

Management's Discussion and Analysis of the Group's Performance

Revenue and Profits

The Group recorded a profit after tax and minority interests of US\$5.1 million for the year ended 31 March 2004.

The profit was mainly attributable to the Group's share of profit after tax of US\$6.7 million (after adjustment in accordance with the Group's accounting policy) from its associate, Bridge Investment Holding Limited ("BIH"). BIH recorded a profit attributable to shareholders of US\$8.3 million for the year ended 31 March 2004.

The BIH profit is mainly attributable to:

	US\$ million
By business:	
- Bridge Securities Co., Ltd (before the following significant items)	7.3
- Restructuring charge	(4.8)
- Profit on sale of properties	2.3
- Realised and unrealised gains on the Stock Market Stabilisation Fund	6.2
- Korean Stock Exchange membership revaluation	3.4
	14.4
- Corporate and other interests	6.4
Pre-tax profit	20.8
Write-down of deferred tax assets	(11.5)
Minority interest	(1.0)
Net profit for the year	8.3

The revenue of the corporate investment business division increased significantly to US\$1.4 million (2003: US\$0.1 million), while the revenue of the asset management business division was reduced by 49% to US\$1.1 million (2003: US\$2.2 million), which was primarily due to the reduction in assets under management.

Management's Discussion and Analysis of the Group's Performance

Revenue and Profits (Continued)

The main elements of the profit are as follows:

	US\$ million
Share of profit connected with BIH (after adjustment in accordance with the Group's accounting policy)	7.0
Share of profit from other associates	0.4
Corporate investments	(0.7)
Asset management	(1.0)
Others	(0.3)
Profit before tax	5.4
Tax	(0.3)
Profit after tax and minority interests	5.1

Balance Sheet

The shareholders' equity increased by 14.2% to US\$97.3 million from US\$85.2 million during the year and BIH accounted for approximately 93.8% of the Group's total shareholders' equity as at 31 March 2004. The remaining Group assets comprised the technology investments of US\$0.4 million and other corporate investments of US\$5.6 million.

Dividend

On 27 October 2003, the Directors announced that the Company received a dividend of US\$3.69 million from BIH in early September 2003, and that the Directors declared a special interim dividend of 0.295 US cent per share. On the basis of the Company's issued share capital at that time, payment of the special interim dividend amounted to approximately US\$3.5 million or 95% of the proceeds received from BIH. The special interim dividend was paid on 19 December 2003.

Future Funding

As at 31 March 2004, the Group had US\$0.7 million net cash or 0.7% of its total shareholders' equity. There were no material charges against Group assets.

The Company's subsidiaries and associates may require funding as their businesses develop. It is expected that the bulk of such funding will be obtained from external sources but, dependent upon the amount and the duration, funding will also be made available by the Group from its internal resources.

Management's Discussion and Analysis of the Group's Performance

Management of Risk

The Company is exposed to foreign currency fluctuations arising from operations of its subsidiaries and associates. This exposure relates mainly to the translation between US dollars and non-US dollar currencies. The Group has not taken any currency hedge against the investments in Korea and United Kingdom due to their non-cash nature and the high cost such hedging would involve.

As BIH was responsible for approximately 93.8% of the total shareholders' equity as at 31 March 2004, the Company is exposed to the fluctuations in the equity values of BIH. The exposure is to the Korean economy, and its credit and equity markets. The responsibility for management of these risks rests with the BIH management.

Through investments of Interman Holdings Limited and Interman Limited in technology related ventures, the Group is exposed to the technology sector. The ability of these companies in controlling their operating cash requirements is key to their development and hence the value of the Group's investment in them. The Group closely monitors the operations and performance of these companies.

The Group will operate both equity market and currency hedges from time to time. Investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 March 2004, the amount of these margin deposits was US\$185,000 (2003: US\$240,000).

In terms of the total operations of the Group, activities of this nature are of limited materiality.

Contingent Liabilities

The Group was not involved in any material litigation or disputes during the year ended 31 March 2004 apart from the action commenced by the former executive directors of BIH against BIH, which is described in the financial statements contained in this annual report.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 10 employees at 31 March 2004. The remuneration policy is to reward key employees by a combination of salaries, profit related bonuses and share options, where appropriate. For employees below board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by a sub-committee of the Board. In all cases, grants of share options will be agreed by the Board as a whole. During the year and up to the date of this annual report, no share options were granted to eligible participants.