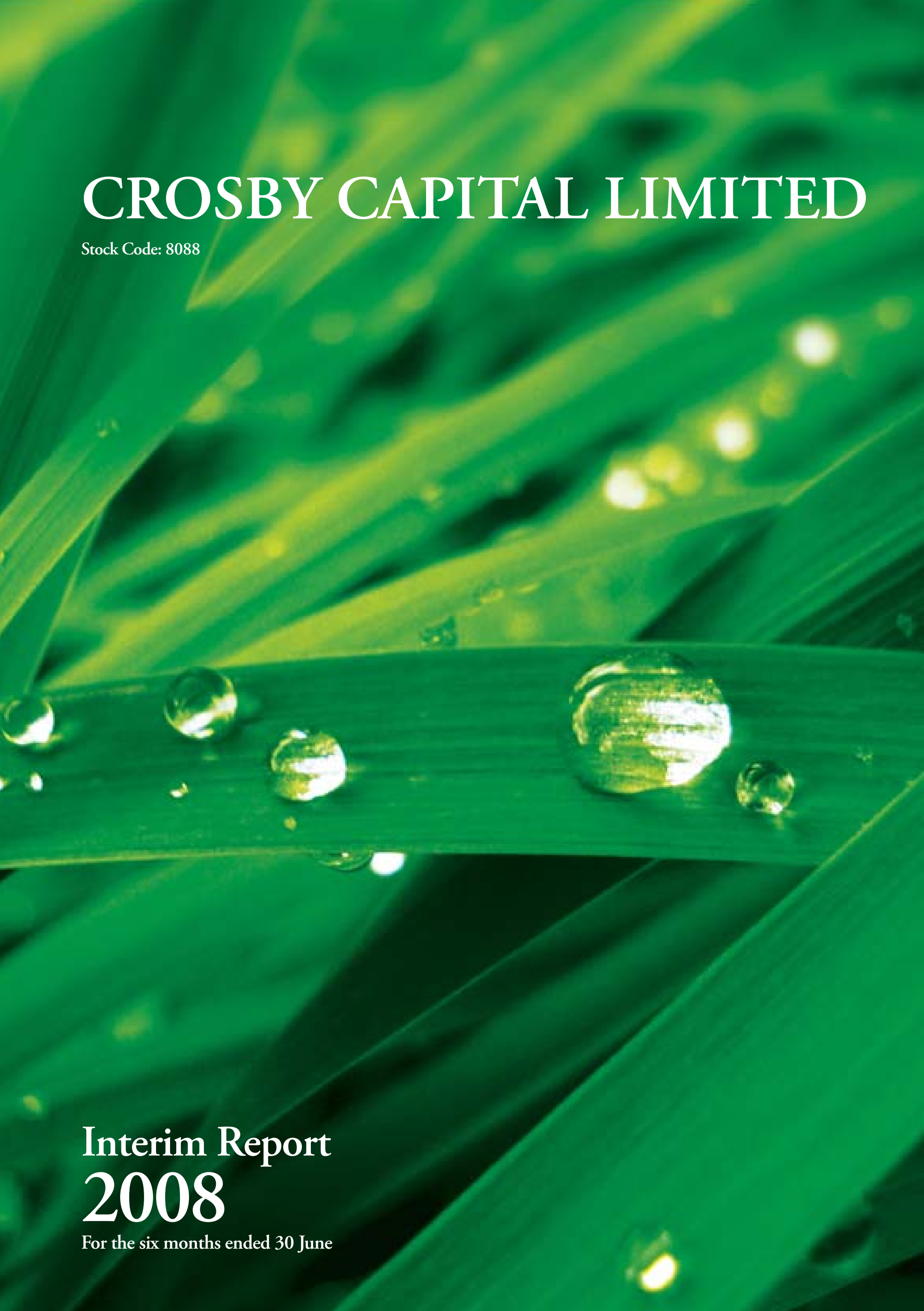

CROSBY CAPITAL LIMITED

Stock Code: 8088

Interim Report 2008

For the six months ended 30 June

Characteristics of The Growth Enterprise Market ("GEM") of
The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

ABOUT CROSBY CAPITAL LIMITED

Crosby Capital Limited (the "Company" and, together with its subsidiaries, the "Group") is an independent merchant banking and asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with offices in Hong Kong, Singapore, the United Kingdom and representation in other parts of Asia.

The Group is engaged in the businesses of merchant banking, asset management and direct investment. Its subsidiary, Crosby Asset Management Inc. ("CAM"), which carries out the Group's asset management business, is quoted on the AIM Market of the London Stock Exchange (CSB LN).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group reports a reduced loss attributable to shareholders for the six months ended 30 June 2008 of US$39.9 million when compared to a loss of US$42.9 million for the same period last year. Whilst this loss is very disappointing, both the financial results and operating performance show a marked improvement in a number of areas.

The loss for the six months ended 30 June 2008 is principally due to two factors: (i) the ¥25 decrease over the period under review in the share price of JASDAQ listed IB Daiwa Corporation ("IB Daiwa", 3587 JP) led to a loss of US$16.4 million; and (ii) US$13.2 million of restructuring costs and charges due to the impairment of intangibles related to the Forsyth fund-of-funds range. These factors are likely to be of reduced influence in the future. The restructuring of the Forsyth fund-of-funds business is almost complete and, during the six months ended 30 June 2008, CAM sold 61,550,000 shares of IB Daiwa realizing proceeds of US$11.5 million. As at the date of this report, CAM owns 20,850,000 IB Daiwa shares representing 4.96% of its issued share capital. Consequently, the impact of changes to the price of this investment on future income statements of the Group will now be limited.

Group turnover increased by 41% to US$17.6 million for the six months ended 30 June 2008 when compared to US$12.5 million for the same period last year. Assets under management also increased year on year, and were approximately US$2.3 billion as at 30 June 2008 as compared to US$1.5 billion at 30 June 2007. After the close of the reporting period, CAM received notice from a single intermediary that it intends to redeem investments amounting to approximately 30% of the assets under management in the Forsyth fund of funds product range. In the main, the redemptions relate to funds within the Forsyth Funds plc structure listed in Dublin. The redemptions, whilst significant, do not materially affect the Firm's Cayman and Bermuda listed funds and have a minimal impact on CAM's profitability.

Over the six months under review, Crosby Wealth Management ("CWM") maintained its assets under management but has experienced a significant contraction in margins due to market corrections and changes in investor sentiment. Despite this, your Directors are pleased to note that CWM remained profitable during the six months ended 30 June 2008. The ability of CWM to operate profitably in such adverse conditions is particularly encouraging for the long-term future of the business and reflects its flexible cost base.

Over the six months ended 30 June 2008, assets under management within the Forsyth fund-of-funds range fell 35% to US$603 million due to client redemptions and declines in the net asset values of the funds broadly in line with the markets. As noted above, in early August, after the close of the period under review the Dublin-listed UCITS III range of traditional long-only funds received a large redemption from a single intermediary. From both an investment manager and shareholder perspective, this latter development has resulted in the AUM within certain funds falling below the level at which the funds are economic. However, during the first six months of 2008, despite the disappointing fall in AUM and a slower pace of change than originally planned, considerable progress was made in restructuring the business and the recent withdrawal from the Forsyth Funds plc fund range will now act as the catalyst to accelerate our plans to complete the restructuring, relaunch and rebranding of the product range.

Since the beginning of the year, the cost structure has been re-engineered to lower the fixed cost base and increase the proportion of variable costs and we have begun to re-focus the product range onto two key funds:

- a multi-asset long-only fund and,
- a multi-strategy fund of hedge funds.

The new Multi-Asset long-only fund initiative will be led by the recently appointed, award-winning team of investment managers and be supported by a dedicated distribution team, all of whom have an excellent track record of building and managing businesses within the multi-asset space.

The Multi-strategy fund of hedge funds is managed by the original Forsyth team and is now in the final phase of a radical restructuring. The core funds have performed very well this year and provided positive returns despite the turbulent markets. Following the restructuring and rebranding of the funds over the coming months, we will be in a position to begin pro-actively marketing the funds.

Although some work remains to be done to secure the long-term profitability of the business, the completion of these initiatives will leave CAM well placed to participate in the long-term changes now occurring in the asset management industry.

Total operating expenses for the Group (excluding cost of sales, loss on financial assets, impairment of intangibles, impairment against exploration prospects, restructuring costs and finance costs) for the six months ended 30 June 2008 were US$29.4 million compared with US$31.3 million for the same period last year. The six months under review therefore compares favourably with the same period in 2007 as our current result includes US$7.3 million of operating expenses related to the Crosby Forsyth business that was not included in the same period last year. On a “like for like” basis therefore overall expenses showed a significant fall of 30%.

Orchard

As anticipated in the Q1 report for 2008, a long-term financing package of approximately US$240 million in debt and equity was fully completed recently. This includes US$50 million that was actually drawn down in April, and used to repay the original acquisition finance.

Of prime importance is the fact that as a result of the completion of this fund raising, ESK Limited (the corporate entity that made the original acquisition of Orchard Petroleum) now owns 100% of the lucrative South Belridge Field as opposed to the 50% that was owned through the initial acquisition of Orchard Petroleum.

The fund raising also includes a US$110 million facility that enables Orchard to undertake a major accelerated drilling programme. This programme commenced in June and it is anticipated that between 30 and 50 new wells will be drilled and bought into production over the next 12 months in the South Belridge Field alone. The total number of wells drilled and the length of time to achieve this objective depends upon the number of rigs that can be contracted. At present two rigs are working full time in South Belridge and the management team’s objective is to increase this to 4 rigs if possible by the end of October.

The drilling programme that is mentioned above is additional to 7 wells that have been drilled or completed in the past few months, making a total of 13 wells drilled and either completed or awaiting testing since the end of 2007. Of these wells, at least 5 are being tied in, and are expected to be bought into production in the coming weeks bringing the total number of producing wells in Orchard to 37. The balance of the wells already drilled will be tested during Q3 and should be tied into production shortly thereafter.

A production update will be provided to shareholders after this completion programme, as some of the new wells being tested have been drilled into the Monterrey section of the acreage, and this is an entirely new "play" in the South Belridge field. 26 of the 27 wells currently on production at South Belridge are producing from the shallower Diatomite sections and only one well (completed at the end of 2007) was drilled with the objective of assessing the potential of the Monterrey section.

Apart from the drilling programme noted above in the South Belridge field, a number of development and exploration wells will be drilled in other leased areas that are held by Orchard in the next 12 months.

Part of the financing package was used to buy out (and cancel) a 4.25% royalty interest in South Belridge thus increasing net cash flow from the increasing number of producing wells in this field.

The sole investor in the US$240 million financing of debt and equity is an affiliate of Mercuria Energy Group Ltd, who were part of the original CAM led consortium that acquired Orchard Petroleum. Following the completion of the financing, CAM's direct shareholding in ESK has been consolidated on a fully diluted basis at 5%. However, this will rise to an effective economic interest of between 9% and 10% after the repayment of principal to preference shareholders. Separately the Crosby Active Opportunities Fund, managed by Crosby Asset Management has a shareholding of approximately 9%.

ADM Loan

As disclosed on 24 June 2008, Asia Special Situations GJP1 Limited ("ASSGJP1"), a wholly owned subsidiary of IB Daiwa, entered into a loan agreement with ADM Galleus Fund Limited ("ADM"), an investment fund managed by Asia Debt Management Hong Kong Limited, on 19 June 2008 pursuant to which ADM made a loan of US$44 million to ASSGJP1 for discharging its inter-company obligations owing to IB Daiwa (the "ADM Loan"). IB Daiwa in turn, used the proceeds from the ADM Loan received from ASSGJP1 to repay and discharge all its liabilities owed to Coniston, a wholly owned subsidiary of the Company, under the Indemnity Agreement dated 22 June 2007 (amounting to US$15 million) and the Exchangeable Loan Agreement dated 4 March 2008 (amounting to US$9.8 million) as well as liabilities owed to other financiers. Simultaneously, with the settlement of IB Daiwa's liabilities to Coniston, Coniston participated in the ADM Loan in a sum of US$9.8 million pursuant to a participation agreement that Coniston entered into with ADM.

The principal terms of the ADM Loan relevant to Coniston's participation are as follows:

- secured by 104,615,384 shares of Leed Petroleum PLC ("Leed", Stock Code: LDP LN) owned by IB Daiwa;
- bears interest per annum at a premium of 5% to 12-month LIBOR;
- includes a funding fee, which is added to the principal balance of the ADM Loan, of which Coniston's share is US$0.8 million;
- includes a profit share constituent the economic effect of which is that the Group benefits from 65% of the profit from the sale of approximately 13 million shares of Leed owned by IB Daiwa above a reference price of 38 pence (at the date of this report, the Leed share price was 62 pence); and
- repayable from the sale of IB Daiwa's shares in Leed with a final maturity date of 20 June 2009.

Share Consolidation

As further detailed in the Company's announcements dated 20 March 2008 and 25 April 2008 and following shareholder approval granted at the Company's Annual General Meeting, the Company effected a share consolidation by consolidating every ten Ordinary Shares of US$0.001 into one Ordinary Share of US$0.01 each.

Name Change

As further detailed in the Company's announcement dated 13 March 2008 and following shareholder approval granted at the Company's Annual General Meeting, the Company changed its name from "Techpacific Capital Limited" to "Crosby Capital Limited". The change of name has also involved the adoption of the Chinese name "高誠資本有限公司" in place of "亞科資本有限公司" for identification purposes.

Board Changes

With effect from 1 April 2008, Mr. Ilyas Khan was re-designated as an Executive Director and took up the role of Chief Executive Officer, in addition to continuing in his role of Chairman, and Mr. Johnny Chan Kok Chung relinquished his role as Chief Executive Officer and was re-designated as a Non-Executive Director. This re-designation of roles on the Board took place concurrently with the appointment of Mr. Johnny Chan Kok Chung as an executive director and the re-designation of Mr. Ilyas Khan as a non-executive director on the board of directors of CAM. Mr. Simon Fry, the Chief Executive Officer of CAM, was appointed to the Board with effect from 1 June 2008.

FINANCIAL POSITION AND RESOURCES

The consolidated balance sheet is summarised below:

BALANCE SHEET

	Unaudited 30 June 2008 *US$'000*	**Audited 31 December 2007** *US$'000*	**Increase/ (Decrease)** *%*
Total assets	76,063	124,902	(39)
Net current assets	41,039	67,628	(39)
Equity attributable to equity holders	23,632	61,616	(62)
Total equity	30,024	81,279	(63)

Liquidity

The Group has a strong focus on maintaining a healthy liquidity position to enable it to take advantage of investment opportunities, to facilitate business development objectives, to support operational and corporate requirements, and to fulfill the regulatory capital requirements of its operating subsidiaries. Cash flow forecasts are continually maintained, and reviewed at each fortnightly meeting of the Operations Committee to ensure that the Group maintains adequate liquidity.

At 30 June 2008, the Group had cash and bank balances of US$22.9 million decreased from US$25.1 million at 31 December 2007 and net current assets of US$41.0 million decreased from US$67.6 million at 31 December 2007.

Significant investments

As detailed above and in Note 18 to the financial statements, the Group participated to the amount of US$9.8 million in the ADM Loan

At 30 June 2008, the Group also had available-for-sale financial assets at fair value of US$5.5 million and financial assets at fair value through profit or loss of US$20.9 million as compared with those of US$5.8 million and US$54.1 million respectively at 31 December 2007. Details of these investments are set out in Notes 14 and 19 to the financial statements respectively.

Gearing

On 8 March 2006, the Company announced that it had sold the US$75 million zero coupon convertible bond to Goldman Sachs International, raising net proceeds of US$72.8 million for the Group after expenses. The convertible bond has a five-year term and provides bondholders with a premium on redemption in March 2011 at 116.1% of its principal, or the ability, at their choice to either convert into newly issued shares of the Company at HK$0.7665 per share (pre-consolidation) or exchange for existing shares of CAM owned by the Company at £0.9975 per share. As of 31 December 2006, US$55 million of the convertible bond had been converted into shares of the Company. This resulted in the issuance of 556,666,011 (pre-consolidation) new shares of the Company, equivalent to 16.55% of the Group's enlarged issued share capital at the date of conversion. No further shares can be issued under the terms of the convertible bond. The maximum amount by which the Group's stake in CAM could now be reduced if all remaining bondholders elect to exchange for CAM shares is 4.72%, or 11,453,287 shares, leaving the Group with a majority stake of at least 77.55% at the date of this report.

Commitments

At 30 June 2008, the Group also had no significant commitments, other than under operating leases for the rental of its office premises, and no contingent liabilities, including pension obligations.

Equity Structure

Total equity and equity attributable to shareholders decreased by 63% and 62% respectively. An analysis of the movements in equity during the period is provided in the consolidated statement of changes in equity on page 13 of the financial statements.

During the six months ended 30 June 2008, the Company purchased through the Stock Exchange 4,936,000 ordinary shares at prices between HK$0.104 and HK$0.131 which were cancelled on 16 April 2008. On 28 April 2008, the Company effected a share consolidation by consolidating every ten Ordinary Shares of US$0.001 into one Ordinary Share of US$0.01 each. At 30 June 2008, the issued ordinary share capital of the Company was 306,544,525 shares. On 2 July 2008, after the period under review, the Company purchased through the Stock Exchange a further 1,725,341 ordinary shares at HK$1.078 per share which were cancelled on 14 July 2008.

At 30 June 2008, the number of deferred shares issued by the Company was 29,250,000 shares which remained unchanged during the period under review. The non-voting convertible deferred shares have the following rights and restrictions:

(i) The holder of a deferred share is not entitled to vote at any general meetings of the Company.

(ii) The deferred shares rank pari passu with ordinary shares in respect of all distributions.

(iii) Each deferred share can be converted into one ordinary share upon 14 days prior written notice to the Company and there is no expiration date for the right of conversion.

(iv) The deferred shares have no redemption rights.

At 30 June 2008, the Company had 34,780,000 options outstanding under the Company's Share Option Scheme of which 13,530,000 were exercisable. The Company can grant a further 30,654,452 options pursuant to the existing shareholder mandate limit.

Minority interests in the balance sheet decreased to US$6.4 million at 30 June 2008 from US$19.7 million at 31 December 2007. The balance at 30 June 2008 is made up of US$3.3 million relating to the minority shareholders of CAM representing 17.73% of its issued share capital and, within the CAM Group, US$3.1 million consisting of the 43.86% minority shareholders interest in the Group's wealth management operating subsidiary.

EMPLOYEE INFORMATION

As at 30 June 2008, the Group had 125 full-time employees (31 December 2007: 138). Details of the Directors' remuneration and employees' emoluments during the period are provided in Note 9 to the financial statements.

The remuneration packages of the Group's directors and employees are kept at a competitive level to attract, retain and motivate directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. Options are either struck at or out-of the money. The Group's remuneration policies and practices are reviewed annually and benchmarked against a peer group of international financial institutions.

FOREIGN CURRENCY EXPOSURE

The Group's exposure to foreign currencies is limited to its investments in foreign subsidiaries and to financial assets and liabilities at fair value held through profit or loss where the foreign currency risk is managed as an integral part of the investment return.

Several subsidiaries of the Group have foreign currency revenue and costs, which expose the Group to foreign currency risk. The Group manages this risk by reserving sufficient revenue to settle the costs in the relevant foreign currency, subject to other operating requirements.

CORPORATE GOVERNANCE REPORT

(a) Corporate Governance Practices

Throughout the period of the six months ended 30 June 2008, the Company has complied with the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules, except for the following deviations:–

1. *Code Provision A.2.1*

   Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual.

   The positions of the Chairman of the Board and CEO of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

2. *Code Provision E.1.2*

   Code Provision E.1.2 provides that the Chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Chairman of the Company, Mr Ilyas Khan, had not attended the Company's annual general meeting on 25 April 2008 due to an important family matter requiring him to be overseas. However, Mr. Khan had, by prior arrangement, deputized Mr. Johnny Chan to chair the Annual General Meeting and answer any questions from shareholders.

(b) Directors' Securities Transactions

(i) The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules.

(ii) Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company's code of conduct regarding Directors' securities transactions.

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the board of directors of Crosby Capital Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 11 to 36 which comprises the consolidated balance sheet of Crosby Capital Limited (the "Company") as of 30 June 2008 and the related consolidated income statement, consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors are responsible for the preparation and fair presentation of this interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34.

Grant Thornton

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

8 August 2008

RESULTS

The board of directors (the "Board") of the Company announces the unaudited consolidated results of the Group for the six months and three months ended 30 June 2008 (the "Review Periods"), together with the comparative unaudited figures of the corresponding periods in 2007, as follows:

CONSOLIDATED INCOME STATEMENT

For the six months and three months ended 30 June 2008

		Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	Notes	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Turnover/Revenue	5	17,619	12,480	9,675	7,084
Cost of sales		(4,687)	(205)	(2,832)	(102)
Gross profit		12,932	12,275	6,843	6,982
(Loss)/Gain on financial assets at fair value through profit or loss	19	(19,146)	(3,075)	3,054	4,754
Gain/(Loss) on financial liabilities at fair value through profit or loss	21	360	(893)	280	(925)
Impairment of interest in oil and gas exploration prospects	15	–	(15,000)	–	–
Other income	6	2,131	1,030	1,239	418
Administrative expenses		(26,677)	(26,898)	(13,731)	(13,420)
Distribution expenses		(3)	(127)	(2)	(122)
Restructuring expenses	7	(4,233)	–	–	–
Other operating expenses		(2,739)	(4,401)	(6,406)	(1,330)
Amortisation of intangible assets	16	(314)	–	(159)	–
Impairment of intangible assets	16	(8,979)	–	(8,979)	–
Loss from operations	8	(46,668)	(37,089)	(17,861)	(3,643)
Finance costs	10	(883)	(608)	(520)	(313)
Share of profits/(losses) of associates		69	(80)	53	(26)
Share of profit of a jointly controlled entity		66	30	33	15
Loss before taxation		(47,416)	(37,747)	(18,295)	(3,967)
Taxation	11	(293)	(937)	(217)	(899)
Loss for the period		(47,709)	(38,684)	(18,512)	(4,866)
Attributable to:					
Equity holders of the Company		(39,996)	(42,945)	(15,230)	(8,553)
Minority interests		(7,713)	4,261	(3,282)	3,687
Loss for the period		(47,709)	(38,684)	(18,512)	(4,866)
Dividend		–	–	–	–
Loss per share attributable to equity holders of the Company	12	*US cents*	*US cents*	*US cents*	*US cents*
– Basic		(11.90)	(1.28)	(4.54)	(0.25)
– Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Notes	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	2,282	1,025
Interests in associates		355	314
Interest in a jointly controlled entity		72	81
Available-for-sale investments	14	5,501	5,845
Interest in oil and gas exploration prospects	15	–	15,000
Loan receivable		474	463
Intangible assets	16	1,338	9,567
		10,022	32,295
Current assets			
Loan to and amounts due from investee companies	25	1,020	4,550
Trade and other receivables	17	10,585	8,778
Tax recoverable		75	75
Loan receivable	18	10,631	–
Financial assets at fair value through profit or loss	19	20,871	54,108
Cash and cash equivalents		22,859	25,096
		66,041	92,607
Current liabilities			
Amounts due to investee companies	25	882	–
Trade and other payables	20	20,983	22,154
Provision for taxation		2,717	2,425
Current portion of obligations under finance leases		380	–
Financial liabilities at fair value through profit or loss	21	40	400
		25,002	24,979
Net current assets		41,039	67,628
Total assets less current liabilities		51,061	99,923
Non-current liabilities			
Non-current portion of obligations under finance leases		849	–
Loan and other payables		888	–
Convertible bond	22	19,300	18,644
		21,037	18,644
Net assets		30,024	81,279
EQUITY			
Share capital	23	3,358	3,363
Reserves	24	20,274	58,253
Equity attributable to equity holders of the Company		23,632	61,616
Minority interests		6,392	19,663
Total equity		30,024	81,279

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Equity attributable to equity holders of the Company										Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Employee share-based compen-sation reserve	Investment revaluation reserve	Foreign exchange reserve	Convertible bond reserve	(Accumul-ated losses)/ Retained profits	Total		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	3,363	106,895	4,872	20	9,285	312	100	–	(63,231)	61,616	19,663	81,279
Deficit on revaluation	–	–	–	–	–	(291)	–	–	–	(291)	(53)	(344)
Exchange differences on consolidation	–	–	–	–	–	–	80	–	–	80	17	97
Net (expenses)/income recognised directly in equity	–	–	–	–	–	(291)	80	–	–	(211)	(36)	(247)
Loss for the period	–	–	–	–	–	–	–	–	(39,996)	(39,996)	(7,713)	(47,709)
Total recognised income and expenses for the period	–	–	–	–	–	(291)	80	–	(39,996)	(40,207)	(7,749)	(47,956)
Share repurchase	(5)	(71)	–	5	–	–	–	–	(5)	(76)	–	(76)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	45	45
Employee share-based compensation	–	–	–	–	2,320	–	–	–	–	2,320	146	2,466
Effect on exercising share options of a subsidiary	–	–	–	–	(21)	–	–	–	–	(21)	(6)	(27)
Lapse of share options	–	–	–	–	(299)	–	–	–	299	–	–	–
Additional investment in subsidiary	–	–	–	–	–	–	–	–	–	–	(49)	(49)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(5,658)	(5,658)
At 30 June 2008 (Unaudited)	3,358	106,824	4,872	25	11,285	21	180	–	(102,933)	23,632	6,392	30,024
At 1 January 2007	3,359	106,875	4,872	20	5,075	173	30	–	1,420	121,824	46,298	168,122
Surplus on revaluation	–	–	–	–	–	49	–	–	–	49	6	55
Exchange differences on consolidation	–	–	–	–	–	–	175	–	–	175	41	216
Net income recognised directly in equity	–	–	–	–	–	49	175	–	–	224	47	271
(Loss)/Profit for the period	–	–	–	–	–	–	–	–	(42,945)	(42,945)	4,261	(38,684)
Total recognised income and expenses for the period	–	–	–	–	–	49	175	–	(42,945)	(42,721)	4,308	(38,413)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	226	226
Employee share-based compensation	–	–	–	–	2,406	–	–	–	–	2,406	87	2,493
Effect on exercising share options of a subsidiary	–	–	–	–	(62)	–	–	–	–	(62)	(14)	(76)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(12,586)	(12,586)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(19,339)	(19,339)
At 30 June 2007 (Unaudited)	3,359	106,875	4,872	20	7,419	222	205	–	(41,525)	81,447	18,980	100,427

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Unaudited six months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*
Net cash (outflow)/inflow from operating activities	(3,804)	27,501
Net cash inflow/(outflow) from investing activities	6,003	(18,402)
Net cash outflow from financing activities	(4,422)	(13,567)
Net decrease in cash and cash equivalents	(2,223)	(4,468)
Cash and cash equivalents at beginning of the period	25,096	25,611
Effect of exchange rate fluctuations, net	(14)	(12)
Cash and cash equivalents at end of the period	22,859	21,131

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

The Company acts as the holding company of the Group. The Group is principally engaged in the business of merchant banking, asset management and direct investment. The Company is incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is 2701, Citibank Tower, 3 Garden Road, Central, Hong Kong.

The Board has adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The unaudited interim financial information complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited interim financial information has been prepared under historical cost basis except for certain financial instruments which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited interim financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial information, are set out in Note 3 to the interim financial information.

The interim financial report for the six months ended 30 June 2008 is unaudited but has been reviewed by the audit committee of the Company and the Company's auditors, Grant Thornton, in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

2. Principal accounting policies

The unaudited interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These condensed interim accounts should be read in conjunction with the annual accounts of the Group for the year ended 31 December 2007 (the "2007 Annual Report"), which have been prepared in accordance with International Financial Reporting Standards.

The principal accounting policies adopted to prepare the unaudited interim financial information are consistent with those adopted to prepare to the Company's 2007 Annual Report, except for the adoption of standards, amendments and interpretations issued by the International Accounting Standards Board mandatory for annual financial periods beginning 1 January 2008. The adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period are discussed below:

Fair values of financial instruments

Financial instruments such as available-for-sale investments, financial assets and liabilities at fair value through profit or loss and convertible bond are initially measured at fair value. Certain financial instruments are remeasured at fair value at subsequent reporting dates. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the market values determined by the internal or external valuation techniques to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities requires varying degrees of judgement by management, which may result in different fair values and results. The assumptions with regard to the fair value of available-for-sale investments, financial assets and liabilities at fair value through profit or loss and convertible bond, detailed in Notes 14, 19, 21 and 22 to the interim financial information respectively, are those that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

The only significant financial assets at fair value through profit or loss not valued at quoted market prices are as follows:

- Investments in Sunov Petroleum (Pakistan) Limited (US$1.197 million), which was valued based on a recent transaction; and
- Investments in ESK Limited (US$1.875 million) which was valued based on the subscription price of the preference shares.

Valuations of share options granted

The fair value of share options granted was calculated using the Binomial option pricing model which requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, it is in the opinion of directors that the existing model will not always necessarily provide a reliable single measure of the fair value of the share options.

Impairment of assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgments are applied in determining these future cash flows and the discount rate. Details of the events and circumstances giving rise to the impairment provision against the value of the intangible assets of US$8.3 million relating to the Forsyth fund-of-funds customer base during the six months ended 30 June 2008 are provided in Note 16 to the interim financial information.

Impairment of receivables

Management determines impairment of receivables on a regular basis. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Current taxation and deferred taxation

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred tax assets relating to certain tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact, where applicable and appropriate, the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

Provision for onerous contracts

Provisions should be made for onerous contracts where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under it. Significant judgement is required in determining the amount of the provision where the economic benefits are uncertain as to timing or amount. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the income statement and provisions in the periods in which such determination are made. Details of the circumstances used to determine the provision for the onerous contracts in respect of leases of office premises that are no longer in use by the Group, due to restructuring of its Forsyth fund-of-funds business, are detailed in Note 7 to the interim financial information. The present value of the total rentals and management charges under the operating lease amount to US$3.8 million but these are expected to be offset by sub-letting the office premises. The Directors have provided US$1.4 million at 30 June 2008 after estimating the time it would take to sub-let the premises and the rent that may be received from a prospective tenant.

Determining the residual values and remaining useful lives of property, plant and equipment

The residual values and remaining useful lives of property, plant and equipment are reviewed by management at each balance sheet date and adjusted if appropriate. A considerable amount of judgement is required in assessing the residual values and remaining useful lives. If the residual value or remaining useful life changes then additional impairment may be required. Details of the events and circumstances giving rise to the reduction of the residual values and the remaining useful lives of certain property, plant and equipment due to the restructuring of the Forsyth fund-of-funds business resulting in an additional depreciation and impairment charge of US$1.9 million during the six months ended 30 June 2008 is provided in Note 13 to the interim financial information.

(ii) Critical judgements in applying the Group's accounting policies

Management in applying the accounting policies do not consider they have had to make any significant judgement.

4. *Segmental information*

(a) Primary reporting format – business segments:

	Merchant banking		Asset management		Direct investment		Unallocated		Consolidated	
	Unaudited six months ended 30 June 2008 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2008 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2008 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2008 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2008 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*
Turnover/Revenue	2,613	133	15,006	12,347	–	–	–	–	17,619	12,480
Segment results	(19,053)	(14,635)	315	4,425	772	(16,973)	–	–	(17,966)	(27,183)
Restructuring expenses	–	–	(4,233)	–	–	–	–	–	(4,233)	–
Amortisation of intangible assets	–	–	(314)	–	–	–	–	–	(314)	–
Impairment of intangible assets	–	–	(8,979)	–	–	–	–	–	(8,979)	–
Impairment of receivables	–	–	(1,221)	–	–	–	(14)	–	(1,235)	–
Unallocated operating loss	–	–	–	–	–	–	(13,941)	(9,906)	(13,941)	(9,906)
(Loss)/Profit from operations	(19,053)	(14,635)	(14,432)	4,425	772	(16,973)	(13,955)	(9,906)	(46,668)	(37,089)
Finance costs									(883)	(608)
Share of profits/(losses) of associates									69	(80)
Share of profit of a jointly controlled entity									66	30
Loss before taxation									(47,416)	(37,747)
Taxation									(293)	(937)
Loss for the period									(47,709)	(38,684)

	Merchant banking		Asset management		Direct investment		Unallocated		Consolidated	
	Unaudited six months ended 30 June 2008 US$'000	Audited year ended 31 December 2007 US$'000	Unaudited six months ended 30 June 2008 US$'000	Audited year ended 31 December 2007 US$'000	Unaudited six months ended 30 June 2008 US$'000	Audited year ended 31 December 2007 US$'000	Unaudited six months ended 30 June 2008 US$'000	Audited year ended 31 December 2007 US$'000	Unaudited six months ended 30 June 2008 US$'000	Audited year ended 31 December 2007 US$'000
Segment assets	26,028	51,923	24,194	29,845	10,752	33,499	–	–	60,974	115,267
Unallocated assets	–	–	–	–	–	–	15,089	9,635	15,089	9,635
Total assets	26,028	51,923	24,194	29,845	10,752	33,499	15,089	9,635	76,063	124,902
Segment liabilities	5,064	4,589	8,684	8,185	778	19,200	–	–	14,526	31,974
Unallocated liabilities	–	–	–	–	–	–	31,513	11,649	31,513	11,649
Total liabilities	5,064	4,589	8,684	8,185	778	19,200	31,513	11,649	46,039	43,623
Other information										
Capital expenditure	7	39	3,375	265	–	3	1,655	514	5,037	821
Depreciation	6	73	168	70	–	–	329	312	503	455

Notes:

(i) Merchant banking – provision of corporate finance and other advisory services and the changes in fair value of financial assets and liabilities through profit or loss arising from the Group's merchant banking activities.

(ii) Asset management – provision of venture capital fund management, asset management and wealth management services.

(iii) Direct investment – holding of investments in the oil and gas exploration prospects, available-for-sale investments (excluding investments in funds managed by the Group), loans to investee and related companies and financial assets at fair value through profit or loss (excluding those arising from the Group's merchant banking activities).

(iv) Unallocated – primarily items related to corporate offices.

(b) Secondary reporting format – geographical segment :

With regard to the asset management business acquired in September 2007, mainly operated through the Group's key operating subsidiary in the United Kingdom, the Group defines geographical segment with reference to those revenue-producing assets and transactions that arise from customers domiciled worldwide. Due to the nature of the business, precise segregation of geographical activities would be arbitrary and therefore considered not appropriate. The Group's remaining activities during the six months ended 30 June 2008 are mainly operated or carried out in Asia.

The Group's activities during the six months ended 30 June 2007 were mainly operated or carried out in Asia.

5. Turnover/Revenue

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Corporate finance and other advisory fees	2,613	133	2,477	133
Fund management fee income	9,736	1,065	4,230	569
Wealth management services fee	5,270	11,282	2,968	6,382
	17,619	12,480	9,675	7,084

6. *Other income*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Bad debts recovery	1	66	1	–
Bank interest income	252	473	74	246
Fees on redemption and arrangement of loans	692	105	208	30
Gain on deemed disposal of a subsidiary	65	101	–	–
Gain on disposal of available-for-sale investments	560	–	560	–
Other interest income	448	159	353	90
Others	113	126	43	52
	2,131	1,030	1,239	418

7. *Restructuring expenses*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Impairment of fixed assets *(Note 13)*	1,904	–	1,904	–
Provision for onerous contracts in respect of operating leases	1,364	–	1,364	–
Others	965	–	965	–
	4,233	–	4,233	–

The Group has reduced staff numbers as part of the restructuring of its Forsyth fund-of-funds business and relocated the remaining staff to its head office, leaving office premises rented under operating leases vacant and available to sub-let. At 30 June 2008, the Group has provided in full against the net carrying value of the furniture and fixtures in those office premises amounting to US$1.0 million. The Group has also made provision for the discounted net present value of the future operating lease rental payments under the operating leases, in so far as they are expected to exceed future anticipated rentals if the premises is sub-let, in the amount of US$1.4 million as this represents an onerous contract.

As part of the same restructuring, the Group has provided against website, software and system and related development costs in the amount of US$0.9 million given that its main functionality will not be utilised by the Group following the restructuring.

The other costs of US$1.0 million relate to the other costs of restructuring the Forsyth fund-of-funds business.

8. *Loss from operations*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Loss from operations is arrived at after charging:				
Amortisation of intangible assets	314	–	159	–
Auditors' remuneration	194	119	137	67
Depreciation				
– owned assets	481	171	281	94
– assets held under a finance lease	22	7	22	3
Employee benefit expense (including directors' remuneration) *(Note 9)*	22,075	24,921	11,045	12,531
Impairment of intangible assets	8,979	–	8,979	–
Impairment of receivables	1,235	–	1,235	–
Loss on deemed disposal of a subsidiary	–	449	–	449
Operating lease charges in respect of rented premises	1,237	538	751	251

9. *Employee benefit expense (including directors' remuneration)*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Fees	208	80	168	40
Salaries, allowances and benefits in kind	10,953	5,717	5,524	2,977
Commission paid and payable	1,888	4,276	1,119	2,422
Bonus paid and payable	5,589	12,193	2,724	6,027
Share-based compensation expense	2,466	2,493	1,124	996
Retirement fund contributions	73	56	30	25
Social security costs	898	106	356	44
	22,075	24,921	11,045	12,531

10. *Finance costs*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Effective interest expense on convertible bond *(Note 22)*				
– wholly repayable within five years	656	608	337	313
Other interest expense				
– wholly repayable within five years	227	–	183	–
	883	608	520	313

11. *Taxation*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Current tax				
– Hong Kong	207	918	131	898
– Overseas	86	19	86	1
	293	937	217	899

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong for the three months and six months ended 30 June 2008. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential tax assets is uncertain.

12. *Loss per share attributable to equity holders of the Company*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008 *US$'000*	**2007** *US$'000*	**2008** *US$'000*	**2007** *US$'000*
Consolidated loss attributable to equity holders of the Company	(39,996)	(42,945)	(15,230)	(8,553)

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2008	**2007**	**2008**	**2007**
(Number)				
Weighted average number of ordinary shares for the purpose of basic loss per share	336,032,089	3,358,881,256	335,797,617	3,358,881,256
Effect of dilutive potential ordinary shares: Share options	10,800	3,832,986	10,800	3,832,986
Weighted average number of ordinary shares for the purpose of diluted loss per share	336,042,889	3,362,714,242	335,808,417	3,362,714,242

No diluted loss per share is shown for the three months and six months ended 30 June 2008 as the outstanding share options were anti-dilutive.

13. *Property, plant and equipment*

	Unaudited 30 June 2008 *US$'000*	**Audited 31 December 2007** *US$'000*
Net carrying amount at 1 January	1,025	520
Additions	5,037	821
Acquisition of the Forsyth Business	–	139
Disposals	(1,377)	(2)
Impairment *(Note 7)*	(1,904)	–
Depreciation for the period/year *(Note 8)*	(503)	(455)
Exchange differences	4	2
Net carrying amount at 30 June/31 December	2,282	1,025

Included in the net carrying amount of US$2,282,000 (31 December 2007: US$1,025,000) is an amount of US$1,112,000 (31 December 2007: Nil) representing the net carrying value of assets held under finance leases.

14. Available-for-sale investments

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Unlisted investments, at cost or fair value		
Equity securities	6,269	6,570
Less: Impairment losses	(1,047)	(1,047)
	5,222	5,523
Listed investments, at fair value		
Equity securities, listed in Hong Kong	18	32
Equity securities, listed outside Hong Kong	261	290
	279	322
Total	5,501	5,845

The movements in available-for-sale investments during the six months ended 30 June 2008 are as follows:

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
At 1 January	5,845	516
Additions	–	5,175
Disposals	–	(14)
Change in fair value recognised directly in equity	(344)	168
At 30 June/31 December	5,501	5,845

The investments included above mainly represent investments in funds managed by the Group that offer the Group the opportunities for return through dividend income and fair value gains. The fair values of the investments are based on Group's share of the underlying net assets of the fund which are valued at fair value, using quoted market price. Subsequent to 30 June 2008, the Group redeemed US$2.5 million from these available-for-sale investments for cash.

15. Interest in oil and gas exploration prospects

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Carrying amount at 1 January	15,000	42,500
Acquisition	–	–
Impairment for the period/year	–	(27,500)
Recovery	(15,000)	–
Carrying amount at 30 June/31 December	–	15,000

On 9 March 2006, Coniston International Capital Limited ("Coniston", a wholly-owned subsidiary of the Company) entered into the Exploration Funding Agreement with Lodore Delaware Petroleum LLC ("Lodore"), which was the surviving entity following a merger with Lodore Resources Inc. in August 2006 to acquire a 35% working interest in three oil and gas prospects, namely Big Mouth Bayou, Endeavor and North West Kaplan, located in Cameron Parish and Vermilion Parish in Louisiana in the United States (the "Exploration Prospects"), for total cash consideration of US$42,500,000.

Lodore has a 75% working interest in the Exploration Prospects pursuant to agreements with Pel-Tex Oil Company L.L.C. ("Pel-Tex"), the operator of the Exploration Prospects. Lodore bears 100% of the drilling costs in relation to the Exploration Prospects up to the proposed total depth of the respective wells drilled on the Exploration Prospects and 75% of the costs in respect of the activities associated with completing a drilled well in order to establish the flow of hydrocarbons and the construction of any surface facilities that may be required to enable any such hydrocarbons to be sold. Pel-Tex is responsible for all operational functions relating to the Exploration Prospects. Lodore is responsible for obtaining financing and providing technical expertise in relation to the exploration of the Exploration Prospects.

The Big Mouth Bayou well was completed as a discovery but failed to flow at commercial rates. Currently the well is plugged pending a decision on further exploration drilling within the leases which would require further capital. As a consequence of these events and circumstances, the Group has provided for impairment in full in the amount of US$15 million against the proportion of its funding related to the exploration costs of this well during the year ended 31 December 2007.

At the Endeavor prospect, drilling encountered challenging conditions with progress being delayed on three separate occasions due to well control events caused by high pressure kicks which necessitated the drilling of sidetracks. By the end of November 2007, the well had reached a true vertical depth of 19,003 feet. Analysis of the data obtained down to that depth led the joint venture to decide to deepen the well to a true vertical depth of 20,000 feet. However, the joint venture was unable to deepen the well due to the unexpected withdrawal of insurance coverage by the joint venture's insurers at that time. The joint venture has taken legal advice concerning the existing insurers' refusal to provide coverage for the planned deeper drilling operations under the policy that was in place at the time of drilling, and as a consequence of this advice the joint venture has filed for proceedings for damages that have resulted from the well being suspended. Due to the above situation, the well remains suspended and it remains unknown whether it will be possible to resume drilling and, if so, when. As a consequence of these events and circumstances, the Group has provided for impairment in full in the amount of US$12.5 million against the proportion of its funding related to the exploration costs of this well during the year ended 31 December 2007.

During the period under review, as drilling at the North West Kaplan prospect proceeded without the participation of Lodore, Coniston demanded and received the return of the proportion of funding allocated to this prospect in the amount of US$15 million under the terms of an indemnity agreement.

16. Intangible assets

	Unaudited 30 June 2008 *US$'000*	**Audited 31 December 2007** *US$'000*
Carrying amount at 1 January	9,567	488
Acquisition of trademark	–	1
Goodwill arising from additional investment in a subsidiary	600	849
Acquisition of customer base of the Forsyth Business	464	8,352
Amortisation for the period/year	(314)	(123)
Impairment for the period/year	(8,979)	–
Carrying amount at 30 June/31 December	1,338	9,567

The customer base relating to the Forsyth fund-of-funds has been fully provided during the six months ended 30 June 2008 due to faster declines in the total assets under management by the Group relating to the Forsyth fund-of-funds than originally estimated, from approximately US$1 billion at the date of taking on the investment management contracts to approximately US$0.6 billion at 30 June 2008. The decline in the total assets under management relating to the existing customer base arose from a combination of redemptions and the negative performance of certain funds broadly in line with markets. Using the same approach to value the customer base as disclosed in the Company's 2007 Annual Report, with all other assumptions (other than the decline in assets under management) constant, resulted in full provision for impairment being necessary.

17. Trade and other receivables

	Unaudited 30 June 2008 *US$'000*	Audited 31 December 2007 *US$'000*
Trade receivables – gross	6,209	3,575
Less: Impairment losses	(176)	(166)
Trade receivables – net	6,033	3,409
Other receivables – gross	1,132	1,264
Less: Impairment losses	(594)	(594)
Other receivables – net	538	670
Deposits and prepayments	4,014	4,699
Total	10,585	8,778

The Group allows a credit period ranging from 15 to 45 days to its asset management clients.

The aging analysis of trade receivables based on invoice date and net of provisions, is as follows:

	Unaudited 30 June 2008 *US$'000*	Audited 31 December 2007 *US$'000*
0 – 30 days	5,206	3,064
31 – 60 days	538	345
61 – 90 days	289	–
Total	6,033	3,409

18. Loan Receivable

On 23 June 2008, Asia Special Situations GJP1 Limited ("ASSGJP1"), a wholly owned subsidiary of IB Daiwa Corporation ("IB Daiwa"), entered into a loan agreement with ADM Galleus Fund Limited ("ADM"), an investment fund managed by Asia Debt Management Hong Kong Limited, on 19 June 2008 pursuant to which ADM made a loan of US$44 million to ASSGJP1 for discharging its inter-company obligations owing to IB Daiwa (the "ADM Loan"). IB Daiwa in turn, used the proceeds from the ADM Loan received from ASSGJP1 to repay and discharge all its liabilities owed to Coniston, a wholly owned subsidiary of the Company, under the Indemnity Agreement dated 22 June 2007 (amounting to US$15 million) and the Exchangeable Loan Agreement dated 4 March 2008 (amounting to US$9,815,000) as well as liabilities owed to other financiers. Simultaneously, with the settlement of IB Daiwa's liabilities to Coniston, Coniston participated in the ADM Loan in a sum of US$9,815,000 pursuant to a participation agreement that Coniston entered into with ADM.

The Directors consider the participation in the ADM Loan to be a new financial asset and not a modification of the terms of the loan receivable under the Exchangeable Loan Agreement dated 4 March 2008. Accordingly, the accounting treatment adopted has been to de-recognise the loan receivable under the Exchangeable Loan Agreement dated 4 March 2008 and recognise the ADM Loan at its fair value.

The principal terms of the ADM Loan relevant to Coniston's participation are as follows:

- secured by 104,615,384 shares of Leed Petroleum PLC ("Leed", Stock Code: LDP LN) owned by IB Daiwa and which are subject to a lock-in agreement until 15 August 2008;
- guaranteed by IB Daiwa;
- bears interest per annum at a premium of 5% to 12-month LIBOR;
- includes a funding fee, which has been capitalised to the loan, of which Coniston's share is US$796,000 to arrive at a balance (including interest) of US$10,631,000 as at 30 June 2008;
- includes a profit share constituent the economic effect of which is that the Group benefits from 65% of the profit from the sale of the Leed shares, net of applicable brokerage fees and taxes, on per share basis, in excess of 38 pence (once the ADM Loan has been fully repaid the profit sharing obligations of the borrower cease); and
- repayable from an orderly sale of IB Daiwa's shares in Leed in accordance with a plan agreed by IB Daiwa after consultation with ADM with a final maturity date of 20 June 2008.

19. *Financial assets at fair value through profit or loss*

	Notes	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Held for trading			
Listed securities:			
– Equity securities – Australia	*(1) – (6)*	10,694	10,811
– Equity securities – Canada	*(7)*	50	–
– Equity securities – Japan	*(8)*	3,795	31,672
– Equity securities – United Kingdom	*(9) – (15)*	1,758	3,509
Fair value of listed securities		16,297	45,992
Unlisted securities:			
– Equity securities – Australia	*(17) & (18)*	1,502	1,134
– Equity securities – British Virgin Islands	*(19) & (20)*	3,072	6,982
Fair value of unlisted securities		4,574	8,116
Total		20,871	54,108

The movements in financial assets at fair value through profit or loss are as follows:

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
At 1 January	54,108	131,245
Additions	964	15,933
Transfer from disposal of a subsidiary	–	320
Disposal of a subsidiary	–	(15,540)
Other disposals	(15,056)	(20,596)
Dividend received	1	(42,154)
Loss on financial assets at fair value through profit or loss	(19,146)	(15,100)
At 30 June/31 December	20,871	54,108

Notes:

1. At 30 June 2008, the Group held a total of 2,009,824 shares of White Energy Company Limited ("White Energy"), listed on the Australian Stock Exchange and representing 1.57% of its issued share capital, of which 523,528 shares were held through a 100% subsidiary, techpacific.com Digital Limited, and 1,486,296 shares were held through a 100% subsidiary, techpacific.com Investments Limited, which are valued in total at US$7,131,000, arrived at on the basis of their quoted market price at 30 June 2008 of A$3.69 per share. The Group disposed of 650,000 shares of White Energy during the six months ended 30 June 2008 realizing net sales proceeds of US$1,577,000. At 31 December 2007, the Group held a total of 2,659,824 shares of White Energy which were valued in total at US$6,902,000, arrived at on the basis of their quoted market price at 31 December 2007 of A$2.96 per share.

2. At 30 June 2008 and 31 December 2007, the Group held 3,996,836 shares of Fermiscan Holdings Limited ("Fermiscan"), a company listed on the Australian Stock Exchange, representing 2.79% of its issued share capital, through a 100% subsidiary, Dragon Fund Inc.. The shares of Fermiscan held by the Group are valued at US$2,652,000 and US$3,504,000 arrived at the basis of their quoted market price of A$0.69 and A$1.0 per share at 30 June 2008 and 31 December 2007 respectively.

3. At 30 June 2008, the Group held 357,143 shares of Adavale Resources Limited ("Adavale"), a company listed on the Australian Stock Exchange and representing 0.19% of its issued share capital, through a 82.27% subsidiary, Crosby Special Situations Fund Limited ("CSSF"). The shares of Adavale held by the Group were valued at US$19,000 arrived at on the basis of their quoted market price at 30 June 2008 of A$0.055 per share. The shares of Adavale were acquired during the six months ended 30 June 2008.

4. At 30 June 2008, the Group held 384,214 shares of Indophil Resources NL ("Indophil"), a company listed on the Australia Stock Exchange and representing 0.1% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of Indophil held by the Group are valued at US$502,000 arrived at on the basis of their quoted market price at 30 June 2008 of A$1.36 per share. The shares of Indophil were acquired during the six months ended 30 June 2008.

5. At 30 June 2008, the Group held 200,000 shares of Molopo Australia Limited ("Molopo"), a company listed on the Australia Stock Exchange and representing 0.11% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of Molopo held by the Group are valued at US$390,000 arrived at on the basis of their quoted market price at 30 June 2008 of A$2.03 per share. The shares of Molopo were acquired during the six months ended 30 June 2008.

6. At 31 December 2007, the Group held 207,000 shares of Herald Resources Limited ("Herald"), a company listed on the Australian Stock Exchange and representing 0.10% of its issued share capital, through a 100% subsidiary techpacific.com Investments Limited. The shares of Herald held by the Group were valued at US$405,000 arrived at on the basis of their quoted market price at 31 December 2007 of A$2.23 per share. The Group disposed of the shares of Herald during the six months ended 30 June 2008 realising net proceeds of US$471,000.

7. At 30 June 2008, the Group held 20,000 shares of Jinshan Gold Mines Inc. ("JGM"), a company listed on the Toronto Stock Exchange and representing 0.01% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of JGM held by the Group are valued at US$50,000 arrived at on the basis of their quoted market price at 30 June 2008 of C$2.53 per share. The shares were acquired during the six months ended 30 June 2008.

8. At 30 June 2008, the Group held a total of 25,150,000 shares of IB Daiwa Corporation ("IB Daiwa"), a JASDAQ listed Japanese company and representing 5.89% of its issued share capital, of which 25,050,000 shares were held through its 82.27% owned subsidiary, Crosby Capital Partners Limited and 100,000 were held through its 82.27% owned subsidiary, Sunov Crosby (Holdings) Limited, which are valued in total at US$3,795,000, arrived at on the basis of their quoted market price at 30 June 2008 of ¥16 per share. The Group disposed of 61,550,000 shares of IB Daiwa during the six months ended 30 June 2008 realising net sales proceeds of US$11,468,000. At 31 December 2007, the Group held a total of 86,700,000 shares of IB Daiwa which were valued at US$31,672,000, arrived at on the basis of their quoted market price at 31 December 2007 of ¥41 per share.

9. At 30 June 2008 and 31 December 2007, the Group held 20,276,384 shares of Upstream Marketing and Communications Inc. ("Upstream"), a company listed on the AIM of the London Stock Exchange, representing 14.85% of its issued share capital, through a 100% subsidiary techpacific.com (BVI) Investments Limited. The shares of Upstream held by the Group were valued at US$1,315,000 and US$810,000 arrived at the basis of their quoted market price of £0.0325 and £0.02 per share at 30 June 2008 and 31 December 2007 respectively.

10. At 30 June 2008, the Group held 1,110,000 shares of Absolute Capital Management Holdings Limited ("ACMH), a company listed on the AIM market of the London Stock Exchange representing 1.51% of its issued share capital, through a 82.27% subsidiary Crosby Asset Management (Holdings) Limited. The shares of ACMH held by the group were valued at US$183,000 arrived at on the basis of their quoted market price at 30 June 2008 of £0.08 per share. The shares of ACMH were acquired during the year.

11. At 30 June 2008, the Group held 31,905 shares of Indago Petroleum Limited ("Indago"), a company listed on the AIM market of the London Stock Exchange and representing 0.06% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of Indago held by the Group were valued at US$18,000 arrived at on the basis of their quoted market price at 30 June 2008 of £0.28 per share. The Group disposed of 1,186,213 shares of Indago during the six months ended 30 June 2008 realising net sales proceeds of US$929,000. At 31 December 2007, the Group held 1,218,118 shares of Indago, valued at US$1,679,000, arrived at on the basis of their quoted market price at 31 December 2007 of £0.69 per share.

12. At 30 June 2008, the Group held 661,875 shares of Real Office Group ("Real Office"), a company listed on the AIM market of the London Stock Exchange and representing 3.78% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of Real Office held by the Group were valued at US$198,000 arrived at on the basis of their quoted market price at 30 June 2008 of £0.15 per share. The Group disposed of 3,750 shares of Real Office during the six months ended 30 June 2008 realising net sales proceeds of US$1,000. At 31 December 2007, the Group held 665,625 shares of Real Office valued at US$379,000 arrived at on the basis of their quoted market price at 31 December 2007 of £0.29 per share.

13. At 31 December 2007, the Group held 349,414 shares of Leed Petroleum PLC ("Leed"), a company listed on the AIM market of the London Stock Exchange and representing 0.14% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of Leed held by the Group were valued at US$232,000 arrived at on the basis of their quoted market price at 31 December 2007 of £0.33 per share. All the shares of Leed were disposed during the six months ended 30 June 2008 for US$286,000.

14. At 30 June 2008 and 31 December 2007, the Group held 131,873 shares of Music Copyright Solutions Limited ("MCS"), a company listed on the AIM market of the London Stock Exchange and representing 0.22% of its issued share capital, through a 100% subsidiary, techpacific.com Investments Limited. The shares of MCS held by the Group were valued at US$44,000 and US$79,000 arrived at on the basis of their quoted market price of £0.17 and £0.3 per share at 30 June 2008 and 31 December 2007 respectively.

15. At 31 December 2007, the Group held 50,000 shares of Thwaites (Daniel) plc, a company quoted on PLUS Markets plc in London and representing 0.08% of its issued share capital, through a 82.27% subsidiary, CSSF. The shares of Thwaites held by the Group were valued at US$330,000 arrived at on the basis of their quoted market price at 31 December 2007 of £3.3 per share. The Group disposed of the shares of Thwaites during the six months ended 30 June 2008 realising net proceeds of US$313,000.

16. During the six months ended 30 June 2008, the Group acquired 6,500 shares of China Railway Construction which were sold during the period realizing proceeds of US$10,000.

17. At 30 June 2008 and 31 December 2007, the Group held a total of 1,250,000 options to subscribe for shares in White Energy, with an exercise price of A$2.5 per share, which once exercised would represent 0.76% of its enlarged share capital. At 30 June 2008, the Group held the options to subscribe for shares in White Energy through a 100% owned subsidiary, techpacific.com Investments Limited. The options to subscribe for shares in White Energy were valued at US$1,466,000 and US$998,000 at 30 June 2008 and 31 December 2007 respectively by an independent valuer using the binomial option pricing model. The key assumptions used were a risk free interest rate of 6.78%, (31 December 2007: 6.9%) volatility of 49.2% (31 December 2007: 57.4%), dividend yield of zero (31 December 2007: zero) and the market price at 30 June 2008 of A$3.69 (31 December 2007: A$3.00) per share.

18. At 30 June 2008, the Group, held a total of 2,976,190 options to subscribe for shares in Adavale with an exercise price of A$0.21 per share, which once exercised would represent 1.52% of its enlarged share capital, through a 82.27% owned subsidiary, CSSF. The options to subscribe for shares in Adavale were valued in the consolidated balance sheet at 30 June 2008 at a total valuation of US$36,000 by an independent valuer using the binomial option pricing model. The key assumptions used were a risk free interest rate of 6.68%, volatility of 97.37%, dividend yield of zero and the market price at 30 June 2008 of A$0.055 per share. The shares of Adavale were consolidated on a 3 to 1 basis during the six months ended 30 June 2008. At 31 December 2007, the Group held a total of 10,000,000 options to subscribe for shares in Adavale of which 5,000,000 options with an exercise price of A$0.06 per share, and another 5,000,000 options with an exercise price of A$0.065 per share, which once exercised would represent 1.86% of its enlarged share capital. The options were valued in the consolidated balance sheet at 31 December 2007 at a total valuation of US$136,000 by an independent valuer using the binomial option pricing model. The key assumptions used were a risk free interest rate of 6.82%, volatility of 92.49%, zero dividend yield and the market price at 31 December 2007 of A$0.05 per share.

19. At 30 June 2008, the Group owns 38.98% of Sunov Petroleum (Pakistan) Limited ("SPP"), through a 82.27% owned subsidiary Sunov Crosby (Holdings) Limited ("SCH"). SPP owns 100% of Eastern Petroleum Limited ("EP"), a company incorporated in Mauritius, which in turn owns 100% of the issued share capital of Spud Energy Pty Limited ("Spud"), a company registered in Australia, which owns a 40% interest in the Bolan Concession, a 7.9% interest in the Badar Mining Lease and 13.5% interest in Guddu, all gas fields located onshore in Pakistan. At 30 June 2008, the investment in SPP is valued at US$1,197,000 based on a recent transaction. At 31 December 2007, the investment in SPP was valued at US$5,107,000 based on the conversion value of a US$2,500,000 convertible note issued by SPP on 30 September 2006 which is convertible into equity at its option. The conversion value is based on a pre-money valuation of Spud of US$13,100,000. On conversion of the US$2,500,000 convertible note, the shareholding of SCH in SPP would be reduced to 32.7%.

20. At 30 June 2008, the Group owns both ordinary and preference shares of ESK Limited ("ESK"), a company incorporated in the British Virgin Islands, through its 82.27% owned subsidiary, CSSF. ESK, through its wholly owned subsidiaries, Crosby Orchard Fund Pty Limited and Eskdale Petroleum Pty Limited, owns 100% of Orchard Petroleum Pty Limited, an oil and gas company with a portfolio of interests in California that was listed on the Australian Stock Exchange. The interest via the ordinary shares of ESK is valued at US$Nil at 30 June 2008 and 31 December 2007 given the uncertainty of receiving any remaining fair value in ESK once debt and the preference shares have been redeemed, given the current stage of development of the underlying oil and gas properties. During the year ended 31 December 2007, the Group purchased, together with a number of other subscribers, redeemable preference shares in ESK for an amount of US$1,875,000. The preference shares at 30 June 2008 and 31 December 2007 are valued at US$1,875,000 based on the subscription price of the preference shares.

20. Trade and other payables

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Trade payables	2,188	2,330
Other payables	2,490	915
Accrued charges	16,305	18,909
Total	20,983	22,154

The fair value of trade and other payables is considered by the directors not to be materially different from carrying amounts.

At 30 June 2008, the ageing analysis of trade payables based on invoice date and net of provisions, is as follows:

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
0 – 30 days	2,186	1,746
31 – 60 days	–	264
61 – 90 days	–	320
Over 90 days	2	–
Total	2,188	2,330

21. Financial liabilities at fair value through profit or loss

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Derivative embedded in the convertible bond issued in 2006:		
Balance at 1 January *(Note 22)*	400	2,220
Change in fair value	(360)	(1,820)
Balance at 30 June/31 December *(Note)*	40	400
Share of a loan by the Group:		
Balance at 1 January	–	9,186
Change in fair value	–	443
Repayment	–	(9,629)
Balance at 30 June/31 December	–	–
	40	400

Note:

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	At 30 June 2008
Share price	US$1.88 million
Exercise price	US$20 million
Expected volatility	70%
Expected life	2.69 years
Risk-free rate	5.20%
Expected dividend yield	5%

Because the Binomial model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

22. Convertible bond

In March 2006, the Company issued US$75,000,000 Zero Coupon 5 year Convertible Bond (the "Convertible Bond"). The cash proceeds from the issue were received on 8 March 2006 and the net proceeds of approximately US$72,750,000 were used by the Group for general working capital and investment purposes. In particular, US$42,500,000 of the proceeds were invested by the Group in the Oil and Gas Exploration Prospects, which are further described in Note 15 to the unaudited interim financial information.

The Convertible Bond is unlisted and was convertible at the option of the bondholder(s), at any time on or after 13 March 2006 and up to and including 4 February 2011, into either new shares of the Company at a price of HK$0.7665 per share (before share consolidation) or exchangeable into existing shares of Crosby Asset Management Inc. ("CAM"), a 82.27% subsidiary of the Company at 30 June 2008, owned by the Company at a price of £0.9975 per share. The bondholder(s) were not able to exercise their conversion rights in respect of new shares of the Company once 556,666,011 new shares (before share consolidation) of the Company had been issued. The Convertible Bond that remains outstanding on 4 February 2011 is redeemable at 116.1% of its principal amount.

The Company has provided a negative pledge to the bondholder(s), that so long as any of the Convertible Bond remains outstanding and except in certain limited circumstances, that the Group will not secure any of its assets or future revenues against any indebtedness of the Group unless the outstanding Convertible Bond is also secured.

The Company has also undertaken, that so long as any of the Convertible Bond remains outstanding, that it will not sell any shares of CAM, any substantial line of its business or the interests in the Oil and Gas Exploration Prospects without the approval of the bondholder(s). However, the Company may dispose of shares of CAM and the equity interests in the Oil and Gas Exploration Prospects, provided that the Company shall, immediately after such disposal, set aside such money equal to the aggregate principal amount of the Convertible Bond then outstanding, multiplied by 116.1% and as long as the Company's shareholding in CAM shall not fall below 50% after such disposal.

The Convertible Bond recognised in the balance sheet at 30 June 2008 is calculated as follows:

	US$'000
Face value of Convertible Bond issued	75,000
Discount	(2,250)
Financial liabilities at fair value through profit or loss	(6,320)
Equity component	(4,793)
Liability component on initial recognition upon issuance of Convertible Bond on 8 March 2006	61,637

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Liability component at 1 January	18,644	17,403
Effective interest expense for the period/year	656	1,241
Conversion of Convertible Bond during the period/year*	–	–
Liability component at 30 June/31 December	19,300	18,644

* *During the year ended 31 December 2006, US$55,000,000 of the Convertible Bond was converted into 556,666,011 new shares of the Company, representing 16.55% of the Company's enlarged issued share capital of 3,362,743,256 shares (including 292,500,000 non-voting convertible deferred shares) at that time. The balance of the Convertible Bond of US$20,000,000 is therefore only exchangeable into a maximum of 11,453,287 existing shares of CAM owned by the Company, but no exchange had occurred up to 30 June 2008. On the basis that the balance of the Convertible Bond of US$20,000,000 is fully exchanged into existing shares of CAM, the holding of the Company in CAM would be reduced from 82.27% to 77.55% as at 30 June 2008.*

The interest expense of Convertible Bond for the period ended 30 June 2008 is calculated by applying an effective interest rate of 7.15% to the liability component.

The Directors of the Company estimate the fair value of the liability component of the Convertible Bond at 30 June 2008 to be approximately US$19,300,000. The fair value has been calculated by discounting the future cash flows at the prevailing market rate of 6.5%, increased to 7.15% to adjust for the amortisation of the discount of US$2,250,000. The aforementioned discount rate of 6.5% has been determined by reference to the yield on non-callable bonds issued in US dollars by a corporate with a credit rating of BB, with maturity of 5 years.

23. Share capital

	Number of ordinary shares	Number of convertible redeemable preference shares	Number of non-voting convertible deferred shares	Value US$'000
At 1 January 2008				
Authorised				
(par value of US$0.001 each)	20,000,000,000	1,000,000	–	20,001
Effect of increase in nominal value of shares from US$0.001 each to US$0.01 each *(Note 1)*	(18,000,000,000)	(900,000)	–	–
At 30 June 2008	2,000,000,000	100,000	–	20,001
At 1 January 2008				
Issued and fully paid				
(par value of US$0.001 each)	3,070,381,256	–	292,500,000	3,363
Repurchase of shares *(Note 2)*	(4,936,000)	–	–	(5)
Effect of increase in nominal value of shares from US$0.001 each to US$0.01 each *(Note 1)*	(2,758,900,731)	–	(263,250,000)	–
At 30 June 2008	306,544,525	–	29,250,000	3,358

Notes:

(1) Pursuant to an ordinary resolution passed at the Annual General Meeting of the Company held on 25 April 2008, every ten issued and unissued shares of US$0.001 each were consolidated into one new share of US$0.01 each with effect from 28 April 2008. The shares after the share consolidation rank pari passu in all respects with each other.

(2) During the six months ended 30 June 2008, the Company repurchased on the Stock Exchange a total of 4,936,000 of its own ordinary shares at a price range of HK$0.104 and HK$0.131 per share (before share consolidation) for a total consideration, before expenses, of HK$579,000 (equivalent to approximately US$74,000). The repurchased shares were duly cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly.

24. Reserves

	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Share premium	106,824	106,895
Capital reserve	4,872	4,872
Capital redemption reserve	25	20
Employee share-based compensation reserve	11,285	9,285
Investment revaluation reserve	21	312
Foreign exchange reserve	180	100
Accumulated losses	(102,933)	(63,231)
Total	20,274	58,253

25. Material related party transactions

(a) During the six months, other than those disclosed elsewhere in this report, the Group had the following material related party transactions with certain investee companies:

	Unaudited six months ended 30 June	
	2008 US$'000	**2007** US$'000
Advertising and marketing expenses to an investee company/associate	–	(38)
Fees on redemption and arrangement of loans from an investee company	658	105
Loan to an investee company	1,219	–
Management services fee received from investee companies	90	90
Payment to an investee company in respect of exercise of share options	–	(17)
Loan interest income from an investee company	63	157

(b) At 30 June 2008, details of the loan and amounts due from/to investee companies are set out below:

	Notes	Unaudited 30 June 2008 US$'000	Audited 31 December 2007 US$'000
Loan to an investee company	*(i)*	767	4,273
Loan to a subsidiary of investee company		–	126
Amounts due from investee companies	*(ii)*	253	151
		1,020	4,550
Amounts due to investee companies		882	–

Notes:

(i) As at 30 June 2008, the Group had a loan to an investee company, ESK Limited, which was interest bearing at 7% per annum. The loan was repaid in full in July 2008. As at 31 December 2007, the Group had several loans to an investee company, IB Daiwa, which were unsecured and interest bearing at 5.4% per annum. These loans were repaid in full in June 2008.

(ii) Amounts due from investee companies are unsecured, interest-free and repayable on demand. Included in the amounts due from investee companies are amounts due from ESK Limited of US$113,000 (as at 31 December 2007: US$93,000), which were repaid in full subsequent to 30 June 2008.

26. Contingencies

As at 30 June 2008, the Group had no material contingent liabilities.

27. Financial risk management objectives and policies

The Group is exposed to a variety of financial risks, which are the same as those detailed in the Company's annual audited consolidated financial statements for the year ended 31 December 2007, which are managed through its Executive and Operations Committees in close cooperation with the Board of Directors.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 30 June 2008, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Directors	Personal interest	Family interest	Corporate interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue %
Ilyas Tariq Khan *(Notes 1 & 2)*	8,249,408	–	41,828,279	50,077,687	16.34
Johnny Chan Kok Chung *(Note 3)*	15,155,320	1,609,739	–	16,765,059	5.47
Simon Jeremy Fry	11,018,658	–	–	11,018,658	3.59
Joseph Tong Tze Kay	500,000	–	–	500,000	0.16
Daniel Yen Tzu Chen	200,000	–	–	200,000	0.07
Peter McIntyre Koenig	350,000	–	–	350,000	0.11

Note 1: TW Indus Limited held 19,339,914 ordinary shares. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 22,488,365 ordinary shares. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 22,488,365 ordinary shares owned by ECK & Partners Limited.

Note 3: Yuda Udomritthiruj held 1,609,739 ordinary shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung and, accordingly, he is deemed to have interests in her shares.

(ii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's Share Option Scheme, details of which are provided below:

Name of Directors	Date of grant	Subscription price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Ilyas Tariq Khan	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	2,500,000	
			8,500,000	2.77
Johnny Chan Kok Chung	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	3,000,000	
			9,000,000	2.94
Simon Jeremy Fry	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	3,000,000	
			9,000,000	2.94
Ahmad S. Al-Khaled	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
			1,250,000	0.41
Daniel Yen Tzu Chen	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
			1,250,000	0.41
Peter McIntyre Koenig	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
			1,250,000	0.41
Joseph Tong Tze Kay	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
			1,250,000	0.41

(iii) Interests in the non-voting convertible deferred shares of the Company

Name	Number or approximate attributable number of non-voting convertible deferred shares	Percentage which the aggregate long position in non-voting convertible deferred shares represents to the total non-voting convertible deferred shares currently in issue
Simon Jeremy Fry	29,250,000	100%

(iv) Short Positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

(v) Interests in the shares of an Associated Corporation

Name of Directors	Associated corporation	Personal interest	Corporate interest	Aggregate long position in shares of the Associate	Percentage which the aggregate long position in shares of the Associate represents to the issued share capital of the Associate %
Ilyas Tariq Khan (Note 1 & 2)	Crosby (Hong Kong) Limited (formerly Crosby Capital Partners (Hong Kong) Limited)	1	110,001	110,002	0.04
	Crosby Asset Management Inc.	100,000	–	100,000	0.04
Johnny Chan Kok Chung	Crosby (Hong Kong) Limited (formerly Crosby Capital Partners (Hong Kong) Limited)	30,000	–	30,000	0.01
	Crosby Asset Management Inc.	40,000	–	40,000	0.02
Simon Jeremy Fry	Crosby Asset Management Inc.	100,000	–	100,000	0.04

Note 1: TW Indus Limited held 40,001 shares in Crosby (Hong Kong) Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 70,000 shares in Crosby (Hong Kong) Limited. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 70,000 shares owned by ECK & Partners Limited.

Save as disclosed above, as at 30 June 2008, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Disclosure of Interests of Substantial Shareholders and Other Persons

So far as is known to any Director or the chief executive of the Company, as at 30 June 2008, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(i) Interests in the ordinary shares and underlying shares of the Company

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or approximate attributable percentage holding of ordinary shares currently in issue and/or percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
Deutsche Bank Aktiengesellschaft	–	43,287,400	14.12%
PMA Capital Management Limited *(Note 1)*	38,892,600	–	12.69%
TBV Holdings Limited *(Note 2)*	30,205,500	–	9.85%
ECK & Partners Limited *(Note 3)*	22,488,364	–	7.34%
PMA Prospect Fund *(Note 1)*	20,241,400	–	6.60%
TW Indus Limited *(Note 4)*	19,339,914	–	6.31%
Diversified Asian Strategies Fund *(Note 1)*	18,651,200	–	6.08%

Note 1: PMA Capital Management Limited is the investment advisor of PMA Prospect Fund and Diversified Asian Strategies Fund, which are Independent Third Parties. The interest of PMA Prospect Fund and Diversified Asian Strategies Fund in 20,241,400 ordinary shares and 18,651,200 ordinary shares respectively are included in the interest of PMA Capital Management Limited in 38,892,600 ordinary shares.

Note 2: TBV Holdings Limited is a company wholly-owned by the Kuwait Fund for Arab Economic Development, a development finance agency owned by the government of Kuwait.

Note 3: Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, the interest of ECK & Partners Limited in 22,488,365 ordinary shares is duplicated in the 50,077,687 ordinary shares in which Ilyas Tariq Khan is interested as a Director.

Note 4: TW Indus Limited held a direct interest in 19,339,914 ordinary shares. Ilyas Tariq Khan was beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan was also interested in these 19,339,914 ordinary shares which are duplicated within the 50,077,687 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

(ii) Short Positions

No person held short positions in the Shares and Underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 30 June 2008, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 30 June 2008, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(c) Share Options

Pursuant to the Company's Share Option Scheme, a duly authorised committee of the board of Directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the Shares of the Company on the Exchange on the date of grant of the particular option or (ii) the average of the closing prices of the Shares of the Company for the five trading days immediately preceding the date of the grant of the options or (iii) the nominal value of the shares.

Share options granted under the Share Option Scheme are exercisable as follows:

(a) the first thirty percent of the options between the first and tenth anniversary of the date of grant;

(b) the next thirty percent of the options between the second and tenth anniversary of the date of grant; and

(c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the Share Option Scheme:

Date of options grant	Options granted	Options exercise price	Options lapsed since grant	Options outstanding	Options exercisable as at 30 June 2008
27 March 2002	24,824,470	HK$0.704	(24,794,470)	30,000	30,000
18 March 2003	5,400,000	HK$0.350	(5,400,000)	–	–
14 May 2003	1,500,000	HK$0.350	(1,000,000)	–	–
18 June 2003	2,606,400	HK$0.350	(2,606,400)	–	–
11 July 2003	31,200,000	HK$0.350	(31,200,000)	–	–
1 December 2003	2,100,000	HK$0.350	(2,100,000)	–	–
20 August 2004	1,500,000	HK$0.350	–	–	–
24 March 2006	4,000,000	HK$7.700	–	4,000,000	2,400,000
26 April 2006	18,000,000	HK$7.700	–	18,000,000	10,800,000
29 January 2007	1,000,000	HK$3.650	–	1,000,000	300,000
11 February 2008	11,750,000	HK$1.800	–	11,750,000	–
	103,880,870		(67,100,870) (Note)	34,780,000	13,530,000

Note: Includes 51,856,400 of share options that have lapsed and are not available for re-use.

No options granted under the Share Option Scheme had been exercised during the six months ended 30 June 2008.

(d) Competing Interests

So far as the Directors are aware, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates have any interests in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Joseph Tong Tze Kay, Daniel Yen Tzu Chen and Peter McIntyre Koenig. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 5 August 2008. The unaudited interim financial information of the Company for the six months ended 30 June 2008 has been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, the Company purchased through the Stock Exchange 4,936,000 ordinary shares at prices between HK$0.104 and HK$0.131 which were cancelled on 16 April 2008.

Neither the Company, nor any of its subsidiaries, has sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008 (2007: Nil).

By Order of the Board
Ilyas Tariq Khan
Chairman and Chief Executive Officer

Hong Kong, 8 August 2008

As at the date of this report, the Directors of the Company are

Executive Director:	*Ilyas Tariq Khan*
Non-Executive Directors:	*Johnny Chan Kok Chung, Ahmad S. Al-Khaled and Simon Jeremy Fry*
Independent Non-Executive Directors:	*Daniel Yen Tzu Chen, Peter McIntyre Koenig and Joseph Tong Tze Kay*