 £'000
Wages and salaries (including directors' emoluments)	**478**	510
Loss of office	**18**	18
Social security costs	**61**	61
Total staff costs	**557**	589

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

Directors' emoluments	**354**	242

The highest paid director received emoluments of £142,000 (2014: £131,000).

Directors' emoluments include £18,000 (2014: 18,000) relating to compensation for loss of office for one director.

Employees	2015 Number	2014 Number
The average number of persons employed by the Group, including directors, during the year was:	**5**	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.

Professional expenses	2015 £'000	2014 £'000
Total professional expenses	**365**	335

Note 8 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 £0.78m (2014: £1.58 profit) has been included in the financial statements of the holding company.

Note 9 Earnings per share

	2015 £'000	2014 £'000
Earnings		
Loss for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**(1,070)**	(1,877)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**229,508,582**	229,508,582
Effect of dilutive potential ordinary shares:		
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**229,508,582**	229,508,582
Earnings per share		
Basic (pence)	**(0.47)**	(0.82)
Diluted (pence)	**(0.47)**	(0.82)

Note 10 Tangible fixed assets

	Group and Company £'000
Cost and net book value	
At 1 January 2015	–
Additions	1
At 31 December 2015	**1**

Note 11 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%
London Asia Capital Limited	Mauritius	Consolidation	90%
Huang He Securities Limited	Hong Kong	Consolidation	99.70%
London Asia Limited	Hong Kong	Consolidation	99.98%

Analysis of movement during the year:

	Company 2015 £'000	Company 2014 £'000
Balance at beginning and end of year	**84**	84

Note 12 Investments

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Analysis of movement during the year:				
Opening balance	**12,509**	17,654	**12,509**	14,420
Disposals	**–**	(5,145)	**–**	(1,911)
Unrealised gain on revaluation of investments	**1,091**	–	**1,091**	–
Balance at the end of year	**13,600**	12,509	**13,600**	12,509

Unquoted Investments

Every unquoted investment held by the Group has been stated at nil value as at 31 December 2015 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. It has a range of investments from property, coal mines and other investments in China.

In 2005 the funding of the Joint Venture was agreed at a total of 1 billion RMB of which LAC's share was 20% (200 million RMB). LAC paid 170 million RMB and a liability of 30 million RMB was made for the balance. The previous years' LAC accounts showed the cost of the investment at £12,509,000, with an accrued liability for the unpaid capital of £3,123,000.

The Company has agreed in principle to pay £4,000,000 in full and final settlement of all amounts due, including 30 million RMB outstanding share subscription and any related interest due, with the settlement agreement anticipated to be entered into in the near future. The liability associated with the unpaid capital has been increased to take into account the agreed in principle settlement agreement of £4,000,000. This has resulted in one off settlement agreement costs for 2015 of £876,000. Full provision has been provided in these accounts (per note 14). On completion of the settlement agreement all disputes including any prospective litigation are brought to an end.

In order to be compliant with IFRS, the investment in Zhongying has been stated at fair value at the reporting date (2014: cost). The Directors have taken advice in arriving at a formula for fair value which is £13,600,000 million giving rise to an unrealised gain on revaluation of the investment of £1,091,000.

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

The Zhongying JVA expires in 2035 at which time it is agreed that the net assets of the company will be distributed to the shareholders in proportion to their equity interest, namely 20% for LAC.

Directors believe that the Fair Value of investment in Zhongying should reflect LAC's share of the net assets of £135,800,000, per the most recent financial information (being 31 December 2014); less a discount.

A 50% discount factor is considered to be applicable to the net asset value of Zhongying for the year to 31 December 2015. 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
Cost of Zhongying shareholding at 1 January 2015	12,509
Unrealised gain on revaluation of investments	1,091
Fair Value for Zhongying shareholding at 31 December 2015	**13,600**

Note 13 Trade and other receivables

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Other debtors	**861**	118	**859**	116
Amounts due from subsidiary companies	**–**	–	**249**	217
	861	118	**1,108**	333

Included within other debtors is a loan provided to the London Asia Capital plc Employee Benefit Trust of £685,000 (2014: £nil) set up for the purpose of acquiring shares in the company. The loan has an expiry date of 30 October 2020, is unsecured and is interest free.

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

Note 14 Trade and other payables

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Amounts due to subsidiary companies	**–**	–	**3,341**	3,454
Accruals and deferred income	**55**	119	**48**	102
Other taxation and social security	**24**	21	**24**	21
Other creditors	**4,000**	3,123	**4,150**	3,273
	4,079	3,263	**7,563**	6,850

Included within other creditors in 2015 is an amount of £4,000,000 (2014: £3,123,000) which represents the liability relating to the Zhongying Settlement Agreement. Note 12 contains further details.

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

Note 15 Share capital and share premium

	2015 £'000	2014 £'000
Allotted, issued and fully paid		
229,508,582 Ordinary shares of 5p each (2014: 229,508,582)	**11,475**	11,475
Share premium	**21,330**	21,330
Shares gifted back and cancelled in 2009	**10,828**	10,828

In 2009, the company was made aware that 9,276,398 shares in London Asia Capital plc were held by certain subsidiaries. As it is unlawful for shares of the parent company to be held by a subsidiary, action was taken to dispose of these shares in open market trades and 9,191,398 shares were sold. A subsidiary of the company still holds a total of 85,000 shares for which no buyer has been found.

Note 16 Translation reserve

	Group 2015 £'000	Group 2014 £'000
Balance at beginning of year	**441**	234
Current year movement	**100**	207
Balance at end of year	**541**	441

Note 17 Retained loss

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Balance at beginning of year	**(28,871)**	(26,994)	**(31,639)**	(33,219)
Net (loss)/profit	**(1,070)**	(1,877)	**(778)**	1,580
Balance at end of year	**(29,941)**	(28,871)	**(32,417)**	(31,639)

Note 18 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 Group paid a fee of £nil (2014: £252,440) to DB Consultants Ltd, a company where D. Buchler is a director and shareholder, following the realisation of assets.

The Company paid fees to Higgins Fairbairn & Co. in the sum of £96,000 for accounting, bookkeeping and investigative services (2014: £116,000). F. Higgins is a partner of Higgins Fairbairn & Co.

The Company paid a fee of £nil (2014: £60,000) to Templewood Partners LLP, a partnership where D. Buchler is a partner, for corporate finance advice and other related services.

The Company paid office rental costs of £75,000 (2014: £87,000) to Parkstone Capital Limited, a company where D. Buchler and P Bobroff are both directors.

The Company paid office support and IT services of £65,256 (2014: £69,802) to Parkstone Capital Limited during the year.

Note 19 Financial Instruments

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 31 December 2015 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.

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 31 December 2015 and 2014, current account and short term deposits were almost entirely held with one financial institution, HSBC. Maximum exposure to credit risk on cash and cash equivalents at 31 December 2015 was £4.0m (2014: £5.9m).

Interest Rate Risk

The Company is not significantly exposed to interest rate risk, as it has no borrowings.

Sensitivity analysis

The following analyses illustrate the effect that specific changes could have had on our results in the 2015 financial year. 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.

Year ended 31 December 2015

	Singapore $'000	US $'000
Net foreign currency monetary assets	2,454	3,789

	Weakening of GBP		Strengthening of GBP	
	10% £'000	20% £'000	10% £'000	20% £'000
Impact on equity gain/(loss)				
Singapore $	112	224	(112)	(224)
US $	250	500	(250)	(500)
Total	**362**	**724**	**(362)**	**(724)**

Financial Instruments hierarchy

The following table provides an analysis of financial instruments as at 31 December 2015 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 31 December 2015				
Investments	–	–	13,600	13,600

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments at 31 December 2014				
Investments	–	–	12,509	12,509

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 Notes to the cash flow statement

	Group Dec 2015 £'000	Group Dec 2014 £'000	**Company Dec 2015 £'000**	Company Dec 2014 £'000
(Loss)/profit for the year	**(1,020)**	(2,283)	**(778)**	1,580
Adjustments for:				
Unrealised gain on revaluation of investments	**(1,091)**	–	**(1,091)**	–
Costs relating to the settlement agreement	**876**	–	**876**	–
Loss on disposal of investment	**–**	916	**–**	840
Operating cash flows before movements in working capital	**(1,235)**	(1,367)	**(993)**	2,420
(Increase)/decrease in trade and other receivables	**(58)**	178	**(90)**	1,259
Foreign exchange	**100**	333	**158**	469
Decrease in trade and other payables	**(60)**	(150)	**(321)**	(1,996)
Net cash (used in)/from operating activities	**(1,253)**	(1,006)	**(1,246)**	2,152

Note 21 Legal proceedings, recoveries and disputes

1. London Asia Capital plc

London Asia Capital plc is pursuing an action against a former director of this company, Mr Simon Littlewood, and his wife, Josee Lai, in the High Court of Hong Kong. The claim arises from the share swaps in 2007. In those share swaps London Asia Capital Land Limited was issued with 21,505,376 ordinary shares of London Asia Capital plc at 12p each, in return for a 60% shareholding in London Asia Capital Land Limited. Simon Littlewood and Josee Lai failed to arrange the issue of that 60% shareholding as consideration, and failed to pay London Asia Capital Land Limited the premium of approximately £3,870,471 which is claimed.

The Defendants deny owing the company this money.

A writ has been filed at the court and was issued and served on 22 June 2010. The proceedings are currently stayed by mutual consent pending settlement negotiations.

2. London Asia Limited ("LAL")

This company is pursuing a claim in the High Court of Hong Kong for unpaid share premium against Mr Koo Kok Wai, a former director, who subscribed for shares in LAL in August 2007. The defendant applied for 119,999 shares in the company for consideration of HK$1 per share paid-up and HK$499 as unpaid share. The directors have called for the unpaid share capital but the defendant has failed to pay the total sum of HK$59,879,501(approximately £5,163,012) plus interest at a rate of 15 per cent per annum.

The Defendant alleges that he was provided with indemnities for holding the shares in LAL and has counterclaimed for, amongst other things, damages for breaches of those Indemnities.

A writ has been filed at the court in Hong Kong and was issued on 24 June 2010. The proceedings are currently stayed by mutual consent pending settlement negotiations.

3. London Asia Capital (S) Pte Limited

Since the provision of accounting information it has become clear that former directors, Simon Littlewood and Victor Ng, were party to the unauthorised withdrawal of SGD3.5m between 2005 and 2007. A detailed review of the circumstances surrounding this withdrawal and its subsequent accounting treatment has resulted in legal proceedings being commenced by London Asia Capital (S) Pte in Singapore against Toby Parker, Victor Ng and Simon Littlewood. These proceedings are being vigorously pursued in order to obtain the maximum recovery possible.

4. MyEg Services Berhad Dividends

Following the disposal or our shares in MyEg Services Berhad it became apparent that dividends had been paid to the custodians of our shares for the previous 7 years. These dividends were improperly retained by the custodians. Our lawyers are pursuing the recovery of these funds through the authorities in Malaysia.

5. 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. A criminal complaint has been made by the company to the Croatian Authorities to assist in the recovery of the funds.