Karl Thomson Holdings Limited
高信集團控股有限公司

(incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

Stock Code 股票代號：7

2010
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors:
LAM Kwok Hing *(Chairman)*
NAM Kwok Lun
(Deputy Chairman and Managing Director)

Independent Non-executive Directors:
CHEN Wei-Ming Eric
KWAN Wang Wai Alan
NG Chi Kin David

Audit Committee

CHEN Wei-Ming Eric
KWAN Wang Wai Alan
NG Chi Kin David

Remuneration Committee

LAM Kwok Hing
NAM Kwok Lun
CHEN Wei-Ming Eric
KWAN Wang Wai Alan
NG Chi Kin David

Company Secretary
LUI Choi Yiu Angela

Authorised Representatives

LAM Kwok Hing
NAM Kwok Lun

Resident Representative and Assistant Secretary

Appleby Corporate Services (Bermuda) Limited

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business

Unit 701, Tower One
Lippo Centre
89 Queensway
Hong Kong

Principal Share Registrar and Transfer Office

Reid Management Limited
Argyle House
41A Cedar Avenue
Hamilton HM12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
26 Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Bankers

Wing Hang Bank, Limited
Hang Seng Bank Limited
Chong Hing Bank Limited
Chiyu Banking Corporation Limited

Solicitors

Sidley Austin Brown & Wood International Law Firm

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Stock Code

7

Contacts

Telephone: (852) 2877 9266
Facsimile: (852) 2810 9282
Website: www.ktg.com.hk

REPORT OF THE CHAIRMAN

I would like to announce to the shareholders the unaudited consolidated results of Karl Thomson Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the six months ended 30 June 2010.

For the six months ended 30 June 2010, loss attributable to owners of the Company amounted to HK$39,978,000 (2009: HK$13,573,000), equivalent to loss per share of HK6.28 cents (2009: HK2.29 cents).

BUSINESS REVIEW

The Group comprises three major business streams, namely the financial business, investment in associate Asia Tele-Net and Technology Corporation Limited ("ATNT") and the oil and gas business.

FINANCIAL BUSINESS

During the review period, equity market suffered another fresh round of sell-off on fears of the Chinese austerity measures in pressing down the overheating property market and the outbreak of credit crisis of Euro currency regions triggered by the possible credit default of Greece and the subsequent suspicions on the other European countries of similar problems of serious fiscal deficits. The Euro currency was severely hit from 1.45 to a four year low of below 1.19 against US Dollar with liquidation pressure spilling to other riskier financial assets including equity, commodities and other non-US currencies on worries of double dip economic recession whereby Hong Kong stocks and others Asian markets also faced heavy selling pressure despite the relative healthier financial structure. US Dollars, Yen and Gold remained as the few limited safe fund heaven and the latter two shot up to the recent high of 87.5 vs US Dollar and US$1,256 per oz respectively. In the anticipation of low interest for the coming period under the weak oversea economy and limited land supply, investors switched their interest to buy property which saw record price transactions consecutively. Apart from the weak export markets, the China economy is also facing continued emerging of work strikes for higher wages increasing the social unrest as a result of enlarging rich and poor gap and the production cost in China. Nevertheless, the higher wages for Chinese workers may increase their purchasing power and may consequently stimulate the local consumption activities. In general, the investors are still eyeing on the successful development of soft landing of Chinese economy and the possible release of the credit tightening policy. Currently, most investors stay sidelined but there are neither panic behaviors of investors as most retail investors already exited out of the market. As many of the Euro Dollar members remain unclear in their financial problem, investors will still keep cautious and equity market will still fall in range movement of sluggish pattern for the rest of the year.

After the various economic cycles and crisis including the recent Financial Tsunami, the investment market and sentiment now became more globalised and interactive as investors almost shared the same updated information and commentaries and therefore the market will rise and correct more rapidly and unpredictably in one direction. The growing volatility of the investment market has deterred more investors to shift to fixed asset investment particularly in the property market at the expense of equity market. The retail participation in equities and market volume were disappointed as compared to the index rebound strength. The inflow of Chinese funds, the prevailing low interest rate and inflation fears further filled up the skyrocketing of the property prices. On the other hand, the collapse of the creditability on major currencies and the growing demand for gold as part of the national reserve had helped to push up the gold prices to a new historic record of USD 1,217 per oz.

It may need to take much longer time to restore the retail confidence on equities stocks especially when investors are eyeing on the determination and concrete policy of Western countries in restructuring the financial and bank industry and in curbing their fiscal deficits.

INVESTMENT IN ASSOCIATE ATNT

The technology arm of the Group is developed through our associate, ATNT.

After a watch and see period in 2009, in about April this year, the Group saw signs of recovery in almost all Printed Circuit Board markets worldwide. Having a global sales network and a strong engineering team, ATNT has benefited from this wave of recovery. The order book has improved since quarter two. On the other hands, the customers are getting more and more price conscious. Price negotiation is indeed a major work task now. The solar industry is expected to experience rapid growth in 2010, with global Photo Voltaic demand expected to reach 4GW in the second quarter. Taking advantages of this buoyant market, equipment sales to solar sector this year is indeed quite good. Equipment sales into Surface Finishing Sector for the period under review is more or less same as last year but on yearly basis, it will be better than last year.

OIL AND GAS BUSINESS

The energy arm of the Group is developed through our wholly owned subsidiary Karl Thomson Energy Ltd ("KT Energy").

The Group is currently holding 40% effective interest in Block 2 West Esh el Mellaha ("Block 2") and 40% effective interest in Block 3 West Kom Ombo ("Block 3"). Upon completion of the Asset Exchange Agreement signed in January 2010 and the Agreement signed with Aegean Energy (Egypt) Ltd in May 2010 (Please refer to the section "Material acquisitions and disposals of companies" below for more details), the Group will hold 60% effective interest in Block 2 and cash of US$2 million.

Block 2 is a large onshore block in the Eastern Desert of Egypt, geologically positioned on the southwest margins of the Gulf of Suez Basin to the east of the Red Sea Hills, a prolific oil producing basin with multiple reservoirs, including several giant fields. Block 2 lies in an oil-prone but highly-faulted area.

The third exploratory well South Malak-1 was spud on 16 August 2009 and was drilled to a total depth of 11,200 feet. A very high level of gas was found over a 900 foot interval. The results were so encouraging that several production tests were run. Although the Nubian sandstone which is the best producing formation in the Gulf of Suez is not found, two oil bearing formations Eocene Dolomite and Cretaceous Matulla sandstone were found in this well. The Group believes the Nubian sandstone was faulted out in the well as it has a uniform consistent thickness in all the surrounding wells. Oil samples were tested and proved to be high quality light crude oil (38 API gravity). This discovery marks a significant progress in this exploration block. Not only does this discovery differentiate Block 2 from other green fields, it also endorses the original belief that light crude oil does exist in Block 2 when the Group invested in it few years ago. The Group had run quite a number of tests on this well. Having carefully considered the limited quantities of oil to be produced from this well, a decision has reached to plug this well in May 2010 and will instead apply resources to next well.

As a result of this very encouraging shows from South Malak-1, the Group has extend the licence into a second phase of exploration license, ending September 2012, which includes a commitment to drill two further exploration wells. Further drilling is unlikely in Egypt during the remainder of 2010.

The data collected from this well has enhanced the understanding over the stratigraphy or the geological structure of the area. The Group believes it shall help us to define the next drilling location with a better chance. In the case of establishing commercial production, Block 2 is located within a few kilometers of the Esh el Mellaha oil production facilities with an export pipeline to the coast.

OUTLOOK

The outbreak of Financial Tsunami in 2008 destroyed the investor confidence in equity market. The high interaction among the global economic zones makes the localised equity market more vulnerable to the changes of the external environment such as the Chinese monetary and economic policies, the Euro currency crisis and the fluctuations of USA economic data. The weakness of the Hong Kong stock market over the past six months witnessed the persistent outflow of funds in favour of property market. The Chinese economy and export remains firm and the soft-landing is viewed to be more achievable. With the signs of declines in the loan growth and the property prices in China, further credit tightening and interest rise may not be necessary. In view of the positive Chinese economy, the Hong Kong domestic economy also turned more positive and recently was further raised the forecast by International Monetary Fund. Despite the poor secondary market, Hong Kong still provided efficient fund raising platform for the Chinese enterprises. In July, the Agricultural Bank of China made the largest historic Initial Public Offering ("IPO") amount of US$19.2 billion worth in the combined Hong Kong and Shanghai stock market. The US AIG Group also announced to proceed to apply for the listing of AIA in Hong Kong involving the fund raising amount of up to US$10 billion for IPO. If the global economy can maintain its recovery trend steadily, we would expect the investors' confidence on equity market to restore cautiously. By then, we would expect significant improvement in index and turnover performance on the ground of promising prospect for the Greater China economy.

APPRECIATION

I would like to take this opportunity to thank my fellow directors for their guidance and support and express my appreciation to the management team and diligent employees for their commitment and loyal service. I would also wish to thank my customers and shareholders for their continued support.

For and on behalf of the Board
Lam Kwok Hing
Chairman

27 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the six month ended 30 June 2010, the total revenue for the Group was approximately HK$24,144,000 (2009: HK$15,514,000). Loss attributable to owners of the Company was approximately HK$39,978,000 (2009: HK$13,573,000). The Group registered loss as the whole business environment became more challenging and the oil business is still in investment stage. The core financial business was under pressure on very cautious sentiment and sluggish trading.

MARKET OVERVIEW

Hong Kong stock market in the first half of 2010 was disappointed and lagged far behind the performance of European and USA markets. There were apparent fund outflows from the stock market from the international funds, retail clients and Chinese investors likely on the doldrums of the Chinese austerity measures in cooling down the overheating property market. Investors responded negatively to the bad news but became apathetic to the positive factors. In the first quarter, the major overseas markets continued to break new year records on the positive economic reading but the Hong Kong market failed to match in both index and volume performance. The Chinese property counters firstly suffered from the severe selling after the execution of credit tightening policy and soon the other sectors including bank, car, resources, new energy, consumer and utility stocks were also under aggressive profit taking for different reasons despite the release of more stimulus plans. The small counters had a short lived speculative rally but fell back rapidly and were even hammered by disaster selling in the later Euro currency crisis. Crossing over to the second quarter, the Greek Government suddenly disclosed its difficulties to honor their debt payments and asked for international assistance. The three major US credit rating agencies as usual rushed out to downgrade the credit rating for Greece and announced intention to downgrade the other four PIIGS countries of similar problems including Portugal, Ireland, Italy, and Spain. The news shocked the whole global financial market and triggered out attacks on the Euro currency which shortly slid from 1.45 to below 1.19 against US Dollar. The panic selling quickly extended to equity, resources and commodities markets on the renewed worries of the great debt exposure of the European banks and the possible double dip recession. The Dow Jones Index once faced a dumping of 1,000 points in one intra day trading session partly due to the program trading and partly due the influence of black pool market activities. Learning from the disaster outcome of the Lehman bankruptcy, the major European countries, particularly German and French stood out on time to back up the Greek problem. They have provided additional credit facilities of up to E$75 billion for the Greek government. In the meantime, various European countries of similar financial problems announced decisive plans to cut the fiscal budget. The Crisis finally faded away quickly and the destruction was shorter and less serious than the Lehman crisis. As the investor confidence recovered, the investors were willing to take higher risk to return to equity and commodities markets which all started to rebound in the beginning of second half. The markets for the first six months nonetheless ended in the negative territory. Shanghai A, Hang Seng Index ("HSI") and H-Index dropped 26.8%, 7.97% and 10.38% to 2,398, 20,128 and 11,466 respectively. For the review period, the HSI and H-index experienced a sharp correction of 14.5% and 17.8% respectively from high to low.

The correction of Hong Kong market in the first half was understandable but the fall in the trading volume worried the industry most. Trading was generally sluggish and directionless in most of the days reflecting a trendy loss of interest and activities from investors. In particularly, the Chinese investors surprisingly turned silent. China economy and export performance remained intact and the Hong Kong economy was similarly positive. In the light of poor overseas economy, low interest environment likely stays for longer period of time, underpinning the strong property market but the same momentum and confidence were not impacted in the stock market. Hong Kong stock market still provided an efficient platform for fund raising activities of Chinese enterprises. In July, the Agricultural Bank of China successfully launched the largest historic IPO amount of US$19.2 billion worth in the combined Hong Kong and Shanghai stock market. Coupled with the steady rebound of Euro currency, equity and commodities in overseas markets, it is hoped that the investors' confidence and interest will be relighted and trading activities can be picked up again. The Central Government made clear to position Hong Kong as the international RMB offshore centre. With its international financial centre for The Greater China Region, we remain positive on the Hong Kong stock market in the long run and believe that the investors' fund will finally return upon the stronger economic performance in the region.

SECURITIES, FUTURES AND OPTIONS BROKERAGE BUSINESS

During the period under review, revenue for the Group's securities, futures and options broking business, as well as the underwriting commission, which accounted for 54% of total revenue, was HK$13,134,000 (2009: HK$12,523,000). The division performance was weak as the whole stock market was poor and stagnant. In particular, the small counters suffered disaster sell-off amid the fragile sentiment and the crisis events.

ADVISORY FOR FINANCIAL MANAGEMENT

Revenue generated from advisory for financial management business was HK$9,331,000 (2009: HK$1,871,000). The investors' confidence cautiously recovered from the Financial Tsunami and the fund in the market became more abundant in the prevailing low interest environment. Industrial prospect of advisory for financial management business does not look positive as more tough regulatory policies are expected and the demand for sophisticated structural products will likely fall a lot. The division will focus on marketing simple and matured financial products to avoid unnecessary controversies and the variety of selling products will decrease accordingly. Thus, the availability of investment products type for client to choose is decreased and raised the challenge of the future development of the division.

On the other hand, although the overall stock market is under a cautious sentiment and sluggish trading, the division still recorded a satisfactory performance. Pushed by the economic driving engine in the People's Republic of China ("PRC"), the financial market in Hong Kong came out of the mist of the 2008 global financial crisis and will be picked up again gradually. The division will continue to expand its exposure in the PRC by providing financial consultancy and advisory services for small to medium sized companies in order to sustain the business growth. The drive of China enterprises to match and integrate with international financial market standard will continue underpinning an optimistic outlook in this area.

SECURITIES MARGIN FINANCING

During the period under review, interest income generated from securities margin loan portfolio accounted for 7% of the Group's revenue was HK$1,634,000 (2009: HK$740,000). The division registered growth but overall investors reduced their activities and position in the directionless movement.

OIL AND GAS BUSINESS

The oil and gas exploration business is developed through our wholly owned subsidiary KT Energy.

In respect of the exploratory activities in Block 2, the third exploratory well South Malak-1 well was not in the end established as a commercial producer despite having recovered limited quantities of oil. Nevertheless, the very encouraging shows (existence of high quality light crude oil) from South Malak-1 have provided the Group with sufficient encouragement to extend the licence into a second period, ending September 2012, which includes a commitment to drill two further exploration wells. Further drilling is unlikely in Egypt during the remainder of 2010.

ASSOCIATE – ELECTROPLATING EQUIPMENT BUSINESS

The technology arm of the Group is developed through our associate, ATNT.

After a watch and see period in 2009, in about April this year, the Group saw signs of recovery in almost all Printed Circuit Board markets worldwide. Having a global sales network and a strong engineering team, ATNT has benefited from this wave of recovery. The order book has improved since quarter two. On the other hands, our customers are getting more and more price conscious. Price negotiation is indeed a major work task now. The solar industry is expected to experience rapid growth in 2010, with global Photo Voltaic demand expected to reach 4GW in the second quarter. Taking advantages of this buoyant market, equipment sales to solar sector this year is indeed quite good. Equipment sales to Surface Finishing Sector for first half this year is more or less same as last year but on yearly basis, it will be better than last year.

MATERIAL ACQUISITIONS AND DISPOSALS OF COMPANIES

Pan Pacific Petroleum Egypt Pty Limited ("Pan Pacific"), a wholly-owned subsidiary of the Group, and Groundstar Resources Egypt (Barbados) Inc. ("Groundstar") entered into the agreement dated 25 January 2010 between Pan Pacific and Groundstar, pursuant to which Pan Pacific agreed to exchange its 20% participating interest in Block 3 for Groundstar's 20% participating interest in Block 2 pursuant to which Pan Pacific agreed to exchange its 20% participating interest in Block 3 for Groundstar's 20% participating interest in Block 2 ("Asset Exchange Agreement"), subject to approval of the relevant regulatory authorities in Egypt.

On 18 May 2010, Pan Pacific, Aegean Energy (Egypt) Limited and Energean E&P Holdings Limited entered into the agreement pursuant to which Pan Pacific agreed to sell to Aegean Energy (Egypt) Limited or its designated nominee its 20% participating interest in the Block 3 concession and the joint operating agreement entered into between Groundstar and Pan Pacific on 28 November 2006 in respect of the Block 3 concession (the "Agreement"). The consideration for the disposal is cash of US$ 2,000,000 (equivalent to approximately HK$15,600,000).

Upon completion of the Asset Exchange Agreement and the Agreement, the Group will have no interest in the Block 3.

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2010, the Group had shareholders' funds of approximately HK$490,881,000 (31 December 2009: HK$553,356,000). The net current assets of the Group were HK$63,039,000 (31 December 2009: HK$62,724,000), which consisted of current assets of HK$211,367,000 (31 December 2009: HK$201,211,000) and current liabilities of HK$148,328,000 (31 December 2009: HK$138,487,000), representing a current ratio of approximately 1.42 (31 December 2009: 1.45).

The Group's capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, loans from third parties and financial institutions, and equity financing. During the period, the Group obtained short-term bank borrowings and short-term third parties loans which is mainly facilitating the margin to client for the application of IPO and daily operations and investments. As at 30 June 2010, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$22,322,000 (31 December 2009: HK$20,600,000).

As at 30 June 2010, the Group's gearing ratio, expressed as a percentage of total borrowings (including bank loans and overdrafts) over shareholders' funds, was at a level of 1.5 (31 December 2009: 2).

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. No bank borrowings of such facilities utilised by the subsidiary as at 30 June 2010 (31 December 2009: Nil).

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 30 June 2010. The Group's banking facilities were secured by guarantees given by the Group's bank deposits, margin clients' listed securities and the Company.

As at 30 June 2010, bank deposits amounting to approximately HK$7,508,000 (31 December 2009: HK$7,504,000) was pledged to secure banking facilities granted to a subsidiary and no margin clients' listed securities were pledged.

CAPITAL STRUCTURE

As at 30 June 2010, the total number of issued ordinary shares of the Company was 636,843,612 of HK$0.10 each (31 December 2009: 636,843,612 shares of HK$0.10 each).

HUMAN RESOURCES

As at 30 June 2010, the Group employed a total of 86 staff (2009: 87) of which 41 were commissioned based (2009: 42) and the total related staff cost amounted to HK$5,977,000 (2009: HK$6,085,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the year ended 30 June 2010 (2009: Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

At 30 June 2010, the Directors and chief executives of the Company had the following interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange:

1. Long positions in the ordinary shares of HK$0.10 each of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Lam Kwok Hing *(Note)*	Interest of controlled corporation	381,718,000	50.05%
Mr. Nam Kwok Lun *(Note)*	Interest of controlled corporation	381,718,000	50.05%

Note: The shares are registered in the name of and beneficially owned by J&A Investment Limited ("J&A"). The entire issued share capital of J&A is beneficially owned as to 80% by Mr. Lam Kwok Hing and 20% by Mr. Nam Kwok Lun.

2. Long positions in the ordinary shares of HK$0.01 each of ATNT

Name of Director	Number of issued ordinary shares held Personal interests	 Corporate interests *(Note)*	 Total	Percentage of the issued share capital of ATNT
Mr. Lam Kwok Hing	3,474,667	48,520,666	51,995,333	12.19%

Note: The shares are registered in the name of and beneficially owned by Medusa Group Limited ("Medusa"). The entire issued share capital of Medusa is wholly owned by Mr. Lam Kwok Hing. Also, Karfun Investments Limited, a wholly-owned subsidiary of the Company, in which Mr. Lam Kwok Hing owns interests through J&A, is interested in 201,995,834 ATNT shares.

In addition to the above, one of the Directors has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the Directors or the chief executives of the Company had an interest or a short position in the shares and underlying shares of the Company or its associated corporations (within the meaning of the SFO) that was required to be recorded under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

SHARE OPTION SCHEME

1. The Company

Pursuant to the share option scheme of the Company approved at the annual general meeting held on 7 September 2004 (the "Share Option Scheme"), the Board may at its discretion, invite any employees (whether full-time or part-time), executives or officers of the Company and any of its subsidiaries (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers will contribute or have contributed to the Company or any of its subsidiaries (the "Eligible Participants"), to take up options to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide incentives to the Eligible Participants. The Share Option Scheme will expire on 6 September 2014.

No options have been granted to the Eligible Participants under the Share Option Scheme since adoption of the Share Option Scheme.

2. ATNT

At the annual general meeting held on 13 June 2005, an ordinary resolution had been passed to adopt of the share option scheme (the "ATNT Share Option Scheme"). Pursuant to the ATNT Share Option Scheme, the Board may at its discretion, invite any employees (whether full-time or part-time), executives or officers of ATNT and any of its subsidiaries (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers will contribute or have contributed to ATNT or any of its subsidiaries (the "Eligible Participants"), to take up options to subscribe for shares in ATNT. The purpose of the ATNT Share Option Scheme is to provide incentives to the Eligible Participants. The ATNT Share Option Scheme will expire on 12 June 2015.

No options have been granted to the Eligible Participants under the ATNT Share Option Scheme since the adoption of ATNT Share Option Scheme.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executives, nor their associates had any interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), and none of the Directors or chief executives, nor their spouses or children under the age 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the review period.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2010, the following persons (other than the Directors and chief executives of the Company) had interests or 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:

Long position in ordinary shares of HK$0.10 each of the Company

Name of shareholder	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
J&A *(Note)*	381,718,000	50.05%

Note: J&A is a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 80% by Mr. Lam Kwok Hing and 20% by Mr. Nam Kwok Lun.

Save as disclosed above, no person (other than the Directors and chief executives of the Company whose interests are set out under the heading "Directors' and Chief Executives' Interests" above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is composed of all of its independent non-executive Directors, namely Messrs. Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David. The principal duties of the Audit Committee are to review, together with management and the Company's external auditors, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters.

The international auditors of the Company, Messrs. Deloitte Touche Tohmatsu have reviewed the financial statements for the period under review and have issued a report on review of interim financial information. In accordance with the requirements of paragraph 39 of Appendix 16 of the Listing Rules, the Audit Committee has reviewed together with management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial report matters including the review of the unaudited interim financial statements for the period under review.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") is composed of all of its Directors, namely Messrs. Lam Kwok Hing, Nam Kwok Lun, Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David. The principal functions of the Remuneration Committee include reviewing the remuneration policies of the Company, assessing the performance of the directors and senior management of the Company and determining policies in respect to their remuneration packages.

REVIEW OF INTERIM FINANCIAL INFORMATION

This interim financial information is unaudited, but has been reviewed by Deloitte Touche Tohmatsu, 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, and the Audit Committee.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES IN APPENDIX 14 OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six-month period ended 30 June 2010, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PUBLIC FLOAT

As at 30 June 2010 and 27 August 2010 (the latest practicable date of this interim report), the Company complied with the 25% public float requirement under the Listing Rules.

PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Interim Report 2010, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange, has been published on the websites of the Stock Exchange and the Company.

BOARD OF DIRECTORS

As of the date of this interim report (namely, 27 August 2010), the executive Directors of the Company are Mr. Lam Kwok Hing (Chairman) and Mr. Nam Kwok Lun (Deputy Chairman and Managing Director); the independent non-executive Directors are Mr. Chen Wei-Ming Eric, Mr. Kwan Wang Wai Alan and Mr. Ng Chi Kin David.

On behalf of the Board
Nam Kwok Lun
Deputy Chairman and Managing Director

27 August 2010

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF KARL THOMSON HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 22 to 40, which comprises the condensed consolidated statement of financial position of Karl Thomson Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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 HKICPA. 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 is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	NOTES	Six months ended 30 June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Revenue	3	24,144	15,514
Net exchange (loss) gain		(942)	2,112
Other income		1,187	908
(Allowance for) write-back of allowance for bad and doubtful debts		(7)	245
Amortisation of intangible assets		—	(3)
Depreciation		(180)	(132)
Finance costs		(736)	(138)
Staff costs		(5,977)	(6,085)
Other expenses		(16,466)	(13,736)
Impairment loss on exploration and evaluation assets	8	(56,969)	—
Share of profit (loss) of an associate		2,618	(13,098)
Loss before taxation		(53,328)	(14,413)
Taxation	4	—	—
Loss for the period		(53,328)	(14,413)
Other comprehensive (expense) income			
Exchange difference arising on translation		(10,101)	34,402
Share of other comprehensive income (expense) of an associate		954	(292)
Other comprehensive (expense) income for the period		(9,147)	34,110
Total comprehensive (expense) income for the period		(62,475)	19,697

		Six months ended 30 June	
		2010	2009
	NOTES	*HK$'000*	*HK$'000*
		(unaudited)	*(unaudited)*
Loss for the period attributable to:			
Owners of the Company		**(39,978)**	(13,573)
Non-controlling interests		**(13,350)**	(840)
		(53,328)	(14,413)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(45,701)**	9,235
Non-controlling interests		**(16,774)**	10,462
		(62,475)	19,697
Loss per share – Basic	6	**HK(6.28) cents**	HK(2.29) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2010

	NOTES	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
NON-CURRENT ASSETS			
Fixed assets	7	1,112	1,217
Trading rights		—	—
Exploration and evaluation assets	8	315,875	382,482
Interest in an associate		105,534	101,962
Statutory deposits		4,446	4,103
Loans receivable	9	875	868
		427,842	490,632
CURRENT ASSETS			
Accounts receivable	10	72,097	71,693
Loans receivable	9	712	992
Other receivables, prepayments and deposits		7,378	6,823
Tax recoverable		10	82
Pledged fixed deposits (general accounts)	11	7,508	7,504
Bank balances (trust and segregated accounts)		85,840	93,517
Bank balances (general accounts) and cash		22,322	20,600
		195,867	201,211
Assets classified as held for sale	8	15,500	—
		211,367	201,211

	NOTES	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
CURRENT LIABILITIES			
Accounts payable	12	95,498	102,907
Other payables and accrued expenses		12,043	12,054
Other loans	13	6,000	11,201
Bank overdrafts	13	1,552	—
Amount due to a joint venture		3,303	4,649
Amounts due to directors		29,932	7,676
		148,328	138,487
NET CURRENT ASSETS		63,039	62,724
NET ASSETS		490,881	553,356
CAPITAL AND RESERVES			
Share capital	14	63,684	63,684
Reserves		367,059	412,760
Equity attributable to owners of the Company		430,743	476,444
Non-controlling interests		60,138	76,912
TOTAL EQUITY		490,881	553,356

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note)	Investments revaluation reserve HK$'000	Currency translation reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2009 (audited)	59,356	328,003	29,140	–	(15,628)	49,022	449,893	58,395	508,288
Loss for the period	–	–	–	–	–	(13,573)	(13,573)	(840)	(14,413)
Exchange difference arising on translation	–	–	–	–	23,100	–	23,100	11,302	34,402
Share of other comprehensive income (expense) of an associate	–	–	–	49	(341)	–	(292)	–	(292)
Total comprehensive income (expense) for the period	–	–	–	49	22,759	(13,573)	9,235	10,462	19,697
At 30 June 2009 (unaudited)	59,356	328,003	29,140	49	7,131	35,449	459,128	68,857	527,985
At 1 January 2010 (audited)	63,684	359,456	29,140	–	24,727	(563)	476,444	76,912	553,356
Loss for the period	–	–	–	–	–	(39,978)	(39,978)	(13,350)	(53,328)
Exchange difference arising on translation	–	–	–	–	(6,677)	–	(6,677)	(3,424)	(10,101)
Share of other comprehensive income of an associate	–	–	–	–	954	–	954	–	954
Total comprehensive expense for the period	–	–	–	–	(5,723)	(39,978)	(45,701)	(16,774)	(62,475)
At 30 June 2010 (unaudited)	63,684	359,456	29,140	–	19,004	(40,541)	430,743	60,138	490,881

Note: The special reserve of the Group represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
NET CASH FROM (USED IN) OPERATING ACTIVITIES	855	(16,533)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(75)	(50)
Addition of exploration and evaluation assets	(16,886)	(1,350)
(Increase) decrease in pledged fixed deposits (general accounts)	(4)	7,500
Other investing cash flows	11	25
	(16,954)	6,125
NET CASH FROM FINANCING ACTIVITIES		
New bank loan raised	—	3,137
Repayments of other loans	(5,201)	—
Repayment of amount due to a joint venturer	(1,125)	(4,082)
Advance from directors	22,922	1,096
	16,596	151
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	497	(10,257)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	20,600	38,016
Effect of foreign exchange rate changes	(327)	471
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	20,770	28,230
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances (general accounts) and cash	22,322	28,230
Bank overdrafts	(1,552)	—
	20,770	28,230

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the provision of financial services and oil and gas exploration and production. The financial services provided by the Group include stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products advising, securities margin financing and provision of corporate advisory services. The oil and gas exploration and production are developed through a wholly owned subsidiary, KT Energy.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below. During the current period, the Group has classified part of the exploration and evaluation assets as non-current assets held for sale.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

In the current period, the Group has applied, for the first time, the following revised standards, amendments and interpretation ("new and revised HKFRSs") issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24(Revised)	Related party disclosures[4]
HKAS 32 (Amendment)	Classification of rights issues[2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[3]
HKFRS 9	Financial instruments[5]
HK(IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

	Broking for securities, futures and options Six months ended 30 June		Advisory for financial management Six months ended 30 June		Securities margin financing Six months ended 30 June		Oil and gas Six months ended 30 June		Total reportable segments Six months ended 30 June		Unreportable segment - others Six months ended 30 June		Consolidated Six months ended 30 June	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE														
Segment revenue	13,134	12,523	9,331	1,871	1,634	740	–	–	24,099	15,134	45	380	24,144	15,514
RESULTS														
Segment (loss) profit	(1,979)	(1,810)	4,136	(544)	1,632	817	(57,079)	(926)	(53,290)	(2,463)	36	(156)	(53,254)	(2,619)
Unallocated expenses													(1,750)	(808)
Net exchange (loss) gain													(942)	2,112
Share of profit (loss) of an associate													2,618	(13,098)
Loss before taxation													(53,328)	(14,413)

Segment (loss) profit represents the financial results by each segment without allocation of central administrative costs, net exchange (loss) gain and share of profit (loss) of an associate. This is the measure reported to the board of Directors for the purposes of resources allocation and performance assessment.

The total assets of the Group at the end of the interim period do not differ significantly since the latest annual report date.

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2009 and 2010 as the companies within the Group either had no assessable profits arising in Hong Kong or the assessable profits were wholly absorbed by estimated tax losses brought forward.

No provision for profits tax is made in other jurisdictions as the subsidiaries in other jurisdictions had no assessable profits for the six months ended 30 June 2009 and 2010.

5. DIVIDENDS

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend.

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(39,978)**	(13,573)
Number of shares	*'000*	*'000*
Number of ordinary shares for the purpose of basic loss per share	**636,844**	593,562

No diluted loss per share was presented as there were no potential ordinary shares during the six months ended 30 June 2009 and 2010.

7. FIXED ASSETS

The Group acquired computer equipment and furniture and fixtures at an aggregate cost of approximately HK$75,000 (2009: HK$50,000). The Group did not dispose of any fixed assets during the six months ended 30 June 2009 and 2010.

8. EXPLORATION AND EVALUATION ASSETS

	Oil concession rights HK$'000 *(Note a)*	Others HK$'000 *(Note b)*	Total HK$'000
COST AND CARRYING VALUES			
At 1 January 2009 (audited)	258,631	31,551	290,182
Additions	—	1,350	1,350
Exchange adjustment	36,628	—	36,628
At 30 June 2009 (unaudited)	295,259	32,901	328,160
Additions	—	26,518	26,518
Exchange adjustment	26,797	1,007	27,804
At 31 December 2009 (audited)	322,056	60,426	382,482
Additions	—	16,886	16,886
Impairment loss *(Note c)*	(19,709)	(37,260)	(56,969)
Amounts realised within one year classified as assets held for sale shown under current assets *(Note c)*	(15,500)	—	(15,500)
Exchange adjustment	(12,476)	1,452	(11,024)
At 30 June 2010 (unaudited)	274,371	41,504	315,875

Notes:

(a) *Oil concession rights represented the rights given by Egyptian government in relation to exploration and extraction in the oil fields of Block 2 and Block 3 in Egypt. The exploration period granted by Egyptian government for both Block 2 and Block 3 was eight years from September 2006. After the successful exploration of oil, the Egyptian government will grant further twenty years for the extraction period for both Block 2 and Block 3. Both Block 2 and Block 3 are jointly operated with Groundstar. When oil is produced in the field, certain percentage of crude oil extracted will be set aside to recover exploration, operation and development cost paid by the joint venturers. The remaining crude oil extracted will be shared at a pre-agreed proportion between the joint venturers and the Egyptian government.*

On 25 January 2010, the Group entered into an agreement with Groundstar regarding the exchange of participating interest in Block 3 and Block 2 (the "Asset Exchange Agreement"). Pursuant to the Asset Exchange Agreement, 20% participating interest of Block 2 held by Groundstar will be passed to the Group in order to exchange 20% participating interest of Block 3 held by the Group. The Asset Exchange Agreement is subject to approval by the Egypt regulatory authorities and completion shall take place within five days after receipt of such approval. During the interim period whereby such approval is not yet obtained, the Group assumed all rights and obligations in respect of Groundstar's 20% participating interest in Block 2 while Groundstar assumed all right and obligations in respect of the Group's 20% participating interest in Block 3. In the event that the approval cannot be obtained within 60 days from 20 September 2010 at the latest, the Asset Exchange Agreement will be terminated and the interests in Block 2 and Block 3 will be put back to the original position as if the Asset Exchange Agreement has not been signed.

(b) *Others represented the geological and geophysical studies costs, casing, drilling and trenching expenses and labour costs incurred in the oil exploration processes.*

(c) *On 18 May 2010, the Group entered into an agreement with Aegean Energy (Egypt) Limited regarding the sale of the 20% participating interest of Block 3 with a cash consideration of US$2,000,000 (equivalent to HK$15,500,000). The disposal will be completed with the approval by the Egypt regulatory authorities and the Directors expect such disposal will be sold within twelve months. Amount of HK$15,500,000 exploration and evaluation assets has been classified as assets held for sale and is separately presented in the condensed consolidated statement of financial position. The disposal of the 20% participating interest will cause the Group incurring a loss on disposal of approximately HK$19,709,000. Therefore, an impairment loss of HK$19,709,000 had been recognised in profit or loss for the six months ended 30 June 2010 to write down the oil concession rights to fair value less costs to sell.*

During the period, the Group carried out an impairment review for the other exploration and evaluation assets. An impairment loss of approximately HK$37,260,000 was recognised in profit or loss in relation to other exploration and evaluation assets for one well in Block 2. The directors of the Company concluded that this well was not economically viable after the testing performed during the period. Therefore, the relevant exploration and evaluation costs for drilling this well had been impaired in profit or loss. No impairment had been recognised for the six months ended 30 June 2009.

9. LOANS RECEIVABLE

	30 June 2010 HK$'000	31 December 2009 HK$'000
Fixed-rate loans receivable denominated in Hong Kong dollars	1,587	1,860
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the period end date)	712	992
Non-current assets (receivable after 12 months from the period end date)	875	868
	1,587	1,860

The maturity of the loans receivable is as follows:

	30 June 2010 HK$'000	31 December 2009 HK$'000
Within 1 year	712	992
In more than 1 year but not more than 2 years	201	227
In more than 2 years but not more than 3 years	162	84
In more than 3 years but not more than 4 years	93	90
In more than 4 years but not more than 5 years	100	96
In more than 5 years	319	371
	1,587	1,860

Loans receivable with an aggregate carrying value of approximately HK$755,000 (31 December 2009: HK$793,000) are secured by a property located in Hong Kong. The Group is not permitted to sell or repledge the property in the absence of default by the borrowers.

The effective interest rates (which are equal to contractual interest rate) on the Group's loans receivable ranged from 5% to 8.25% (31 December 2009: 7% to 8.25%) per annum. Interest rate is fixed at the time of entering into the loan agreement. The maturity period of the loans is ranging from 1 year to 9 years.

10. ACCOUNTS RECEIVABLE

	30 June 2010 HK$'000	31 December 2009 HK$'000
Accounts receivable arising from the business of dealing in securities:		
Cash clients	23,586	25,761
Hong Kong Securities Clearing Company Limited ("HKSCC")	2,303	—
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	6,765	7,152
Loans to securities margin clients	36,815	38,247
Accounts receivable arising from the business of providing corporate advisory services	2,628	533
	72,097	71,693

The settlement terms of accounts receivable from cash clients, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC were aged within 30 days.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by Wing Hang Bank plus 3% at 8.25% (31 December 2009: 8.25%) per annum. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK$124,189,000 (31 December 2009: HK$152,234,000). The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment.

The Group does not provide any credit term to its corporate advisory services clients and cash clients. The aged analysis of accounts receivable arising from these clients is as follows:

	30 June 2010 HK$'000	31 December 2009 HK$'000
Accounts receivable from corporate advisory services clients		
0 to 90 days	143	229
91 to 180 days	2,342	175
Over 180 days	143	129
	2,628	533

	30 June 2010 HK$'000	31 December 2009 HK$'000
Accounts receivable from cash clients		
0 to 90 days	21,174	24,856
91 to 180 days	2,412	905
	23,586	25,761

11. PLEDGED FIXED DEPOSITS

The Group pledged fixed deposits to banks to secure general banking facilities granted to the Group. The pledged fixed deposits carry interest rates ranging from 0.02% to 0.135% (31 December 2009: 0.5% to 4.0%) per annum and will be released upon the expiry of relevant banking facilities.

12. ACCOUNTS PAYABLE

	30 June 2010 HK$'000	31 December 2009 HK$'000
Accounts payable arising from the business of dealing in securities:		
Cash clients	**73,953**	77,068
HKSCC	**—**	2,466
Accounts payable to clients arising from the business of dealing in futures contracts	**17,173**	19,477
Amounts due to securities margin clients	**4,372**	3,896
	95,498	102,907

The settlement term of accounts payable to cash clients and HKSCC is two days after the trade date and aged between 0 to 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to approximately HK$85,840,000 (31 December 2009: HK$93,517,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

13. OTHER LOANS AND BANK OVERDRAFTS

Other loans represented loans borrowed from third parties. The amounts are unsecured, and repayable on demand. The proceeds were used to finance the operation of the oil and gas business.

As at 30 June 2010, other loans bear interest at 6% per annum. As at 31 December 2009, included in other loans were HK$7,800,000 which bore interest at Hong Kong Prime Rate quoted by the Hongkong and Shanghai Banking Corporation Limited plus 1% per annum and HK$3,000,000 which bore interest at Hong Kong Prime Rate quoted by Wing Hang Bank per annum. The remaining amount of HK$401,000 bore interest at 18% per annum.

Bank overdrafts carry interest at market rates which range from 1% to 1.05% per annum.

14. SHARE CAPITAL

	Number of shares *'000*	*HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2009, 31 December 2009 and 30 June 2010	1,000,000	100,000
Issued and fully paid:		
At 1 January 2009	593,562	59,356
Issued under subscription and placement	43,282	4,328
At 31 December 2009 and 30 June 2010	636,844	63,684

15. RELATED PARTY TRANSACTION

Transactions with related parties:

(a) During the period, the Group received commission income and other securities dealing income from securities dealing of approximately HK$20,000 (2009: HK$21,000) from the close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.

(b) During the period, the Group received interest income from securities dealing of approximately HK$400 (2009: HK$2,000) from the close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.

(c) During the period, the Group received commission income and other securities dealing income from securities dealing of approximately HK$20,000 (2009: nil) from an associate, ATNT, in which Messrs. Lam Kwok Hing and Nam Kwok Lun have beneficial interests. Messrs. Lam Kwok Hing, Nam Kwok Lun, Ng Chi Kin David and Kwan Wang Wai Alan, Directors of the Company, are also Directors of ATNT.

(d) As at 30 June 2010, two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun, have advanced approximately HK$1,610,000 (31 December 2009: HK$1,600,000) and HK$28,322,000 (31 December 2009: HK$6,076,000) respectively to the Group. The amounts bear interest at Hong Kong Prime Rate quoted by Wing Hang Bank minus 2.5% per annum. During the period, interest paid or payable to Messrs. Lam Kwok Hing and Nam Kwok Lun amounted to HK$12,000 (2009: HK$102,000) and HK$246,000 (2009: HK$3,000) respectively.

The remuneration of Directors during the period was as follows:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Short-term benefits	**1,047**	1,009
Post-employment benefits	**12**	12
	1,059	1,021

The remuneration of Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.