INTERIM REPORT 2009

For the six months ended 30 June

CROSBY
CAPITAL LIMITED
Stock Code: 8088

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.

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This report, for which the directors of Crosby Capital Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange for the purpose of giving information with regard to Crosby Capital Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

ABOUT CROSBY CAPITAL LIMITED

Crosby Capital Limited ("Crosby" or 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, 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 2009 of US$12.4 million when compared to a loss of US$40.0 million for the same period last year.

Revenue decreased to US$2.1 million for the six months ended 30 June 2009 when compared to US$17.6 million for the same period last year. The decrease in revenue is mainly attributable to CAM's asset and wealth management businesses.

Total operating expenses (being other administrative expenses plus other operating expenses) for the six months ended 30 June 2009 were US$10.5 million compared with US$29.4 million for the same period last year. The decrease is mainly attributable to reduced staff costs as staff numbers have significantly reduced from 135 at the beginning of 2008 to 60 at 30 June 2009 and reduced office premises costs. In particular, during the six months ended 30 June 2009 we have closed our Singapore office and moved to smaller and lower cost offices in London and Hong Kong.

Merchant Banking

The merchant banking business, which is 100% owned by Crosby, continued to make good progress in a variety of transactions where we have negotiated a carried interest in the underlying assets. However, capital raising and visibility of realizations both remain affected by market conditions.

ADM Loan

In June 2008, Coniston International Capital Limited ("Coniston"), a 100% subsidiary of Crosby, participated in the amount of US$9,815,000 in a loan to Asia Special Situations GJP1 Limited, a wholly owned subsidiary of IB Daiwa Corporation ("IBD"), from ADM Galleus Fund Limited ("ADM"), an investment fund managed by Asia Debt Management Hong Kong Limited (the "ADM Loan"). At 30 June 2009, the ADM Loan is being carried in the consolidated statement of financial position at the discounted value of the fair value of the security provided by IBD and other factors. The principal security is AIM listed Leed Petroleum which traded at a price of 19p at 30 June 2009. During the six months under review, US$1,680,000 of the ADM Loan was prepaid to Coniston.

CWM

Crosby Wealth Management ("CWM"), in which CAM has a 56.14% interest, modestly increased its assets under management over the six months ended 30 June 2009. However, margins remained subdued primarily due to low trading volumes. There were no further significant developments in the legal proceedings (as set out in the Company's Final Results Announcement dated 19 March 2009) brought by a client in Hong Kong concerning a trade execution error.

CAOF

CAM's Crosby Active Opportunities Fund ("CAOF") continues to liquidate positions in an orderly manner in order to return cash to investors.

Forsyth

CAM has now been appointed a liquidator for the Forsyth hedge fund of funds to facilitate their orderly closure.

Orchard Petroleum

Orchard Petroleum benefitted from better oil prices towards the end of the period under review. Total production also continued to increase modestly as a result of an increase in producing the well count.

FINANCIAL POSITION AND RESOURCES

Liquidity

At 30 June 2009, the Group had cash and bank balances of US$8.8 million decreased from US$17.0 million at 31 December 2008 and net current assets of US$11.6 million decreased from US$22.1 million at 31 December 2008.

Significant investments

As detailed above and in Note 17 to the interim financial information, the Group has a participation in the ADM Loan.

At 30 June 2009, the Group also had available-for-sale financial assets at fair value of US$0.7 million and financial assets at fair value through profit or loss of US$7.6 million as compared with those of US$1.9 million and US$9.8 million respectively at 31 December 2008. Details of these investments are set out in Notes 14 and 16 to the interim financial information 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 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 4.70%, or 11,453,287 shares, leaving the Group with a majority stake of at least 81.75% at the date of this report. The balance of the convertible bond is due for redemption in March 2011 in so far that it is not exchanged into CAM shares.

Commitments

At 30 June 2009, 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, other than those set out in Note 23 to the interim financial information.

Equity Structure

An analysis of the movements in equity during the period is provided in the consolidated statement of changes in equity on page 8 of the interim financial information.

At 30 June 2009, the Company's issued ordinary share capital of the Company was 301,347,984 shares which remained unchanged during the six months ended 30 June 2009. The Company did not purchase any of its own shares during the period under review.

At 30 June 2009, the number of deferred shares issued by the Company was 29,250,000 shares which remained unchanged during the six months ended 30 June 2009. 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 2009, the Company had 35,780,000 options outstanding under the Company's Share Option Scheme of which 25,155,000 options were exercisable. The Company can grant a further 28,654,452 options pursuant to the existing shareholder mandate limit.

Minority interests in the consolidated statement of financial position decreased to US$1.4 million at 30 June 2009 from US$2.9 million at 31 December 2008. The balance at 30 June 2009 is made up of US$0.2 million relating to the minority shareholders of CAM representing 13.55% of its issued share capital and, within the CAM Group, US$1.2 million consisting of the 43.86% minority shareholders interest in the Group's wealth management operating subsidiary.

Notwithstanding, the consolidated statement of financial position of the Group at 30 June 2009 shows negative equity of US$6.9 million, the Group has no significant liabilities that are past due. The Company's statement of financial position remains in positive equity.

EMPLOYEE INFORMATION

As at 30 June 2009, the Group had 60 full-time employees (31 December 2008: 70). Details of the Directors' remuneration and employees' emoluments during the period are provided in Note 8 to the interim financial information.

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 regularly 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.

(a) Corporate Governance Practices

Throughout the period of the six months ended 30 June 2009, 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.1.1*

   Code Provision E.1.1 provides that in respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of the meeting. At the Company's Annual General Meeting on 7 May 2009, the Chairman proposed separate resolutions for each substantially separate issue. However, the proposals for the re-election of three directors to the Board were not divided into three separate resolutions in order to ensure the Annual General Meeting was conducted on a timely basis notwithstanding the fact that there were four additional resolutions being proposed at the meeting as special business.

3. *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, did not attend the Company's Annual General Meeting on 7 May 2009 due to an important personal 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.

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 2009 (the "Review Periods"), together with the comparative unaudited figures of the corresponding periods in 2008, as follows:

CONSOLIDATED INCOME STATEMENT

For the six months and three months ended 30 June 2009

		(Unaudited) Six months ended 30 June		(Unaudited) Three months ended 30 June	
	Notes	**2009 US$'000**	2008 US$'000	**2009 US$'000**	2008 US$'000
Revenue	5	**2,104**	17,619	**1,202**	9,675
Cost of sales		**(322)**	(4,687)	**(232)**	(2,832)
Gross profit		**1,782**	12,932	**970**	6,843
(Loss)/Gain on financial assets at fair value through profit or loss	16	**(850)**	(19,146)	**(1,009)**	3,054
Gain on financial liabilities at fair value through profit or loss		**2**	360	**2**	280
Other income	6	**3,125**	2,131	**2,849**	1,239
Administrative expenses					
Restructuring expenses	7	**(580)**	(4,233)	**(580)**	(4,233)
Amortisation of intangible assets		**–**	(314)	**–**	(159)
Impairment of intangible assets		**(10)**	(8,979)	**(10)**	(8,979)
Other administrative expenses		**(8,784)**	(26,677)	**(4,197)**	(13,731)
		(9,374)	(40,203)	**(4,787)**	(27,102)
Distribution expenses		**–**	(3)	**–**	(2)
Impairment of available-for-sale investments	14	**(1,458)**	–	**(1,458)**	–
Impairment of loan receivable	17	**(4,973)**	–	**(4,973)**	–
Other operating expenses		**(1,689)**	(2,739)	**(416)**	(2,173)
Loss from operations		**(13,435)**	(46,668)	**(8,822)**	(17,861)
Finance costs	9	**(762)**	(883)	**(391)**	(520)
Share of profits of associates		**1**	69	**18**	53
Share of profits of jointly controlled entities		**73**	66	**48**	33
Loss before taxation	10	**(14,123)**	(47,416)	**(9,147)**	(18,295)
Taxation	11	**24**	(293)	**–**	(217)
Loss for the period		**(14,099)**	(47,709)	**(9,147)**	(18,512)
Attributable to:					
Equity holders of the Company		**(12,406)**	(39,996)	**(8,172)**	(15,230)
Minority interests		**(1,693)**	(7,713)	**(975)**	(3,282)
Loss for the period		**(14,099)**	(47,709)	**(9,147)**	(18,512)
Dividend		**–**	–	**–**	–
Loss per share attributable to equity holders of the Company	12	**US cents**	US cents	**US cents**	US cents
– Basic		**(3.75)**	(11.90)	**(2.47)**	(4.54)
– Diluted		**N/A**	N/A	**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2009

		(Unaudited) Six months ended 30 June		(Unaudited) Three months ended 30 June	
	Note	**2009 US$'000**	2008 US$'000	**2009 US$'000**	2008 US$'000
Loss for the period		**(14,099)**	(47,709)	**(9,147)**	(18,512)
Other comprehensive income:					
Exchange differences on translating foreign operations		**(16)**	153	**51**	149
Available-for-sale investments					
(Deficit)/Surplus on revaluation		**(696)**	216	**(402)**	635
Reclassification to profit or loss:	10				
Provision for impairment		**1,458**	–	**1,458**	–
Upon disposal		**436**	(560)	**–**	(560)
Share of other comprehensive income of associates		**(27)**	(56)	**(11)**	(53)
Share of other comprehensive income of jointly controlled entities		**16**	–	**12**	–
Other comprehensive income for the period, net of tax		**1,171**	(247)	**1,108**	171
Total comprehensive income for the period, net of tax		**(12,928)**	(47,956)	**(8,039)**	(18,341)
Attributable to:					
Equity holders of the Company		**(11,380)**	(40,207)	**(7,203)**	(15,090)
Minority interests		**(1,548)**	(7,749)	**(836)**	(3,251)
		(12,928)	(47,956)	**(8,039)**	(18,341)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**313**	458
Interests in associates		**488**	153
Interests in jointly controlled entities		**562**	307
Available-for-sale investments	14	**723**	1,854
Note receivable		**497**	485
Intangible assets		**21**	21
		2,604	3,278
Current assets			
Trade and other receivables	15	**3,119**	3,805
Tax recoverable		**120**	82
Financial assets at fair value through profit or loss	16	**7,619**	9,771
Loan receivable	17	**3,543**	7,844
Cash and cash equivalents		**8,801**	16,991
		23,202	38,493
Current liabilities			
Trade and other payables	18	**11,283**	13,379
Deferred income		**30**	408
Provision for taxation		**–**	2,261
Current portion of obligations under finance leases		**296**	316
Financial liabilities at fair value through profit or loss		**–**	2
		11,609	16,366
Net current assets		**11,593**	22,127
Total assets less current liabilities		**14,197**	25,405
Non-current liabilities			
Loan payable		**53**	52
Obligations under finance leases		**400**	532
Convertible bond	19	**20,679**	19,980
		21,132	20,564
Net (liabilities)/assets		**(6,935)**	4,841
EQUITY			
Share capital	20	**3,306**	3,306
Reserves	21	**(11,614)**	(1,363)
Equity attributable to equity holders of the Company		**(8,308)**	1,943
Minority interests		**1,373**	2,898
Total equity		**(6,935)**	4,841

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Equity attributable to equity holders of the Company									Minority interests	Total equity
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Capital redemption reserve US$'000	Employee share-based compen-sation reserve US$'000	Investment revaluation reserve US$'000	Foreign exchange reserve US$'000	Accumul-ated losses US$'000	Total US$'000	US$'000	US$'000
At 1 January 2009	3,306	106,444	4,872	77	11,923	(823)	(19)	(123,837)	1,943	2,898	4,841
Employee share-based compensation	–	–	–	–	1,129	–	–	–	1,129	66	1,195
Lapse of share options	–	–	–	–	(190)	–	–	190	–	–	–
Additional investment in a subsidiary	–	–	–	–	–	–	–	–	–	(43)	(43)
Transactions with owners	–	–	–	–	939	–	–	190	1,129	23	1,152
Loss for the period	–	–	–	–	–	–	–	(12,406)	(12,406)	(1,693)	(14,099)
Other comprehensive income:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	(11)	–	(11)	(5)	(16)
Available-for-sale investments											
(Deficit)/Surplus on revaluation	–	–	–	–	–	(848)	–	–	(848)	152	(696)
Reclassification to profit or loss:											
Provision for impairment	–	–	–	–	–	1,458	–	–	1,458	–	1,458
Upon disposal	–	–	–	–	–	436	–	–	436	–	436
Share of other comprehensive income of associates	–	–	–	–	–	–	(23)	–	(23)	(4)	(27)
Share of other comprehensive income of jointly controlled entities	–	–	–	–	–	–	14	–	14	2	16
Total comprehensive income for the period	–	–	–	–	–	1,046	(20)	(12,406)	(11,380)	(1,548)	(12,928)
At 30 June 2009 (Unaudited)	**3,306**	**106,444**	**4,872**	**77**	**12,862**	**223**	**(39)**	**(136,053)**	**(8,308)**	**1,373**	**(6,935)**
At 1 January 2008	3,363	106,895	4,872	20	9,285	312	100	(63,231)	61,616	19,663	81,279
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 a subsidiary	–	–	–	–	–	–	–	–	–	(49)	(49)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	(5,658)	(5,658)
Transactions with owners	(5)	(71)	–	5	2,000	–	–	294	2,223	(5,522)	(3,299)
Loss for the period	–	–	–	–	–	–	–	(39,996)	(39,996)	(7,713)	(47,709)
Other comprehensive income:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	126	–	126	27	153
Available-for-sale investments											
Surplus/(Deficit) on revaluation	–	–	–	–	–	269	–	–	269	(53)	216
Reclassification to profit or loss:											
Upon disposal	–	–	–	–	–	(560)	–	–	(560)	–	(560)
Share of other comprehensive income of associates	–	–	–	–	–	–	(46)	–	(46)	(10)	(56)
Total comprehensive income for the period	–	–	–	–	–	(291)	80	(39,996)	(40,207)	(7,749)	(47,956)
At 30 June 2008 (Unaudited)	3,358	106,824	4,872	25	11,285	21	180	(102,933)	23,632	6,392	30,024

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Unaudited six months ended 30 June	
	2009	2008
	US$'000	US$'000
Net cash outflow from operating activities	**(9,719)**	(3,804)
Net cash inflow from investing activities	**1,663**	6,003
Net cash outflow from financing activities	**(152)**	(4,422)
Net decrease in cash and cash equivalents	**(8,208)**	(2,223)
Cash and cash equivalents at beginning of the period	**16,991**	25,096
Effect of exchange rate fluctuations, net	**18**	(14)
Cash and cash equivalents at end of the period	**8,801**	22,859

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 businesses 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 18th Floor, Fairmont House, 8 Cotton Tree Drive, 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 Directors note the losses that the Group has made for the period ended 30 June 2009. The Directors have prepared cash flow forecasts through to 30 June 2010. The forecasts take account of the current cost structure of the Group and a conservative estimate of the proceeds of the sale of certain assets of the Group and the income to be generated from the Asset Management and Merchant Banking businesses. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial information.

The interim financial information for the six months ended 30 June 2009 is unaudited but has been reviewed by the audit committee of the Company.

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 financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2008 (the "2008 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 2008 Annual Report, except for the adoption of IAS 1 Presentation of Financial Statements (Revised 2007) and IFRS 8 Operating Segments.

The adoption of IAS 1 (Revised 2007) does not affect the financial position or results of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of available-for-sale investments. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". In accordance with the new standard the entity does not present a "Statement of recognised income and expenses", as was presented in the 2008 consolidated financial statements. Further, a "Statement of changes in equity" is presented.

The adoption of IFRS 8 has changed the segments that are disclosed in the interim financial statements. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the chief operating decision maker. Following the adoption of IFRS 8 which requires retrospective application, the comparative segment information for the same period in the prior year is restated to conform with the new requirements.

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, 16 and 19 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.

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, in the opinion of directors of the Company, 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.

Impairment of loan receivable

The Group reviews the loan receivable to assess whether impairment allowances exist. In determining whether impairment allowances should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. This evidence may include observable data indicating that there has been an adverse change in the realisable value of collateral and guarantees, or the viability of the borrower's business. Management uses estimates based on the objective evidence of impairment when scheduling its future cash flows.

Impairment of trade and other 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.

Provision for onerous contract

Management estimates provision for the onerous property contracts to reflect the unavoidable costs of meeting the obligations under the contract. The Group uses a number of assumptions in assessing the present value of the estimated future cash flows expected to meet the obligations under the contract and from the possible sub-letting or asignment of contract. Estimates and judgements are applied in determining these future cash flows and the discount rate. Details of the key assumptions in respect of the provision for the onerous contract are disclosed in Note 7 to the interim financial information.

Provision for claims

Management estimates, based on all available evidence and advice from their solicitors, the likelihood of setting claims made against the Group and the potential cost of those claims. The Group fully provides the estimated cost where settlement is likely.

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.

(ii) *Critical judgements in applying the Group's accounting policies*
Management in applying the accounting policies, considers that the most significant judgement they have had to make, on an ongoing basis, is the designation of financial assets at fair value through profit or loss which affect the amount recognised in the interim financial information.

4. Segment information

In identifying its operating segments, management generally follows the Group's service lines, which represent the main services provided by the Group. Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches.

The management assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs, impairment or amortisation of intangible assets which is the result of an isolated, non-recurring event not directly related to the ongoing operations.

The revenues generated and losses incurred by each of the Group's business segments are summarised as follows:

	Merchant banking		Asset management		Direct investment		Total	
	Unaudited six months ended 30 June 2009 US$'000	(Restated) Unaudited six months ended 30 June 2008 US$'000	**Unaudited six months ended 30 June 2009 US$'000**	(Restated) Unaudited six months ended 30 June 2008 US$'000	**Unaudited six months ended 30 June 2009 US$'000**	(Restated) Unaudited six months ended 30 June 2008 US$'000	**Unaudited six months ended 30 June 2009 US$'000**	(Restated) Unaudited six months ended 30 June 2008 US$'000
Revenue from external customers	**–**	2,613	**2,104**	15,006	**–**	–	**2,104**	17,619
Inter-segment revenues	**132**	334	**470**	4,719	**–**	–	**602**	5,053
Total revenue	**132**	2,947	**2,574**	19,725	**–**	–	**2,706**	22,672
Segment loss from operations	**(2,486)**	(26,371)	**(5,180)**	(3,187)	**(3,378)**	772	**(11,044)**	(28,786)
	Unaudited 30 June 2009 US$'000	(Restated) Audited 31 December 2008 US$'000	**Unaudited 30 June 2009 US$'000**	(Restated) Audited 31 December 2008 US$'000	**Unaudited 30 June 2009 US$'000**	(Restated) Audited 31 December 2008 US$'000	**Unaudited 30 June 2009 US$'000**	(Restated) Audited 31 December 2008 US$'000
Segment total assets	**10,207**	12,003	**11,607**	19,662	**3,543**	9,262	**25,357**	40,927

Segment loss from operations can be reconciled to consolidated loss from operations as follows:

	Unaudited six months ended 30 June 2009 US$'000	Unaudited six months ended 30 June 2008 US$'000
Segment loss from operations	**(11,044)**	(28,786)
Reconciling items:		
Other income not allocated	**126**	544
Restructuring expenses	**(580)**	(4,233)
Amortisation of intangible assets	**–**	(314)
Impairment of intangible assets	**(10)**	(8,979)
Other expenses not allocated	**(1,939)**	(6,824)
Elimination of inter-segment revenue	**12**	1,924
Loss from operations	**(13,435)**	(46,668)
Finance costs	**(762)**	(883)
Share of profits of associates	**1**	69
Share of profits of jointly controlled entities	**73**	66
Loss before taxation	**(14,123)**	(47,416)

Segment total assets can be reconciled to consolidated total assets as follows:

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Segment total assets	**25,357**	40,927
Reconciling items:		
Other assets not allocated	**449**	844
Total assets	**25,806**	41,771

	Merchant banking		**Asset management**		**Direct investment**	
	Unaudited six months ended 30 June 2009 US$'000	(Restated) Unaudited six months ended 30 June 2008 US$'000	**Unaudited six months ended 30 June 2009 US$'000**	(Restated) Unaudited six months ended 30 June 2008 US$'000	**Unaudited six months ended 30 June 2009 US$'000**	(Restated) Unaudited six months ended 30 June 2008 US$'000
Other information						
Interest income	**(12)**	(377)	**(17)**	(221)	**(2,352)**	(68)
Interest expenses	**1**	1	**62**	123	**699**	759
Depreciation	**27**	16	**118**	480	**–**	–
Impairment of available-for-sale investments	**–**	–	**1,458**	–	**–**	–
Impairment of loan receivable	**–**	–	**–**	–	**4,973**	–
Impairment of trade and other receivables	**–**	–	**–**	(1,221)	**–**	–

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 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).

5. Revenue

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Corporate finance and other advisory fees	**–**	2,613	**–**	2,477
Fund management fee income	**946**	9,736	**449**	4,230
Wealth management services fee	**1,158**	5,270	**753**	2,968
	2,104	17,619	**1,202**	9,675

6. Other income

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Bank interest income	**5**	252	**2**	74
Fees on redemption and arrangement of loans	**374**	692	**176**	208
Foreign exchange gain, net	**282**	–	**282**	–
Gain on deemed disposal of a subsidiary	**–**	65	**–**	–
Gain on disposal of available-for-sale investments	**–**	560	**–**	560
Other interest income	**2,376**	448	**2,363**	353
Others	**88**	114	**26**	44
	3,125	2,131	**2,849**	1,239

7. Restructuring expenses

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Write-off/Impairment of property, plant and equipment	**–**	1,904	**–**	1,904
Provision for onerous contract in respect of operating lease	**580**	1,364	**580**	1,364
Others	**–**	965	**–**	965
	580	4,233	**580**	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 2009, the Group had made further provision for the discounted net present value of the future property 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$580,000 (30 June 2008: US$1,364,000) as this represents an onerous contract.

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

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Fees	**80**	80	**40**	40
Salaries, allowances and benefits in kind	**4,780**	11,081	**2,151**	5,652
Commission paid and payable	**345**	1,888	**219**	1,119
Bonus paid and payable	**37**	5,589	**18**	2,724
Share-based compensation expense	**1,195**	2,466	**533**	1,124
Retirement fund contributions	**32**	73	**15**	30
Social security costs	**111**	898	**57**	356
	6,580	22,075	**3,033**	11,045

9. **Finance costs**

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Effective interest expense on convertible bond (Note 19) – wholly repayable within five years	**699**	656	**360**	337
Other interest expenses – wholly repayable within five years	**63**	227	**31**	183
	762	883	**391**	520

10. **Loss before taxation**

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Loss before taxation is arrived at after charging/(crediting):				
Auditors' remuneration				
– audit services	**83**	177	**38**	114
– other services	**36**	63	**27**	59
Amortisation of intangible assets	**–**	314	**–**	159
Depreciation				
– owned assets	**138**	481	**70**	281
– assets held under finance leases	**7**	22	**4**	22
Effective interest income on loan receivable (Note 17)	**(2,352)**	(20)	**(2,352)**	(20)
Employee benefit expense (including directors' remuneration) (Note 8)	**6,580**	22,075	**3,033**	11,045
Foreign exchange (gains)/losses, net	**(282)**	172	**(282)**	172
Impairment of available-for-sale investments (Note 14)	**1,458**	–	**1,458**	–
Impairment of intangible assets	**–**	8,979	**–**	8,979
Impairment of loan receivable (Note 17)	**4,973**	–	**4,973**	–
Impairment of trade and other receivables	**–**	1,235	**–**	1,235
Loss/(gain) on disposal of available-for-sale investments	**436**	(560)	**–**	(560)
Operating lease charges in respect of rented premises	**529**	1,237	**225**	751

11. Taxation

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Current tax				
– Hong Kong	**18**	(207)	**–**	(131)
– Overseas	**6**	(86)	**–**	(86)
	24	(293)	**–**	(217)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong for the three months and six months ended 30 June 2009. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the period.

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

a. Basic

Basic loss per share is calculated by dividing consolidated loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
(US$'000)				
Consolidated loss attributable to equity holders of the Company	**(12,406)**	(39,996)	**(8,172)**	(15,230)
(Number)				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**330,597,984**	336,032,089	**330,597,984**	335,797,617
Basic loss per share (US cents per share)	**(3.75)**	(11.90)	**(2.47)**	(4.54)

b. Diluted

No diluted loss per share are shown for the three months and six months ended 30 June 2009 and 30 June 2008 as the outstanding share options are anti-dilutive.

13. Property, plant and equipment

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Net carrying amount at 1 January	**458**	1,025
Additions	**109**	5,239
Disposals	**(109)**	(4,968)
Depreciation for the period/year (Note 10)	**(145)**	(840)
Exchange differences	**–**	2
Net carrying amount at 30 June/31 December	**313**	458

Included in the net carrying amount of US$313,000 (31 December 2008: US$458,000) is an amount of US$38,000 (31 December 2008: US$45,000) representing the net carrying value of assets held under finance leases.

14. Available-for-sale investments

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Unlisted investments, at cost		
Equity securities	**–**	1,047
Less: Impairment losses	**–**	(1,047)
	–	–
Unlisted investments, at fair value		
Equity securities	**387**	1,625
Listed investments, at fair value		
Equity securities, listed in Hong Kong	**6**	6
Equity securities, listed outside Hong Kong	**330**	223
	336	229
Total	**723**	1,854

The movements in available-for-sale investments during the six months ended 30 June 2009 are as follows:

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
At 1 January	**1,854**	5,845
Disposals	**(435)**	(3,060)
Change in fair value recognised directly in equity	**(696)**	(931)
At 30 June/31 December	**723**	1,854

The investments included above mainly represent investments 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.

During the six months ended 30 June 2009, impairment of US$1,458,000 has been provided and the cumulative loss that had been recognised directly in equity has been removed from equity and recognised in the consolidated income statement.

15. Trade and other receivables

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Trade receivables – gross	**938**	816
Less: Impairment losses	**–**	–
Trade receivables – net	**938**	816
Other receivables – gross	**1,176**	2,595
Less: Impairment losses	**(717)**	(1,481)
Other receivables – net	**459**	1,114
Deposits and prepayments	**1,722**	1,875
Total	**3,119**	3,805

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

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
0 – 30 days	**326**	178
31 – 60 days	**179**	127
61 – 90 days	**61**	454
Over 90 days	**372**	57
Total	**938**	816

The Group allows a credit period ranging from 15 to 45 days to its asset management clients. The credit period for asset management contracts can be extended in special circumstances.

None of the above trade receivables net of impairment losses is past due as at 30 June 2009. The trade receivables related to a large number of customers for whom there was no recent history of default.

16. Financial assets at fair value through profit or loss

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Held for trading		
Listed securities :		
– Equity securities – Australia	**2,920**	3,473
– Equity securities – Canada	**1,234**	7
– Equity securities – Japan	**342**	801
– Equity securities – United Kingdom	**2,186**	1,074
– Equity securities – United States	**237**	449
Fair value of listed securities	**6,919**	5,804
Unlisted securities :		
– Equity securities – Australia	**365**	365
– Equity securities – British Virgin Islands	**–**	1,875
Fair value of unlisted securities	**365**	2,240
Embedded derivatives	**–**	1,418
Others	**335**	309
Total	**7,619**	9,771

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

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
At 1 January	**9,771**	54,108
Additions	**3,812**	8,379
Disposals	**(5,114)**	(19,220)
Dividend received	**–**	(3)
Loss on financial assets at fair value through profit or loss	**(850)**	(33,493)
At 30 June/31 December	**7,619**	9,771

Particulars and valuation basis of principal financial assets held at fair value through profit or loss are as follows:–

Name	No. of shares/Percentage of interest held by the Company indirectly				Fair value		Valuation basis
	Unaudited 30 June 2009		Audited 31 December 2008		**Unaudited 30 June 2009**	Audited 31 December 2008	
	Holding	**%**	Holding	%	**US$'000**	US$'000	
White Energy Company Limited – Ordinary shares	**2,019,824**	**1.05**	2,019,824	1.31	**2,747**	2,790	Quoted market price at 30 June 2009 of AUD1.69 (31 December 2008: AUD2.00 per share), listed on Australian Stock Exchange
Fermiscan Holding Limited – Ordinary shares	**500,000**	**0.35**	3,079,977	2.15	**39**	287	Quoted market price at 30 June 2009 of AUD0.098 (31 December 2008: AUD0.135 per share), listed on Australian Stock Exchange
IB Daiwa Corporation – Ordinary shares	**6,536,000**	**2.81**	12,054,000	2.82	**342**	801	Quoted market price at 30 June 2009 of ¥5 (31 December 2008: ¥6 per share), listed on JASDAQ Japan
Upstream Marketing and Communications Inc. – Ordinary shares	**20,276,384**	**14.80**	20,276,384	14.80	**335**	220	Quoted market price at 30 June 2009 of £0.01 (31 December 2008: £0.0075 per share), listed on AIM of London Stock Exchange
White Energy Company Limited – Options	**1,250,000**	**0.60***	1,250,000	0.75*	**356**	356	Valuation at 30 June 2009 was done using the Binomial Model.
ESK Limited – Ordinary shares	**19,028,031**	**5.00**	19,028,031	5.00	**–**	–	
– Preference shares	**2,973,130**	**N/A**	2,973,130	N/A	**–**	1,875	Full provision for impairment of the investment cost as at 30 June 2009 by reference to the value and stage of development of the major underlying oil and gas properties relative to the amount of debt and preference shares outstanding, as well as other related factors.
Derivatives embedded in loan receivable	**N/A**	**N/A**	N/A	N/A	**–**	1,418	Full provision for impairment at 30 June 2009. Valuation at 31 December 2008 was provided by the independent valuer using the Binomial Model.

* The percentage of shareholding is based on the enlarged share capital of White Energy Company Limited.

17. Loan Receivable

The loan receivable relates to the participation by Coniston International Capital Limited ("Coniston"), a 100% subsidiary of the Company, in the amount of US$9,815,000 in a loan to Asia Special Situations GJP1 Limited, a wholly owned subsidiary of IB Daiwa Corporation ("IBD"), from ADM Galleus Fund Limited ("ADM"), an investment fund managed by Asia Debt Management Hong Kong Limited (the "ADM Loan") as detailed in the 2008 Annual Report.

Approximately US$7,500,000 of the ADM loan was prepaid from the cash collateral in February 2009, from which Coniston received approximately US$1,680,000.

In March 2009, IBD agreed to pay US$250,000 to ADM to release all the shares of Adavale Resources Limited from the security pool. Coniston received approximately US$55,000 from this payment.

In March 2009, ADM exercised its rights to convert part of the IBD's guarantee of the ADM loan into subscribing 5,000,000 new shares and warrants exercisable into 30,000,000 new shares of IBD. ADM has subsequently sold 15,000,000 shares of IBD and realized net proceeds of about US$1,000,000, from which Coniston received approximately US$235,000. ADM currently still holds 5,000,000 shares and warrants exercisable into 15,000,000 shares of IBD. As a result of the subscription of these shares and warrants by ADM, IBD's obligation under the guarantee has been reduced to approximately US$2,500,000.

In June 2009, ADM and IBD agreed to extend the ADM Loan for six months until 20 December 2009, whilst the IBD's guarantee has been extended for 45 days until 7 August 2009 (which was further extended to 21 September 2009 on 5 August 2009).

The ADM Loan receivable, after allowance for impairment, as at 30 June 2009 and 31 December 2008 is as follows:

	US$'000
Loan principal advanced on 23 June 2008	9,815
Fee receivable upon maturity and capitalised upfront	796
Less: Embedded derivative recognised on initial recognition	(2,981)
Gross loan receivable at 23 June 2008	7,630

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Net impaired loan receivable at 1 January	**7,844**	–
Gross loan receivable	**–**	7,630
Less: repayment	**(1,680)**	–
Add: Effective interest income for the period/year (Note 10)	**2,352**	2,710
Amortised carrying amount of loan receivable at end of the period/year	**8,516**	10,340
Less: Allowance for impairment (Note 10)	**(4,973)**	(2,496)
Net impaired loan receivable at 30 June/31 December	**3,543**	7,844

The interest income on the loan receivable for the period/year is calculated by applying an effective interest rate of 66.64% which takes into consideration the value of the embedded derivatives recognised on initial recognition of the loan and the fees and interest receivable on the loan.

The embedded derivatives have been valued by an independent professional valuer using a Binomial Model at US$2,981,000 and US$1,418,000 on initial recognition and at 31 December 2008 respectively. The embedded derivatives has been fully impaired during the six months ended 30 June 2009 (Note 16).

The allowance for impairment has been calculated by reference to the fair value of the collateral held against the ADM Loan at 30 June 2009 and 31 December 2008 respectively. Accordingly, the net impaired loan receivable balance at 30 June 2009 and 31 December 2008 is equivalent to the fair value of the collateral held. Further impairment of US$4,973,000 has been provided during the six months ended 30 June 2009.

18. **Trade and other payables**

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Trade payables	**477**	630
Other payables	**462**	1,919
Accrued charges	**10,344**	10,830
Total	**11,283**	13,379

At 30 June 2009, the ageing analysis of trade payables is as follows:

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
0 – 30 days	**50**	630
Over 90 days	**427**	–
Total	**477**	630

Included in the Group's trade and other payables are provision for bonuses of US$3,244,000 (31 December 2008: US$3,413,000) to directors and staff, including provision for bonus deferred from prior year of US$3,207,000 (31 December 2008: US$3,343,000).

19. **Convertible bond**

It represents the US$75,000,000 Zero Coupon 5 year Convertible Bond (the "Convertible Bond") issued by the Company in March 2006 as detailed in the 2008 Annual Report.

The Convertible Bond recognised in the consolidated statement of financial position at 30 June 2009 and 31 December 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 2009 US$'000	Audited 31 December 2008 US$'000
Liability component at 1 January	**19,980**	18,644
Effective interest expense for the period/year (Note 9)	**699**	1,336
Liability component at 30 June/31 December	**20,679**	19,980

* 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 2009. 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 86.45% to 81.75% as at 30 June 2009.

The interest expense of Convertible Bond for the period ended 30 June 2009 is calculated by applying an effective interest rate of 7.15% to the liability component.

The liability component at 30 June 2009 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% was 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.

20. Share capital

	Number of ordinary shares	Number of convertible redeemable preference shares	Number of non-voting convertible deferred shares	Value US$'000
Authorised (par value of US$0.01 each) **At 30 June 2009 and 31 December 2008**	**2,000,000,000**	**100,000**	**–**	**20,001**
Issued and fully paid (par value of US$0.01 each) **At 30 June 2009 and 31 December 2008**	**301,347,984**	**–**	**29,250,000**	**3,306**

21. Reserves

	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
Share premium	**106,444**	106,444
Capital reserve	**4,872**	4,872
Capital redemption reserve	**77**	77
Employee share-based compensation reserve	**12,862**	11,923
Investment revaluation reserve	**223**	(823)
Foreign exchange reserve	**(39)**	(19)
Accumulated losses	**(136,053)**	(123,837)
Total	**(11,614)**	(1,363)

22. Material related party transactions

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	
	2009 **US$'000**	2008 US$'000
Fees on redemption and arrangement of loans from an investee company	–	658
Loan to an investee company	–	1,219
Management services fee received from investee companies	–	90
Loan interest income from an investee company	–	63

23. Contingencies

Crosby Wealth Management (Hong Kong) Limited, a 56.14% subsidiary of Crosby Asset Management Inc., is defending against legal proceedings brought by a client in Hong Kong concerning a trade execution error. The consolidated financial statements include a provision in respect of the claim.

24. 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 2008 Annual Report, 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 2009 (six months ended 30 June 2008: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 30 June 2009, the interests or short positions of the Directors and 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 provisions 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, 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 share 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)	8,249,407	–	41,828,278	50,077,685	16.62
Johnny Chan Kok Chung (Note 3)	15,155,320	1,609,738	–	16,765,058	5.56
Simon Jeremy Fry	11,018,658	–	–	11,018,658	3.66
Joseph Tong Tze Kay	500,000	–	–	500,000	0.17
Daniel Yen Tzu Chen	200,000	–	–	200,000	0.07
Peter McIntyre Koenig	350,000	–	–	350,000	0.12

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 22,488,364 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 22,488,364 ordinary shares owned by ECK & Partners Limited.

Note 3: Yuda Udomritthiruj held 1,609,738 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	2.82
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	2.99
Simon Jeremy Fry	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	3,000,000	
			9,000,000	2.99
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	
	29 December 2008	HK$0.18	500,000	
			1,750,000	0.58
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	
	29 December 2008	HK$0.18	500,000	
			1,750,000	0.58

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 %
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	
	29 December 2008	HK$0.18	500,000	
			1,750,000	0.58
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	
	29 December 2008	HK$0.18	500,000	
			1,750,000	0.58

(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 Associated Corporation	Percentage which the aggregate long position in shares of the Associated Corporation represents to the issued share capital of the Associated Corporation %
Ilyas Tariq Khan (Note 1 & 2)	Crosby Asset Management Inc.	100,000	–	100,000	0.04
	Crosby (Hong Kong) Limited	1	110,001	110,002	0.04
Johnny Chan Kok Chung	Crosby Asset Management Inc.	40,000	–	40,000	0.02
	Crosby (Hong Kong) Limited	30,000	–	30,000	0.01
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.

(vi) *Interests in the underlying shares of the Associated Corporation*

The interests in the underlying shares of Crosby Asset Management Inc. ("CAM") arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the CAM'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 Associate Corporation	Percentage which the aggregate long position in underlying shares of the Associate Corporation represents to the issued share capital of the Associate Corporation %
Ilyas Tariq Khan	11 January 2008	22.25 pence	1,200,000	0.49
Johnny Chan Kok Chung	11 January 2008	22.25 pence	2,400,000	0.98
Simon Jeremy Fry	11 January 2008	22.25 pence	1,200,000	0.49

Save as disclosed above, as at 30 June 2009, 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 2009, 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
TBV Holdings Limited (Note 1)	30,205,500	–	10.02%
ECK & Partners Limited (Note 2)	22,488,364	–	7.46%
TW Indus Limited (Note 3)	19,339,914	–	6.42%

Note 1: 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 2: 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 22,488,364 ordinary shares is duplicated in the 50,077,685 ordinary shares in which Ilyas Tariq Khan is interested as a Director.

Note 3: 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 50,077,685 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 2009, 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 2009, 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 2009
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	(1,000,000)	3,000,000	3,000,000
26 April 2006	18,000,000	HK$7.700	–	18,000,000	18,000,000
29 January 2007	1,000,000	HK$3.650	–	1,000,000	600,000
11 February 2008	11,750,000	HK$1.800	–	11,750,000	3,525,000
29 December 2008	2,000,000	HK$0.180	–	2,000,000	–
	105,880,870		(68,100,870)(Note)	35,780,000	25,155,000

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 2009.

(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 11 August 2009. The unaudited interim financial information of the Company for the six months ended 30 June 2009 has been reviewed by the audit committee.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2009 (six months ended 30 June 2008: Nil). Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months ended 30 June 2009 (six months ended 30 June 2008: 4,936,000 ordinary shares were purchased by the Company at prices between HK$0.104 and HK$0.131 which were cancelled on 16 April 2008).

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

Hong Kong, 13 August 2009

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*