

The Directors of E2-Capital (Holdings) Limited (“the Company”) are pleased to present the Interim Report of the Company and its subsidiaries (“the Group”) together with the condensed financial statements for the six months ended 30 June 2001. The consolidated income statement, consolidated cash flow statement and consolidated statement of recognised gains and losses for the Group for the six months ended 30 June 2001, and the consolidated balance sheet as at 30 June 2001 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out in pages 14 to 34 of this report.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1 cent per share for the six months ended 30 June 2001 (2000: HK1 cent per share) payable on 5 November 2001 to those persons registered as shareholders of the Company on 26 October 2001. The Register of Members of the Company will be closed from Monday, 22 October 2001 to Friday, 26 October 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed distribution, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Central Registration Hong Kong Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Friday 19 October 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to report that, despite the challenging business environment faced during the first six months of 2001, E2-Capital (Holdings) Limited (“E2-Capital”, “the Group”) remained profitable, was able to deliver return to shareholders and achieved steady growth amidst a number of strategic corporate developments. The Group saw its financial services arm form a joint venture with Softbank Investment International (Strategic) Limited (“SIIS”) under the name SBI E2-Capital Limited, it initiated the integration of its management consulting, marketing and technology services, thereby establishing a “one-stop” professional services unit under the brand name Ebizal and its subsidiary OpenIBN Technology Holdings Limited, developer and proprietor of OpenIBN, an electronic Open Investor/Broker Network, announced its business merger with GlobalOffering.com Limited, an online marketing company serving the investment community.

Corporate developments during the period under review led to several strategic changes in the Group’s business model and business mix, including identifying new sources of income and looking to strategically divest non-core activities. This progress resulted in a more diversified revenue base which grew to HK\$121 million from HK\$94 million for the same period last year. This increase in revenue, together with an investment gain, resulted in an operating profit of HK\$52 million at 30 June 2001, compared with HK\$29 million for the same period last year. The Group will continue to consolidate and integrate staff and operating resources and to leverage business acumen across its various divisions, with a view to achieving financial and fiscal independence of each individual business unit. These important and tailored changes have enhanced the Group’s overall business structure from the level at which it was operating during the same period last year, setting the tone for a stronger financial and attractively competitive position in today’s challenging business environment.

An overall net Group profit of HK\$33.2 million for the six months ended 30 June 2001, compared with HK\$32.9 million achieved for the same period last year, demonstrates the resilience of the Group in this market. Consolidated shareholders' funds increased by 9%, standing at HK\$1,037 million at 30 June 2001, compared with HK\$953 million at 31 December 2000. Gearing stood at 27% at 30 June 2001, compared with 48% at the end of 2000. Finally, the Group's asset backing was strengthened with net tangible assets per share up from HK\$0.83 at 31 December 2000 to HK\$0.90 at 30 June 2001.

In line with its corporate mission, the Group will continue to strive towards rewarding its shareholders from funds generated by operating profit as well as from funds resulting from various direct investments. Given the current market situation, dividend distribution is the means by which the Group is delivering in this respect. The Group declared an interim dividend of HK\$11.4 million.

Still with shareholders' interests in mind, the Group's current strategy is directed at maintaining a high level of financial liquidity and thereby strong financial flexibility at Group holding company level and at formulating and exercising a strategic and prudent approach to allocating capital to individual business units, underlining the call for their full financial and fiscal independence.

Financial Services

In early 2001, the success of the Group's financial services arm attracted the interest of SIIS and the synergy expected from closer business cooperation between the two parties, led to the formation of a 51%-49% joint venture ("JV") between SIIS and the Group, under the name SBI E2-Capital Limited ("SBI E2-Capital") on 2 April 2001. This transaction led to an investment gain of HK\$240 million.

During the first half of 2001 (including three months of operation as JV), SBI E2-Capital maintained steady progress in its investment banking and broking services, extended its portfolio to include asset management and global equities & structured products and expanded geographically to gain access to a wider range of business opportunities.

Investment Banking Services

The Group's investment banking activities performed well despite changing and challenging market conditions and maintained stable growth. Revenue stood at HK\$24 million compared with HK\$15 million for the same period last year.

In February 2001, SBI E2-Capital (HK) Limited ("SBI E2-Capital Hong Kong") acted as financial advisor to a prominent consortium in the takeover of Hing Kong (Holdings) Limited, now renamed as Vision Century Corporation Limited.

In March 2001, SBI E2-Capital Hong Kong secured an appointment as joint lead-manager of the initial public offering (“IPO”) of iLink Holdings Limited, the first ever spin-off from Pacific Century CyberWorks Group and in June 2001 alone, the team executed share placements amounting to a combined total of HK\$488.6 million for Greencool Technology, Beijing Beida Jade Bird and Tianjin Development, respectively a private enterprise, a H Share company and a Red Chip. The team, furthermore, managed to secure key roles as co-placing agent or underwriter in over 10 IPOs and share placing transactions.

The JV successfully entered the Singapore market under the name SBI E2-Capital Pte. Limited (“SBI E2-Capital Singapore”), and secured a position there earlier this year as the first independent corporate finance house, unlinked to any brokerage or bank, licensed by the Monetary Authority of Singapore to lead-manage IPOs and to function as Financial Adviser in M&A transactions. Since receiving this endorsement, SBI E2-Capital Singapore has lead-managed 4 IPOs on both the Singapore Main Board and SESDAQ Exchanges.

The Group’s pre-existing financial services presence in Silicon Valley, USA, was strengthened in June 2001 by the opening of a second US office, in Newport Beach, California. Operating under the name SBI E2-Capital (USA) Limited, the teams have been working in an advisory capacity with a growing base of US clients. The intention is to further strengthen the US operation through strategic acquisitions and partnerships, in anticipation of the need to provide greater breadth and depth of services to clients as the year progresses.

Broking Services

Despite the volatile securities market, SBI E2-Capital Securities Limited was not exposed to any significant credit risk throughout the first half of 2001 and retained its market share. Profit before tax for the period was HK\$5 million, compared with HK\$6 million, for the same period last year. The division participated actively in the IPO financing arena, with business performance in this area contributing 17% to the division’s profit before tax.

The division will remain alert to the consequences of a possible prolonged contraction in the volume of securities trading and an increase in competition to service the investment community, as the market approaches the deregulation of brokerage commission in April 2002.

An online securities trading service e2trader.com (www.e2trader.com) was launched in March this year.

Research

The division expanded its research coverage from that of technology companies to include media, telecom and consumer companies, in particular those that are operating in Greater China, and has led to an increase in the volume of research commentary delivered during the period under review.

The increase in research coverage on PRC corporates signifies the commitment to better understanding players and trends within the PRC market and to highlighting them to bring them to international capital markets.

Asset Management

In April 2001, SBI E2-Capital expanded its financial business horizon to the asset management arena with the establishment of a new subsidiary, SBI China Provident Capital Management Limited (“SBI China Provident”). SBI China Provident intends to manage a family of total return funds focusing on the Asia Pacific region. The first of these is “The SBI Asian Total Return Portfolio”, which aims to achieve an absolute US Dollars gain rather than simply mimic or beat relevant asset classes’ indices.

Financial Products

Global Equities & Structured Products

A new division, Global Equities & Structured Products, was established in April 2001 in response to investors’ growing calls for the right tools to globalise their investments and to allow them to access and utilise international derivative instruments in order to meet their increasing risk management requirements. Progress remained steady throughout the period.

Online Primary Offerings

Membership and usage of OpenIBN, Asia’s first transparent and neutral electronic share placement platform, launched by the Group’s subsidiary, OpenIBN Technology Holdings Limited (“OpenIBN Technology”), in November 2000, increased steadily during the period. We are pleased to report that almost 20 brokers have now registered as members and a significant number of IPO professional investors and institutions have actively participated in the online services provided by the platform.

The platform successfully executed PCCW Group’s first spin-off, the notable IPO of iLink Holdings Limited, in March 2001.

In June 2001, OpenIBN Technology announced the acquisition of 100% interest in GlobalOffering.com Limited (previously owned by techpacific.com Limited), an online marketing company servicing the investment banking community through webcasting technology. As consideration, techpacific.com Limited received new shares in OpenIBN Technology, thereby securing an interest in the merged entity. Consequently the Group’s own interest was reduced to 70%. The acquisition was completed in September 2001, and the merged entity will operate under the new name OpenGO.

Consulting, Marketing and Technology Services

In June 2001, Ebizal Group Limited (“Ebizal”) was formed to provide clients with one-stop professional, integrated consulting, marketing, and technology services. Ebizal comprises Ebizal Consulting (formerly e2 Tech Advisory Limited), the management consulting arm of the Group, Ebizal Marketing (formerly Keith Statham Associates Limited), a specialist public and investor relations and consumer branding consultancy acquired by the Group in April 2000 and Ebizal Technology (formerly Alfacom Web Development Limited), an award-winning technology services provider acquired by the Group in February 2001.

The Group is pleased to report that Ebizal Marketing sustained its market position and expanded its core competencies to the integrated marketing arena. During the same period, Ebizal Technology’s subsidiary, Sun-Tech Business Systems Limited (“Sun-Tech”), developer of the Multi-Media Learning Centre (MMLC) solution, was appointed by the Quality Education Fund of the Hong Kong SAR Government as one of three approved suppliers of MMLC in 152 secondary schools in Hong Kong, of which 75 have now chosen Sun-Tech as their supplier of choice.

In response to a protracted downturn in the B2B consulting business, longer than expected, in particular in the area of Internet services and e-commerce, the Group applied a number of strategic and aggressive measures to further consolidate capabilities, streamline operations and rationalise costs across the three divisions of Ebizal, thereby ensuring that it maintains self-sufficient status.

On the whole, the period saw the newly integrated Ebizal build a reputable client base comprising some of the world’s foremost companies, including international corporate and financial entities, MNCs and local industry leaders and a broadening and strengthening of its future business outlook.

Life Sciences Advisory

Driven by a shared interest to develop biochip technology and accelerate screening of new drugs, E2-Capital’s Life Sciences Advisory Group (formally known as e2 BioTech Advisory Group Limited) invested HK\$5 million (a 6.5% interest) to form a joint venture ChipScreen BioScience Limited, with six other pharmaceutical, investment and technology companies based in the PRC, Hong Kong and Singapore. Patented ChipScreen technology developed by the Biochip Research Institute at Beijing’s renowned TsingHua University, will be employed to promote market acceptance and the use of Traditional Chinese Medicine throughout Asia and beyond.

In May 2001, to further enhance the Group’s involvement in the life sciences field, it subscribed for US\$1 million convertible notes in World Pioneer Limited, a Hong Kong based company which carries out research and development as well as manufacturing and marketing of generic pharmaceuticals in the PRC and Hong Kong.

The Group believes there is tremendous potential for this industry and expects to see returns on existing investments allowing it to re-invest in this area.

Management Operating Services

The Group's manufacturing business operated through Winbox (Holdings) Company Limited ("Winbox") remained stable and profitable despite the depressed market.

In May 2001, in accordance with the February 2000 Boxmore Option Agreement, Goodwill International (Holdings) Limited, a substantial shareholder of the Group, exercised its option to acquire 50% of the total issued share capital of Boxmore at a consideration of HK\$50 million. As a result, the Group's interest in Boxmore reduced from 88% to 38%. The Group will, however, continue to enjoy dividend returns and for the period under review, Winbox declared a dividend of HK\$30 million.

The experience of managing the Group's manufacturing business enables the Management Operating Services division to further identify viable businesses with sound potential with a view to investing directly in them. By acquiring control and positioning management optimally, the objective is to secure improved earnings and market share. The division will focus its activities in the PRC and Japan.

Property

Goodwill Properties Limited ("GPL") underwent a relatively inactive first half year in 2001, mainly attributed to sustained quiet sentiment in the Hong Kong property sector throughout the period.

The pre-sale of Vision Court, the Group's latest residential property along Prince Edward Road West, Kowloon, commenced in June this year and was remarkably well-received by the market. To date, GPL has successfully completed the sale of over 60% of the development, with sales proceeds exceeding HK\$120 million. Overall the result achieved has surpassed the performance of other major developments in the area.

In progress is a villa development at Fairview Park Boulevard, Yuen Long, New Territories, which comprises GFA 60,000 sq ft. The development is expected to be completed in the fourth quarter of 2002, around the same time as a luxurious residential development at 1-3 Po Shan Road in Midlevels, Hong Kong, which is being developed jointly with Sun Hung Kai Properties.

As for the Group's involvement in the PRC's property market, the first three phases of the Tianma Project in Shanghai, a development involving 200 luxurious villas, a 27-hole golf course and a country club, located near Hong Qiao Airport, is now complete. Pre-sale of the fourth phase will commence in the second half of 2001.

The period under review also saw GPL extending its business scope to developing other property and environment related projects, such as a drinking water purification system in Guangzhou, Shenzhen, Shanghai and Beijing.

Outlook

Whilst on the whole the Group recorded satisfactory performance despite an unfavourable market in the first half of the year, the recent terrorist attacks in the USA have now clouded the prospect of sustained recovery in global economies and will prove to be an additional challenge for many.

The Group will continue to exercise prudence in its business undertakings and strengthen risk management thereof. It will increase business and financial spread and reduce risk and on the whole maintain sufficient financial flexibility to weather this period of economic uncertainty.

Strategic diversification of business interests and specialist activities across financial services, professional services, and property and management operating service, as well as presences in both developed markets such as the USA and Japan and emerging markets such as the PRC, will allow the Group to pursue opportunities and returns across a wide range of promising sectors. At the same time the Group is integrating its various capabilities and accelerating cross-selling opportunities amongst its own business units and partners.

With a solid financial foundation and an enterprising approach to business prospects, the Group will continue to forge ahead.

Liquidity and Financial Resources

As at 30 June 2001, the Group's cash and other short-term listed investments totalled HK\$178 million (31 December 2000: HK\$372 million). This pool of liquid assets and marketable securities well exceeded the Group's total short-term borrowings from banks and financial institutions of HK\$171 million (31 December 2000: HK\$138 million).

Of a total amount of HK\$223 million bank borrowings, approximately 88% are loans secured by properties under development located in Hong Kong, 5% are loans secured by shares in a subsidiary, 5% are loans secured by bank deposit, while the remaining are loans secured by mortgage loans receivable. Of these borrowings, HK\$171 million is repayable within 1 year, HK\$50 million is repayable within 2 to 5 years and HK\$2 million is repayable after 5 years.

The Group maintained a low gearing ratio at 27%, calculated on the basis of the Group's total debts over shareholders' fund, which has improved significantly when compared to the gearing ratio of 48% as at 31 December 2000.

With cash and marketable securities on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital.

Capital Structure of the Group

Substantially all the transactions of the Group are denominated in Hong Kong dollar and the Group maintains its cash balances mainly in HK dollar.

The Group's borrowings are all denominated in HK dollar and on a floating rate basis. As the tenure of a substantial amount of our borrowings is repayable in less than one year, the Group has limited exposure to interest rate fluctuations.

Changes in the Composition of the Group During the Interim Period

- a) On 31 January 2001, the Group, SBIIS Capital Holdings Limited ("SBIIS") and Softbank Investment International (Strategic) Limited ("SIIS") entered into a Share Purchase Agreement pursuant to which the Group agrees to dispose of a 51% interest in the financial services business to SBIIS for a consideration of HK\$318.5 million. The transaction was completed on 2 April 2001 and the consideration was satisfied by the payment of HK\$130 million in cash and the remaining balance of HK\$188.5 million by the issue of 192,346,938 SIIS shares.
- b) On 26 February, 2000, Goodwill International (BVI) Limited and Crebox Limited (both are indirectly wholly-owned subsidiaries of the Company) together with the Company as warrantor granted to Goodwill International (Holdings) Limited ("Goodwill International", a substantial shareholder of the Company) an option to acquire up to an aggregate of 6,502,672 shares in the issued share capital of Boxmore Limited ("Boxmore"), an indirectly owned subsidiary of the Company, representing 88% of Boxmore's issued share capital ("Boxmore Option"). Such option shall become exercisable from 17 April 2000 to 16 April 2001 at the total price of HK\$88,000,000 for the 88% interest in Boxmore (or part thereof on a pro rata basis) to be settled in cash.

On 19 March, 2001, the Group entered into the Extension Agreement with Goodwill International, pursuant to which the exercise period of the Boxmore Option would be extended for 3 months to 16 July, 2001. No consideration was involved in the Extension. The agreement was approved by shareholders on 12 April, 2001.

On 23 May 2001, Goodwill International served a written notice on the Company, Goodwill International (BVI) Limited and Crebox Limited in accordance with the Boxmore Option Agreement to exercise the option to acquire a 50% interest in Boxmore Limited owned by the Group at a consideration of HK\$50,000,000. The transaction was completed on 15 June 2001.

- c) On 19 January 2001, Alfa Com Technology Limited ("Alfa Com Technology"), Alfa Com Cyber Base Limited ("Alfa Com Cyber"), e-Applications Group Limited ("e-Applications", an indirectly wholly owned subsidiary of the Company) and ebizal Limited (also an indirectly wholly owned subsidiary of the Company) entered into an agreement pursuant to which Alfa Com Technology and Alfa Com Cyber agreed to sell and e-Applications agreed to purchase 49% of entire issued share capital of Alfacom Web Development Limited for a consideration of HK\$19,110,000. The transaction was completed on 20 February 2001.

Number and Remuneration of Employees, Remuneration Policies, Bonus and Share Option Schemes and Training Schemes

As at 30 June 2001, the Group, including Directors and its subsidiaries but excluding associates, employed a total of 107 full-time employees. The Group operates different remuneration schemes for client service and client support & general staff. Client service personnel are remunerated on the basis of on-target-earning packages comprising salary and/or commission. Client support & general personnel are offered year-end discretionary bonuses subject to individual performance and/or the business result of the company. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$33 million for the period. The Group ensures that the remuneration paid to its employees is competitive and employees are rewarded within the general framework of the Group's salary and bonus system. The Company has a share option scheme under which the directors may, at their discretion, invite employees of the Company and its subsidiaries, including full time executive directors, to take up options to subscribe for shares which in aggregate, may not exceed 10% of the issued share capital of the Company from time to time. Details of the share option scheme is mentioned under note 15 of the notes to the financial statements.

Details of the Charges on Group Assets

A bank deposit of HK\$6 million and properties under development, properties under development for sale and shares of a non-consolidated subsidiary with an aggregate value of approximately HK\$505 million have been pledged to secure the general banking facilities granted to the Group.

In addition, a loan was secured by the mortgage loans receivable of a subsidiary amounting to approximately HK\$3.7 million.

Contingent Liabilities

Corporate guarantees were given to financial institution for working capital facilities of associated companies and an investee company. The aggregate amount of such facilities utilised at 30 June 2001 amounted to HK\$31.6 million.

In addition, the Company provided a guarantee to the Monetary Authority of Singapore in respect of the obligation and liabilities of an indirect associated company of the Company, SBI E2-Capital Pte Limited. As at 30 June 2001, the total liabilities of SBI E2-Capital Pte Limited was HK\$327,000.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's borrowings are primarily denominated in Hong Kong dollar. The Group has no significant exposure to foreign exchange fluctuations.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2001.

Directors' Interests in Equity or Debt Securities

At 30 June 2001, the interests of the directors and chief executive and their associates in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of directors	Number of shares of the Company held		
	Personal interests	Corporate interests	
Fung Ka Pun	5,266,000	302,789,957	(Note 1)
Wong Sin Just	–	296,600,000	(Note 2)
Tam Yuk Ching, Jenny	–	296,600,000	(Note 2)
Ongpin Roberto V	–	914,850	(Note 3)

Notes:

- (1) Mr. Fung Ka Pun has beneficial interests in Bo Hing Limited and Goodwill International (Holdings) Limited ("Goodwill International"), which were interested in 5,220,866 shares and 297,569,091 shares respectively in the Company as at 30 June 2001. Goodwill International is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".
- (2) Mr. Wong Sin Just and Madam Tam Yuk Ching, Jenny have beneficial interests in e2-Capital Inc., which was interested in 296,600,000 shares in the Company as at 30 June 2001. e2-Capital Inc. is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".
- (3) Mr. Ongpin Roberto V has beneficial interests in Tristar Equities Inc., which was interested in 914,850 shares in the Company as at 30 June 2001.

Pursuant to the share option scheme, the Company granted options which are exercisable on or before 14 December 2002 to certain directors and their associates. The particulars and the movements in the share options during the period are as follows:

Name of directors	Date of grant	Exercise price HK\$	Number of share options		
			Balance at 1.1.2001	Granted during the period	Balance at 30.6.2001
Fung Ka Pun	17.3.1997	1.77	6,375,000	-	6,375,000
Choi Hon Hing (Note 1)	17.3.1997	1.77	1,500,000	-	1,500,000
	23.4.1998 (Note 2)	0.80	2,000,000	-	2,000,000
	29.4.2000 (Note 3)	0.79	4,000,000	-	4,000,000

Notes:

1. Madam Choi Hon Hing is the spouse of Mr. Fung Ka Pun and is also a director of Crebox Limited, a subsidiary of the Company.
2. Share options granted shall be exercisable only in accordance with the following terms:
 - (i) up to a maximum of 30% of the share options granted shall be exercisable on or after 1 April 1999;
 - (ii) up to a maximum of 60% of the share options granted shall be exercisable on or after 1 April 2000; and
 - (iii) the full amount of the share options granted shall be exercisable on or after 1 April 2001.
3. Share options granted shall be exercisable only in accordance with the following terms:
 - (i) up to a maximum of 660,000 of the share options granted shall be exercisable after 16 October 2000;
 - (ii) up to a maximum of 1,320,000 of the share options granted shall be exercisable after 16 April 2001;
 - (iii) up to a maximum of 1,980,000 of the share options granted shall be exercisable after 16 October 2001;
 - (iv) up to a maximum of 2,640,000 of the share options granted shall be exercisable after 16 April 2002;
 - (v) up to a maximum of 3,330,000 of the share options granted shall be exercisable after 16 October 2002; and
 - (vi) the full amount of the share options granted shall be exercisable after 6 December 2002.

Other than as disclosed above, none of the directors or their associates had any interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for shares of the Company, or had exercised any such right during the period.

Directors' Rights to Acquire Shares or Debenture

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement 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.

Substantial Shareholders

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 30 June 2001, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital:

Name of shareholder	Number of shares held
Goodwill International	297,569,091
e2-Capital Inc.	296,600,000

Other than as disclosed above, the Company had not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 30 June 2001.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited at any time during the six months ended 30 June 2001.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 June 2001 with the Directors.