iRegent Group Limited

(Incorporated in the Cayman Islands with limited liability)

Interim Report

For the six months ended 30 September 2001

RESULTS

The directors (the "Directors" or the "Board") of iRegent Group Limited ("iRegent" or the "Company" and together with its subsidiaries, the "iRegent Group" or the "Group") announce the Group's results for the six months ended 30 September 2001, together with comparative figures for the corresponding period, as follows:

Consolidated Profit and Loss Account

	Note	(Unaudited) For the six months ended 30 September 2001 US$'000	2000 US$'000
Turnover:	*2*		
Asset management, corporate finance, property management and stockbroking		1,590	7,655
Corporate investment income and realised and unrealised gains and losses		214	1,878
Internet retailing		2,023	2,064
		3,827	11,597
Expenses:			
Personnel costs		(2,417)	(3,380)
Marketing costs and commissions		(126)	(2,617)
Cost of internet retail goods sold		(2,025)	(1,934)
Other costs		(3,000)	(4,577)
		(3,741)	(911)
Losses on sale of interests in associated companies		–	(1,070)
(Loss)/Profit on deemed disposal of subsidiary	*3*	(8)	2,005
		(3,749)	24
Share of profits/(losses) of associated companies		1,165	(21,628)
Operating loss from ordinary activities	*4*	(2,584)	(21,604)
Finance costs – interest on bank overdraft		(16)	(154)
Loss before taxation		(2,600)	(21,758)
Taxation	*5*	(193)	(3,417)
Loss after taxation		(2,793)	(25,175)
Minority interests		943	1,214
Net loss attributable to shareholders		**(1,850)**	**(23,961)**
Loss per share after taxation and minority interests (US cents):			
– Basic	*6*	(0.16)	(2.13)
Interim dividends per share (US cents)		Nil	Nil

Consolidated Statement of Recognised Gains and Losses

	2001 US$'000	2000 US$'000
Movements in exchange differences on the translation of the financial statements of entities not accounted for in United States dollars	1,421	(1,350)
Net loss for the period	(1,850)	(23,961)
Total recognised gains and losses	**(429)**	**(25,311)**
Movement on goodwill taken directly from reserves	–	(64,901)
	(429)	(90,212)

Consolidated Balance Sheet

	Note	(Unaudited) As at 30 September 2001 US$'000	(Audited) As at 31 March 2001 US$'000
Fixed assets: plant and equipment		846	971
Intangible assets		308	628
Interests in associated companies		66,852	64,332
Other non-current financial assets	*7*	10,050	10,276
Total non-current assets		78,056	76,207
General tax provision		–	(2,500)
Net non-current assets		78,056	73,707
Current assets:			
Cash and bank balances	*9*	7,599	3,314
Current investments	*7*	347	1,133
Accounts receivable	*10*	1,085	514
Due from associated companies		36	12,827
Due from related party		–	2,039
Prepayments, deposits and other receivables		846	1,741
Stock		733	212
		10,646	21,780
Current liabilities:			
Bank borrowings		–	(7,543)
Accounts payable, accruals and other payables	*11*	(1,582)	(2,283)
Taxation – current		(2,500)	–
Due to related party		(24)	–
		(4,106)	(9,826)
Net current assets		6,540	11,954
Net assets		**84,596**	**85,661**
Share capital	*12*	11,869	11,869
Reserves	*13*	71,773	72,202
Shareholders' equity		**83,642**	**84,071**
Minority interests		954	1,590
Capital and reserves		**84,596**	**85,661**

Condensed Consolidated Cash Flow Statement

	Note	(Unaudited) For the six months ended 30 September 2001 US$'000	2000 US$'000
Net cash outflow from operating activities		(4,093)	(3,870)
Net cash inflow/(outflow) from returns on investments and servicing of finance		254	(12,260)
Tax paid		4	(160)
Net cash inflow from investing activities		15,578	11,159
Net cash inflow/(outflow) before financing		11,743	(5,131)
Net cash inflow from financing activities		–	6,185
Increase in cash and cash equivalents		**11,743**	**1,054**
Cash and cash equivalents at beginning of period		(4,229)	8,442
Effects of currency fluctuations		85	(1,072)
Cash and cash equivalents at end of period		**7,599**	**8,424**
Composition of cash and cash equivalents			
– Cash and bank balances	9	7,599	8,424

Notes:

1. Accounting Policies

This interim financial report has been prepared in accordance with the requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance of Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The same accounting policies adopted in the financial statements for the year ended 31 March 2001 have been applied to this interim financial report except that the Group has changed certain of its accounting policies following the adoption of the following new or revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants ("SSAP") effective for accounting periods commencing on or after 1 January 2001 with details below:

a. Proposed dividend

In prior years, dividends proposed after the balance sheet date were accrued as liabilities at the balance sheet date. With effect from 1 April 2001, dividends proposed after the balance sheet date are shown as a separate component of shareholders' funds in accordance with the revised SSAP 9 "Events After the Balance Sheet Date". The new accounting policy has been adopted retrospectively. Since no final dividend was proposed for the year ended 31 March 2001, there is no impact on the Group's financial statements.

b. Goodwill/negative goodwill

In prior years, goodwill or negative goodwill arising on consolidation, representing the difference between purchase consideration paid for subsidiaries, associated companies or businesses over the fair value ascribed to the net underlying assets acquired, has been charged or credited against reserves in the year of acquisition. On disposal of such subsidiaries and associated companies, the relevant portion of attributable goodwill reserve was included in calculating the profit or loss on disposal. If the investment in such subsidiaries and associated companies was considered by the Directors to be impaired, the relevant portion of goodwill reserve was accounted for in the profit and loss account.

With effect from 1 April 2001, with the introduction of SSAP 30 "Business Combinations", the Group adopted an accounting policy to recognise goodwill as an asset and it is amortised on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that is identified in the plan of acquisition and can be measured reliably, but which has not yet been recognised, is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account. On disposal of a subsidiary or an associated company, any attributable amount of purchased goodwill not previously amortised through the profit and loss account is included in the calculation of the profit and loss on disposal.

As at 31 March 2001, the Directors considered the values of certain investments had been impaired consequent on significant losses and restructuring and therefore all goodwill reserves in the balance sheet were charged to the profit and loss account during the year ended on that date. No prior year adjustment is therefore needed following the adoption of the new policy.

c. *Segmental reporting*

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is based on similar terms as those available to other external parties.

In note 2 to the accounts in this interim financial report of the Group, segment revenue and results as defined under SSAP 26 "Segment Reporting" have been disclosed.

2. Segmented Information

Segmented information is presented in respect of the Group's business and geographical segments. Business segmented information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

The Group comprises five business segments as follows:

For the six months ended 30 September 2001

	Asset management	Corporate finance	Corporate investment	Brokerage	Internet retailing	Inter-segment elimination	Unallocated and discontinued	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue from external customers	1,310	280	214	–	2,023	–	–	3,827
Inter-segment revenue	62	2	–	–	–	(64)	–	–
Total revenue	1,372	282	214	–	2,023	(64)	–	3,827
Segment result	270	(106)	(559)	–	(2,360)	–	–	(2,755)
Unallocated operating expenses	–	–	–	–	–	–	(986)	(986)
Losses from operations								(3,741)
Loss on deemed disposal of subsidiary								(8)
Share of profit less losses of associated companies	(3)	–	–	1,299	(131)	–	–	1,165
Finance costs								(16)
Taxation								(193)
Minority interests								943
Loss attributable to shareholders								(1,850)

For the six months ended 30 September 2000

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Brokerage US$'000	Internet retailing US$'000	Inter-segment elimination US$'000	Unallocated and discontinued US$'000	Consolidated US$'000
Revenue from external customers	6,930	257	1,878	5	2,064	–	463	11,597
Inter-segment revenue	4	100	–	–	–	(104)	–	–
Total revenue	6,934	357	1,878	5	2,064	(104)	463	11,597
Segment result	3,608	78	1,500	(262)	(3,096)	–	183	2,011
Unallocated operating expenses	–	–	–	–	–	–	(2,922)	(2,922)
Losses from operations								(911)
Loss on sale of interests in associated companies								(1,070)
Profit on disposal of subsidiary								2,005
Share of profits less losses of associated companies	369	–	–	(21,455)	(542)	–	–	(21,628)
Finance costs								(154)
Taxation								(3,417)
Minority interests								1,214
Loss attributable to shareholders								(23,961)

Geographical segments

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its assets management business and Western Europe is a major market for its internet retailing business.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers or investing funds.

For the six months ended 30 September 2001

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	(137)	1,321	45	6	15	2,676	(99)	3,827

For the six months ended 30 September 2000

	North America US$'000	Korea US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	13	4,243	283	718	(1,499)	4,672	3,167	11,597

3. Loss on Deemed Disposal of Subsidiary

The loss on deemed disposal of subsidiary relates to the dilution of the Group's interest in bigsave Holdings plc due to the issue of further shares by bigsave Holdings plc to its minority shareholders.

4. Operating Loss from Ordinary Activities

	(Unaudited) For the six months ended 30 September 2001 *US$'000*	2000 *US$'000*
After charging:		
Amortisation of intangible assets	337	–
Auditors' remuneration	63	158
Depreciation	241	278
Foreign exchange losses	134	–
Net losses from disposal of current investments	–	10,690
Losses on disposal of fixed assets	4	28
Losses less gains on disposal of other non-current financial assets	–	2,152
Operating lease rental on property	447	566
Provision for diminution of other investments	280	–
After crediting:		
Interest income	270	151
Investment income from listed investments	4	–
Net gains on disposal of current investments	27	–
Foreign exchange gains	–	116
Gains less losses arising from derivative products	–	110
Provisions on current investments	–	9,716
Provisions on other non-current financial assets	–	2,882
Gains less losses on disposal of other non-current financial assets	46	–

The total cost of services rendered for the period was US$1,123,919 (2000: US$2,535,000).

5. Taxation

	(Unaudited) For the six months ended 30 September 2001 *US$'000*	2000 *US$'000*
Group:		
Hong Kong profits tax for the period	–	–
Overseas taxation:		
– Group subsidiaries	(4)	30
– Share of tax of associated companies	197	3,387
	193	3,417

No provision for Hong Kong profits tax has been made in these interim financial statements as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the period. Taxes on profits assessable in overseas countries have been calculated at the rates of taxation prevailing in such countries. Provision has been set aside in respect of all entities where the directors believe a liability exists.

Further to certain enquiries into the amount of tax paid by the Company and its subsidiaries in respect of its operations in some jurisdictions in previous years, the Group has set aside a general provision of US$2,500,000 against potential taxation liabilities. Whilst the Company and its subsidiaries have not accepted the existence of any liability in relation to this matter, it is likely that a negotiated settlement will be made in the near future. Accordingly, the provision previously made has been transferred to current liabilities.

6. Loss per Share

a. The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of US$1,850,000 (2000: loss of US$23,961,000) and on the weighted average of 1,186,902,435 (2000: 1,126,350,175) shares of the Company in issue during the period.

b. Diluted loss per share is not presented as the outstanding share options and warrants were anti-dilutive (2000: the diluted loss per share was 2.11 US cents).

7. Investments Relating to Financial Business

Investments relating to the Group's financial business can be analysed as follows:

Other non-current financial assets

	(Unaudited) As at 30 September 2001 *US$'000*	**(Audited) As at 31 March 2001** *US$'000*
Investment securities:		
Unlisted equity securities	19	19
	19	19
Other investment securities:		
Listed equity securities		
– In Hong Kong	1,291	3,800
– Outside Hong Kong	662	688
Unlisted equity securities at cost	16,318	15,814
Less: Provision for diminution	(8,240)	(10,045)
	10,050	10,276

All the above investments are in corporate entities.

Current investments

	(Unaudited) As at 30 September 2001 *US$'000*	**(Audited) As at 31 March 2001** *US$'000*
Other investment securities:		
Listed equity securities (outside Hong Kong)	83	585
Unlisted equity securities	264	548
	347	1,133
Other investment securities:		
Banks and other financial institutions	–	212
Corporate entities	347	921
	347	1,133

Listed securities are shown at their market values on the balance sheet date.

8. Debt Securities Relating to Financial Business

There are no debt securities within investments in note 7.

9. Cash and Bank Balances

Cash and short-term funds relating to the financial business of the Group can be analysed as follows:

	(Unaudited) As at 30 September 2001 *US$'000*	(Audited) As at 31 March 2001 *US$'000*
Cash and balances with banks and other financial institutions	6,529	1,818
Money at call and short notice	881	500
Cash and bank balances in relation to financial businesses	7,410	2,318
Other bank deposits	189	996
	7,599	3,314

Within bank deposits, an amount of GBP128,000 (31 March 2001: GBP480,000) was blocked as security for letters of credit issued to certain suppliers of the group of bigsave Holdings plc as part of the normal trade conditions imposed by those suppliers.

10. Accounts Receivable

	(Unaudited) As at 30 September 2001 *US$'000*	(Audited) As at 31 March 2001 *US$'000*
Current	761	463
1 to 3 months old	214	9
More than 3 months old but less than 12 months old	110	42
Total debtors and bills receivable	1,085	514

The Group applies credit policies appropriate to the particular business circumstances concerned but generally requires outstanding amounts to be paid within 30 days of notice.

11. Accounts Payable, Accruals and Other Payables

	(Unaudited) As at 30 September 2001 *US$'000*	(Audited) As at 31 March 2001 *US$'000*
Due within one month or on demand	466	324
Due after 1 month but within 3 months	247	–
Due after 3 months but within 6 months	36	37
Total creditors and bills payable	749	361
Accruals and other payables	833	1,922
	1,582	2,283

12. Share Capital

a. Shares

	(Unaudited) As at 30 September 2001 *US$'000*	(Audited) As at 31 March 2001 *US$'000*
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each and	20,000	20,000
86,728,147 unclassified shares of US$0.01 each which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each	867	867
	20,867	20,867
Issued and fully paid:		
1,100,174,288 ordinary shares of US$0.01 each and	11,002	11,002
86,728,147 non-voting convertible deferred shares of US$0.01 each	867	867
	11,869	11,869

There were no changes in the share capital of the Company during the period.

b. Rights of Deferred Shares

Holders of the non-voting convertible deferred shares ("Deferred Share(s)") are not entitled to vote at any of the general meetings of the Company. The Deferred Shares are transferable with the prior written consent of the Directors of the Company and with prior notice to The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Each Deferred Share carries a conversion right to convert into one ordinary share of US$0.01 in the capital of the Company commencing six months from the date of issue (9 June 2000). The shares issued and allotted upon conversion of the Deferred Shares (the "Convertible Share") shall, when issued, rank pari passu in all respects with all other ordinary shares of the Company in issue on the date of conversion including the right to any dividends or distribution.

No application was made for the listing of the Deferred Shares on the Stock Exchange. However, application has been made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

During the six months ended 30 September 2001, no Deferred Shares were converted into ordinary shares.

c. Warrants ("Warrants 2003")

On 9 June 2000, the Company issued and allotted, by way of bonus, an aggregate of 237,882,087 units of registered warrants exercisable during the period from 9 June 2000 up to and including 30 June 2003, both days inclusive, at an initial subscription price of HK$2.80, subject to adjustment, for each share of US$0.01 in the Company to its shareholders whose names appeared in its Register of Members at 9:00 am on 17 May 2000 in the proportion of one unit of warrant for every five shares in the Company then held.

No Warrants 2003 were issued and allotted during the period.

During the period, no Warrants 2003 were exercised (2000: 5,000 units were exercised) or repurchased (2000: nil). As at 30 September 2001, there were 237,877,087 units of outstanding Warrants 2003 (2000: 237,877,087 units).

d. Share options

Under the terms of the employee share option scheme of the Company (the "iRegent Share Option Scheme") approved by the shareholders on 24 July 1996, as amended on 27 May 1998, and deemed to have commenced on 15 July 1994 to replace and succeed two previous share option schemes of the Company (which had both commenced on 15 July 1994 and which both lapsed on 2 July 1996), the Directors of the Company may at their discretion invite employees, including Directors of the Company, to take up options to subscribe for shares of the Company at any time during the 10 years from the date of the scheme's approval.

As at 31 March 2001, there were outstanding share options under the scheme, entitling the holders to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 15,331,984 (2000: 48,480,679) ordinary shares of US$0.01 each in the Company at exercise prices ranging from HK$0.60 to HK$1.91 per share. During the six months ended 30 September 2001, no options (2000: options in respect of 41,233,965 shares) were exercised and options in respect of an aggregate of 12,231,984 (2000: 2,825,000) shares lapsed. Meanwhile, options in respect of an aggregate of 18,400,000 (2000: 2,500,000) shares were granted. Accordingly, as at 30 September 2001, there were outstanding share options under the scheme, entitling the holders to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 21,500,000 (2000: 6,931,714) shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share. Exercise in full of such share options would result in the issue of 21,500,000 additional shares for aggregate proceeds, before expenses, of approximately HK$10,968,000 (or approximately US$1,415,000).

Subsequent to 30 September 2001, no options were granted or exercised under the scheme. Options in respect of 2,350,000 shares lapsed. Accordingly, as at the date of this interim financial report, under the scheme there were outstanding share options entitling the holders to subscribe for an aggregate of 19,150,000 shares at exercise prices ranging from HK$0.16 to HK$1.40 per share.

The maximum number of shares in respect of which options may be granted under the iRegent Share Option Scheme when aggregated with any securities subject to any other scheme may not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the share option scheme.

The Directors of the Company may impose restrictions on the exercise of subscription rights and the exercise price is to be determined by the Directors in their absolute discretion provided that in no event shall such price be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of the grant of the option.

Amendments will be made to the iRegent Share Option Scheme in accordance with the new requirements of Chapter 17 of the Listing Rules which were effective on 1 September 2001. Before such amendments are made, no further options can be granted under the scheme.

13. Reserves

	Retained profits *US$'000*	**Share premium** *US$'000*	**Capital redemption reserve** *US$'000*	**Asset revaluation reserve** *US$'000*	**Foreign currency exchange reserve** *US$'000*	**Total** *US$'000*
At 1 April 2001	(40,350)	114,263	1,204	3,735	(6,650)	72,202
Foreign currency translation adjustment	–	–	–	–	1,421	1,421
Loss for the period	(1,850)	–	–	–	–	(1,850)
At 30 September 2001	(42,200)	114,263	1,204	3,735	(5,229)	71,773

14. Off Balance Sheet Exposure

a. Derivatives

The Group's trading in derivatives is partly for hedging purposes and partly for speculative investment. Where hedging is involved, the policy is fully or partly to match positions held in other assets. Speculative investment is carefully used, in accordance with parameters set by the Board, in short-term situations where physical assets are inappropriate.

Derivatives refer to financial contracts whose value depends on the face value of one or more underlying assets or indices. As at 30 September 2001, Alphorn Management Limited, a wholly owned subsidiary of the Company, had entered into foreign exchange forward contract with a net aggregate nominal value of US$875,000 (2000: US$3,245,500). The market value of those contracts at that date was US$910,000 (2000: US$3,200,053). The net realised gains during the period were US$35,000 (2000: US$110,300).

The purchase and sale of derivatives are subject to limits as established by the Directors. These are monitored on a regular basis and the Group continues to develop its statistical techniques for monitoring purposes. There is strict segregation between the investment management and deal settlement functions.

In the course of the Group's normal trading in currencies, futures and options, margin deposits of varying amounts of cash are held by the Group's brokers. As at 30 September 2001, the amount of these margin deposits was US$146,000 (2000: US$1,048,000).

b. Commitments

	As at 30 September	
	2001	**2000**
	US$'000	*US$'000*
Operating lease commitments during the next twelve months are as follows:		
Property, expiring:		
– Within one year	264	87
– In the second to fifth years, inclusive	768	602
	1,032	689
Plant and equipment:		
– In the second to fifth years, inclusive	3	–
	3	–

c. Capital commitments

On 6 December 2000, the Company agreed to acquire 89.5% stake in IM Life Sciences Limited for a consideration of GBP1,000,000. As at 30 September 2001, the Company has an outstanding commitment of GBP347,000 in relation to this.

15. Material Related Party Transactions

The following is a summary of significant contracts which subsisted at 30 September 2001 or at any time during the period, to which the Company or any of its subsidiaries was a party and in which a Director or Directors is/are or was/were materially interested, either directly or indirectly. All such transactions were entered into in the ordinary course of business of the Group.

(1) An operational support agreement dated 9 June 2000 was entered into between (a) the Company and (b) Regent Europe Asset Management (UK) Limited (currently Charlemagne Capital (UK) Limited), a direct wholly-owned subsidiary of Regent Europe Limited (currently Charlemagne Capital Limited), pursuant to which Regent Europe Asset Management (UK) Limited agreed to provide a range of administrative and other services to the Company and its subsidiaries, principally (but not limited to) Interman UK Limited and iRegent Corporate Finance Limited.

Another operational support agreement dated 9 June 2000 was entered into between (i) Interman Europe plc, a direct wholly-owned subsidiary of the Company, and (ii) Regent Europe Asset Management (IOM) Limited (currently Charlemagne Capital (IOM) Limited), a wholly-owned subsidiary of Regent Europe Limited, pursuant to which Regent Europe Asset Management (IOM) Limited agreed to provide a range of administrative and other services to Interman Europe plc and its subsidiaries, principally (but not limited to) Interman Limited and Interman Services Limited.

As at the date of the above operational support agreements, James Mellon, Jayne Sutcliffe and David McMahon were directors and shareholders of Regent Europe Limited, holding interests of 28.61%, 11.66% and 2.52% respectively in its total issued share capital. In addition, Peter Everington held an interest of less than 5% in Regent Europe Limited, and each of Anderson Whamond and Robert Owen held an interest of less than 1% in Regent Europe Limited.

Robert Owen resigned as a Director of the Company on 24 November 2000 and ceased to have disclosure obligation under the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") in respect of his interests in the Company and its associated corporations since then.

On 30 March 2001, Regent Europe Limited ceased to be an associated corporation of the Company under the SDI Ordinance and the Directors of the Company ceased to have disclosure obligations in respect of their interests in Regent Europe Limited.

During the six months ended 30 September 2001, amounts of GBP54,302 (approximately US$80,258) and GBP14,301 (approximately US$21,137) were paid by the Group to Charlemagne Capital (UK) Limited and Charlemagne Capital (IOM) Limited respectively pursuant to the above operational support agreements.

(2) A share sale and purchase agreement dated 5 January 2001 was entered into between (a) the Company as vendor; (b) Abraxas Capital Limited, an indirect wholly-owned subsidiary of KoreaOnline Limited which was then a 46.4% owned associated company of the Company, as purchaser; and (c) KoreaOnline Limited, in respect of the proposed disposal by the Company of its entire holding of 18,000,000 shares in KoreaOnline Limited to Abraxas Capital Limited for a consideration of US$180 million (approximately HK$1,404 million), representing US$10 per share, which was to be satisfied by three-year promissory notes issued by Abraxas Capital Limited with a nominal value of US$180,000,000 carrying a coupon of 5% per annum payable in arrears.

Pursuant to an amendment dated 27 February 2001, the completion date of such share sale and purchase agreement was postponed from 31 March 2001 to 31 May 2001. The agreement was cancelled on 14 May 2001.

The disposal of the Company's interests in KoreaOnline Limited would have constituted a major transaction of the Company under the Listing Rules and been subject to, inter alia, approval by shareholders of the Company at extraordinary general meeting.

As at the date of the above share sale and purchase agreement, Peter Everington and Robin Willi, who resigned as a Director of the Company on 1 March 2001, were directors of KoreaOnline Limited, and Peter Everington held an interest of approximately 0.2% in its total issued share capital.

(3) An operational support agreement dated 1 March 2001 was entered into between (a) Regent Pacific Group (Hong Kong) Limited, a direct wholly-owned subsidiary of the Company, and (b) AstroEast.com Limited, then a 34% owned associated company of the Company, relating to the provision of certain administrative and other related services by Regent Pacific Group (Hong Kong) Limited to AstroEast.com Limited at a fixed monthly fee of HK$18,000 for the period from 1 March 2001 to 6 December 2001, unless the agreement is terminated by either party before 6 December 2001.

As at the date of such operational support agreement, James Mellon and Anthony Baillieu, who was appointed a Director of the Company on 22 April 2001, were directors of AstroEast.com Limited. In addition, Peter Everington held an interest of less than 2% of its total issued share capital, and each of Anthony Baillieu, David Paterson, Jayne Sutcliffe, Anderson Whamond and Julian Mayo, who was appointed the alternate to James Mellon on 12 March 2001, held an interest of less than 1% of its total issued share capital.

Upon completion of a restructuring scheme on 19 March 2001, AstroEast.com Limited became an indirect 51% owned subsidiary of the Company.

David Paterson resigned as a Director of the Company on 22 April 2001 and ceased to have disclosure obligation under the SDI Ordinance in respect of his interests in the Company and its associated corporations since then.

The above operational support agreement was terminated on 31 August 2001. During the six months ended 30 September 2001, an amount of HK$90,000 (approximately US$11,600) was received from AstroEast.com Limited pursuant to such operational support agreement.

(4) An operational support agreement dated 26 March 2001 was entered into between (a) Regent Financial Services Limited, an indirect wholly-owned subsidiary of the Company, and (b) KoreaOnline Limited, then a 46.4% owned associated company of the Company, relating to the provision of certain administrative and other related services by Regent Financial Services Limited to KoreaOnline Limited from 1 March 2001 at a fixed monthly fee of US$25,000.

As at the date of such operational support agreement, Peter Everington was a director of KoreaOnline Limited and held an interest of approximately 0.2% in its total issued share capital.

Upon issue of further shares by KoreaOnline Limited on 28 April 2001, the Company's interests in KoreaOnline Limited reduced to 40.2%. Accordingly, the interests of Peter Everington reduced to 0.17% of its total issued share capital.

Daniel Chan was appointed a director of KoreaOnline Limited on 14 May 2001.

During the six months ended 30 September 2001, an amount of US$150,000 was received from KoreaOnline Limited pursuant to the above operational support agreement.

(5) A deed of assignment dated 3 April 2001 was entered into between (a) the Company as assignor; (b) KoreaOnline (Labuan) Limited, a direct wholly-owned subsidiary of KoreaOnline Limited which was then a 46.4% owned associated company of the Company, as debtor; and (c) The Hongkong and Shanghai Banking Corporation Limited ("HSBC") as assignee, pursuant to which the Company agreed to assign to HSBC, by way of security, all the Company's rights and benefits under the loan agreement dated 9 March 2000 entered into between the Company as lender and KoreaOnline (Labuan) Limited as borrower in respect of an unsecured loan facility of US$15 million.

The loan was due for repayment to HSBC on 30 June 2001. In June 2001, KoreaOnline (Labuan) Limited requested an extension of the final repayment date for two months to 31 August 2001. The loan was repaid in full on 31 August 2001.

Directors' interests in KoreaOnline Limited are set out in sub-paragraph (4) of this note above.

(6) A subscription agreement dated 8 June 2001 was entered into between, inter alia, (a) Interman Limited, an indirect wholly-owned subsidiary of the Company; (b) Asian Opportunity Fund 1998 – I; (c) Asian Opportunity Fund 1998 – II; (d) Digital View Group Limited; (e) iRegent Corporate Finance Limited, a direct wholly-owned subsidiary of the Company; and (f) Burnbrae Limited in respect of Digital View Group Limited. Pursuant to such subscription agreement, inter alia:

(i) Asian Opportunity Fund 1998 – II, which then owned 80,000 shares in Digital View Group Limited, agreed to subscribe for 217,391 new shares in Digital View Group Limited at a price of US$6.90 per share;

(ii) Burnbrae Limited agreed to subscribe for 14,492 new shares in Digital View Group Limited at a price of US$6.90 per share; and

(iii) in consideration for iRegent Corporate Finance Limited having facilitated the subscription of new shares in Digital View Group Limited by Asian Opportunity Fund 1998 – II and Burnbrae Limited, Digital View Group Limited agreed to compensate iRegent Corporate Finance Limited the sum of US$80,000 and 25,000 units of Series 2 Warrants of Digital View Group Limited.

As at the date of the subscription agreement:

- the investment manager, RLF Management Limited (currently iRegent Fund Management (Asia) Limited), and the administrator, Regent Financial Services Limited, of Asian Opportunity Fund 1998 – I and Asian Opportunity Fund 1998 – II were wholly-owned subsidiaries of the Company;
- Burnbrae Limited was a private company wholly-owned by a trust, of which James Mellon was the sole beneficial owner;
- James Mellon was a director of RLF Management Limited, Asian Opportunity Fund 1998 – I and Asian Opportunity Fund 1998 – II;
- Peter Everington was a director of RLF Management Limited, Regent Financial Services Limited, Asian Opportunity Fund 1998 – I and iRegent Corporate Finance Limited;
- Jayne Sutcliffe was a director of RLF Management Limited;
- David McMahon was a director of Burnbrae Limited;
- Anderson Whamond was a director of Burnbrae Limited, Interman Limited and Asian Opportunity Fund 1998 – I;
- Daniel Chan was a director of Regent Financial Services Limited; and
- Julian Mayo was a director of RLF Management Limited, Regent Financial Services Limited and iRegent Corporate Finance Limited.

(7) A loan agreement dated 26 September 2001 was entered into between (a) the Company as lender and (b) AstroEast.com Limited, an indirect 51% owned subsidiary of the Company, as borrower, pursuant to which the Company agreed to grant an interest bearing secured loan facility of up to an amount of US$50,000 to AstroEast.com Limited.

The facility is secured by AstroEast.com Limited granting, at the request of the Company, a first priority perfected security interest in all interests of AstroEast.com Limited of at least 1,614,625 shares of iFuture.com Inc, which are listed on the Canadian Venture Exchange. AstroEast.com Limited must maintain such collateral with a minimum coverage of at least 300% of the amount outstanding in respect of the facility.

The above loan agreement constituted a connected transaction of the Company under Chapter 14 of the Listing Rules. However, the Directors of the Company were of the opinion that the facility, being interest bearing and secured by the collateral in the form of marketable securities valued at 300% of the amount outstanding, was granted on normal commercial terms. Additionally, they considered that it was in the ordinary and usual course of business of the Company to offer financial assistance to its subsidiaries from time to time. As a result, the loan agreement was not subject to any disclosure or shareholders' approval requirements as a connected transaction in accordance with the de minimis provision under Rule 14.24(5) of the Listing Rules.

Directors' interests in AstroEast.com Limited are set out in sub-paragraph (3) of this note above.

During the six months ended 30 September 2001, no amount of the facility was drawn down. However, an aggregate amount of US$35,000 was drawn down before the date of this interim financial report.

(8) Certain Directors have shareholdings in certain funds managed by the subsidiaries of the Company.

16. Contingent Liabilities

a. The management of Regent Insurance Co Ltd, a non wholly-owned subsidiary of KoreaOnline Limited, was taken over by the Financial Supervisory Services (the "FSS"), the regulatory authority in Korea, on 11 May 2001. The directors of KoreaOnline Limited understand that it is the intention of the FSS to sell all the insolvent insurance companies, including Regent Insurance Co Ltd, to interested buyers. In the event that such sale is not materialised, public funds would have to be injected into these companies to maintain solvency. The directors of KoreaOnline Limited have obtained legal advice to the effect that as a previous shareholder of Regent Insurance Co Ltd, the group of KoreaOnline Limited will have no further legal liability to participate in any future funding process initiated by the government. Although unlikely, the Korean government may at its absolute discretion determine that KoreaOnline Limited or its subsidiaries have moral obligations to participate in the funding process or to pay a penalty in respect of the failed operation of Regent Insurance Co Ltd. The financial effects of such a request, if made, cannot be quantified at the time of this report.

b. As at 30 September 2001, bigsave Holdings plc had issued standby letters of credit totalling GBP128,000 (US$189,000). No draw down had been made on these facilities and they were backed by GBP128,000 cash held in a blocked account.

17. Post Balance Sheet Events

There are no material post balance sheet events which have not been accounted for or detailed elsewhere in this report.

REVIEW AND PROSPECTS

iRegent Group results for the six-month period were remarkably improved over the comparable period last year, reflecting a return to more normal conditions in Korea and a focus on cutting core group costs. The Group's balance sheet remains strong, with substantial net cash, and the outlook for the full year is quite positive, particularly as the Korean operations are performing better due in part to better stockmarket conditions. The net losses attributable to shareholders fell to US$1,850,000, a considerable improvement on last year's loss of US$23,961,000. Whilst it is not appropriate at this stage to declare a divided, this may be something that can be considered when the full year results are available. Fuller details of the figures can be seen in the "Management's Discussion and Analysis of the Group's Performance" section.

As previously announced, discussions are underway for a leading financial services group to take a stake in the Group. Although this will probably not introduce fresh capital, it will allow us to grow faster in two key areas: Korean Securities broking and Asian asset management. If this deal is concluded successfully, I believe that it will be in the interests of all shareholders and I will remain with the Group with other key Executives. Further details will be released as soon as practicable. In any event, the troubles which plagued our Korean operations late last year have largely gone and the two trading companies there remain cash rich and in strong positions to take advantage of better market conditions.

Likewise, in asset management, our performance has been generally good, and our range of Asian products is being expanded by the acquisition of stakes in complementary asset management companies. Our team is long-standing and highly competent and I am convinced that we can substantially grow our assets under management over the next few years.

We have fared better than many in our Technology investments and, later in this report, the key investments are updated. In particular, Bigsave is now re-positioned as a sports orientated retailer, already operating seven shops in the United Kingdom. Its management has a good handle on the business.

Although we will have some work to do to return to the high levels of profitability of previous years, especially as Charlemagne Capital Limited (formerly Regent Europe Limited) is no longer part of the Group, I am confident that we can do so. I believe that shareholders will be pleased as events unfold. Emerging market investment is never easy, but better times for us seem to be reappearing. Although the outlook for the world economy is not good for the immediate term, iRegent has tended to thrive in adverse economic conditions. We have no debt, a Spartan cost base and substantial assets. All of these leave us well placed to go forward.

James Mellon

iRegent Group Limited

Asian investment management report

In the annual report for the year ended 31 March 2001 we noted that the macro environment was likely to worsen before it improved, and this is what has transpired. The result, at least until the last weeks of September, was a continuation of the global equities bear market.

The operating environment for Asian fund management companies as a whole has been difficult in the last six months as markets in the region have continued to be weak. However, there has been increased interest in the alternative/hedge fund area over the last year as these types of strategies have shown that, unlike for many participants last year and earlier, they can act as defensive investments in challenging environments. While the terrorist attacks on the United States have not, in our view, altered the fundamentals of the global economy markedly, they have resulted in increased market volatility, an environment in which hedge funds can thrive. Our own funds have avoided the significant losses of Asian markets this year and some have seen good positive returns for our clients.

In our view the global bear market is not yet over as the recovery in leading economies will take longer than expected, for the reasons mentioned in the previous report (in short, the specific bubble characteristics of the 1990’s boom, especially in the US). For this reason, investors looking to a return of the halcyon days for long-only managers are likely to be disappointed. Our approach remains to concentrate on producing superior performance figures and to translate them into a growing business and therefore better returns for iRegent Group’s shareholders.

Julian Mayo

Group marketing and new initiative

We have built on the model, described in the Company’s most recent annual report, of taking stakes in fund management companies. iRegent Group is in talks which we hope will lead to our acquiring 25% of a Sydney-based hedge fund manager and are also in discussions with a Hong-Kong-based hedge fund business to take a stake in that company.

Following the September attacks on the United States, the environment for raising funds has slackened but this now seems to be picking up. IM Life Sciences Limited’s (89.5% owned by iRegent) first fund is planned for a winter launch and we are optimistic that this will be a success. In addition, we are looking for new investors in our existing funds on the strength of some good performance figures in a tough market environment.

Julian Mayo

Corporate finance services

Regent Corporate Finance ("RCF") continues to offer corporate finance advice to technology companies held by Interman Holdings Limited ("Interman") and the private equity funds managed by the iRegent Group. In addition, RCF has kept shareholders in touch with events at KoreaOnline Limited, which are increasingly positive. RCF in London has worked closely with the Interman's investee company, Digital View Group Limited, to raise funds. RCF successfully negotiated a downround and raised US$1.6 million for Digital View Group Limited. During the period, RCF also won a mandate to raise money for another Interman's investee company, Digitalbrain plc. The Bank of Scotland invested GBP2.7 million in Digitalbrain plc in early November, a process that took 5 months from engagement to completion, evidence that it is possible to raise money for small technology companies, which have strong management and a unique product. More recently, RCF has acted as adviser in a transaction involving a GBP3 million investment in betinternet.com, an AIM listed gaming company. In all the transactions, RCF has made fees and gained warrant incentive.

Mark Child

KoreaOnline Limited

In the past six months, KoreaOnline Limited ("KOL") has made significant progress and generated a net profit of US$4.3 million under International Accounting Standards as a result. iRegent owns 40.2% of KOL. This result included a profit from ongoing operations as well as exceptional gains from write-back of earlier provisions as KOL was able to recover certain receivables as well as negotiate discounts on payables.

KOL itself no longer has any significant operating expenses as most functions are now undertaken within the subsidiaries. KOL's own balance sheet has also been simplified with only two significant liabilities remaining – the US$9 million bond and a liability to Regent Insurance Co Ltd ("RIC") that is partially offset by claims outstanding by KOL against RIC. On the asset side, KOL owns directly and indirectly 73% of Regent Securities Co Ltd ("RSC") and 60% of Ileun Securities Co Ltd ("ISC") as well as a small stake in Tong Yang Securities Co Ltd.

In the latest six months, despite difficult local market conditions for most of the period, both RSC and ISC have been operating profitability although RSC suffered an exceptional loss of US$5 million in August. In the six months, ISC made a pre-tax profit of 3.6 million while RSC suffered a pre-tax loss of US$0.6 million before minority interests. At the same time, the net asset value of KOL has increase more rapidly mostly as a result of the ongoing share repurchase program being conducted at the ISC level. Indeed, ISC's net asset value per share has increased by 38% in the year over KOL's acquisition cost in October 2000. KOL's net tangible asset value has increased by 10% over the six-month period.

The balance sheets of RSC and ISC are very strong: debts are minimal and the two companies have combined net cash balances of US$156 million, equivalent to 49% of the KOL group's net assets. Both companies are being steadily re-focused on core business areas while management has been significantly enhanced. On the other hand, each company lacks critical mass on its own so on 7 December 2001 the boards of the two companies agreed to merge and this is expected to be completed by 23 January 2002. One of the major benefits of such a merger lies in the IT area where money can be saved overall while combining the two budgets allows for a higher level of capability. Additionally, the two companies are nicely complementary with RSC having a superior wholesale capability while ISC has a more profitable branch structure and better developed online trading and call centre capability.

As earlier reported, the banking interest of KOL, Regent Merchant Bank ("RMB"), was merged with Tong Yang Investment Bank in July 2001. Since then, the business has progressed and, as at November 2001, had agreed to merge with Tong Yang Securities Company Limited, thereby further increasing the critical mass of that business. KOL now directly and indirectly owns 2.4% of Tong Yang Securities Co Ltd. This is clearly no longer a strategic stake although the two mergers have enhanced value and the market value of that stake today has increased from our year-end book position.

In the second half of the current fiscal year, market conditions have improved markedly. In this coming period, KOL expects to complete the merger of ISC and RSC, restructure the overall KOL balance sheet so as to eliminate all debts at that level and position the underlying companies for the next step forward which is likely to involve further merger and acquisition. The benefits of the successful ISC acquisition have already gone a long way towards offsetting the impact of losing RIC and merging RMB.

Peter Everington

Interman Holdings Limited

The six months to 30 September 2001 did not see any improvement in the outlook for technology companies. Announced profitability of listed technology companies throughout the United States, Europe and Asia continued to fall whilst the funding environment for unlisted technology companies continued to be severely restricted. Against this back-drop, several of our largest investments have made significant progress in executing their business plans.

Digitalbrain, the leading UK e-learning company has recently raised GBP2.7 million from Bank of Scotland Private Equity. Sales for 2001 look likely to come in at GBP9.5 million and we are expecting the company to reach break-even in the first half of 2002.

Fixed-odds Group, providing online fixed-odds betting on financial markets, has continued to expand its active client base to a level where it is breaking even on a monthly basis. It still retains substantial cash reserves and we do not envisage the company requiring further funding.

Digital View, the flat-panel display technology company, has experienced a significant down-turn in orders in the second half of this year along with the technology markets in general. After significant funding in 2000, the company had geared up for growth which did not then arrive and subsequently the company fell into loss. The appointment of a new CEO and a cost-cutting programme has brought the company back to a cash-flow positive position as of November 2001, with sales levels being maintained versus last year.

Homeport Group, the unattended home delivery company, has continued to roll-out its product in the London area with its major client being Sainsbury's, the supermarket chain. The companies' other focus is on the business delivery market where we expect it to start winning significant contracts. The companies' founder has recently invested more money in the company so we do not envisage any short-term funding problems.

Despite the current smaller companies funding environment, we believe that we will be able to begin to realise some of our investments in 2002 as companies move into profitability. Obviously we will continue to be heavily dependant on the market environment.

Dominic Bokor-Ingram

bigsave Holdings plc

Initially an on-line retailer with several sites in the United Kingdom, bigsave Holdings plc ("bigsave") offered a broad selection of products and services at competitive prices. However, realising, that the over optimistic projections of sales turnover and profit predicted by analysts pre the April 2000 correction in the markets were not realistic, the management decided to embark upon a wider retailing strategy which could be profitable in the shortest period, whilst capturing the benefits of e-commerce and its potential. A decision was made and rapid action taken to close all overseas offices including the Isle of Man, Germany, Hong Kong, Korea and Japan to streamline the business into a UK-based, more cost-effective operation. As a result, bigsave has now become a multi-channel retailer offering customers the opportunity of purchasing through high street stores, a website, call centre and direct mail.

June 2001 saw bigsave's move into "bricks and mortar" retailing, with the first store opening in Kings Lynn, closely followed by six further outlets throughout the UK. Supported by a fully operational warehouse and call centre in Sheffield, the retail operation is well positioned to take advantage of the discount retailing niche, offering consumers quality sports apparel in the secure surroundings of a high street location. Sales have been encouraging since the first day of trading and with plans to acquire further stores by June 2002, it is hoped that this retail initiative will develop profitably.

The website has also undergone significant restructuring. www.bigsave.com has benefited from new marketing campaigns, higher quality content on the site, a wider range of products and extremely competitive pricing. The latter weeks of October 2001 have seen an increase of some 400% in sales. The bigsave technical department has developed an efficient system of introducing shop sold goods onto the website to run in tandem with the retail operation.

In December 2000 bigsave acquired Direct Retail Resources Limited with a database of 620,000 names and launched the first "bigsave*direct*" catalogue in February 2001, offering discounted sports and casual wear to consumers. This was followed by a second catalogue in June 2001. Whilst the results were initially encouraging, running extensive catalogues proved to be a restrictive activity as far as fulfillment was concerned. It was therefore decided that significantly smaller runs be produced to be distributed in the stores and direct to existing clients with the aim to convert distance buyers to the website.

ICTechnology, a wholly owned brand of bigsave providing IT solutions to the education and SME market has been fully operational since June 2001. With access to cancelled order stock from Dell, it has successfully generated sales in excess of GBP200,000 in the first six months of business supplying largely to schools and LEAs, at considerable discounts, and in the approach to the Christmas period, the PC sales are proving extremely popular on the bigsave website.

Additionally bigsave has been working in partnership with Orange for the past five months providing an online shop facility for their WAP offering. Trials have been underway since mid-August with the official launch date scheduled for 1 December 2001. The initial interest in this activity is encouraging and Orange has been extremely impressed with bigsave, offering to undertake all redevelopment costs of a new site.

Prior to the events of 11 September 2001, www.bigsavetravel.com demonstrated signs of improved business and was on the verge of breaking even, however, over the subsequent months the business experienced a 70% downturn. As a result of this, a decision was made to close the travel company.

Kazem Behjat

Summary

Whilst activity has been more muted in the past few months and world events have ensured that fragile investment conditions will continue for the time being, the Group has been able to stabilise its position from which rebuilding can move forward with some optimism.

James Mellon

INTERIM DIVIDEND

The Directors of the Company have resolved not to declare an interim dividend for the six months ended 30 September 2001 (2000: nil).

TRADING RECORD OVER LAST FIVE YEARS

	Six months ended 30 September	Year ended 31 March				
	2001	**2001**	**2000**	**1999**	**1998**	**1997**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	3,827	(744)	54,658	(32,197)	126,843	59,072
Turnover less expenses	(3,741)	(22,619)	14,725	(54,700)	78,527	35,929
Shares of profits/(losses) of associated companies	1,165	(53,440)	32,178	4,251	(398)	(1,723)
Operating profit/(loss) on core activities	(2,576)	(76,059)	46,903	(50,449)	78,129	34,206
Profits/(Losses) on sales of interests in associated companies and subsidiaries under temporary control	–	18,845	57,325	1,174	(239)	48
Profits/(Losses) on disposal of subsidiaries	(8)	1,926	(5,385)	–	–	–
Exceptional gain on discontinuance of activity in associated company	–	(49,026)	–	–	–	–
Impairment of goodwill on discontinuance of activity in associated company	–	29,186	–	–	–	–
Other impairment of goodwill	–	(23,124)	–	–	–	–
Operating profit/(loss) from ordinary activities	(2,584)	(98,252)	98,843	(49,275)	77,890	34,254
Finance costs – interest on bank overdrafts	(16)	(358)	(462)	(688)	(454)	(366)
Profit/(Loss) on ordinary activities before taxation	(2,600)	(98,610)	98,381	(49,963)	77,436	33,888
Taxation	(193)	(2,840)	(12,283)	(1,090)	(1,679)	(1,496)
Profit/(Loss) after taxation	(2,793)	(101,450)	86,098	(51,053)	75,757	32,392
Minority interests	943	3,119	(534)	764	(2,037)	(1,565)
Net profit/(loss) attributable to shareholders	**(1,850)**	**(98,331)**	**85,564**	**(50,289)**	**73,720**	**30,827**
Capital and reserves	**84,596**	**85,661**	**118,358**	**107,025**	**150,352**	**69,420**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Revenue and Profits

The Group's loss after tax and minority interests reduced by 92% to US$1.9 million (2000: loss of US$24 million). The change is mainly due to the improvement in the results of KoreaOnline Limited which contributed US$1.3 million profit during the period (2000: loss of US$24.8 million). The technology and internet stock investment environment remains poor. bigsave Holdings plc, AstroEast.com Limited and propriety investments contributed a combined loss of US$2.2 million, net of minority interests. The revenue of the asset management and corporate finance business was sharply reduced by 80% to US$1.7 million, partly due to the reduction in assets under management on reconstruction, but still contributed a profit of US$0.2 million (2000: profit of US$3.6 million). Appropriate steps have been taken to reduce corporate expenses by 66% to US$1 million for the first six months of year 2002. The share of losses from associated companies, Exchangebet.com Holdings Limited and Lastminute Limited, amounted to US$0.2 million (2000: loss of US$0.4 million) out of this figure.

Segmental analysis of the figures allocates the loss as follows:

		US$ million
KOL related		1.3
Technology related		(2.2)
Asset management and corporate finance		0.2
		(0.7)
Less:	Corporate expenses	(1.0)
	Taxation	(0.2)
Group's loss		(1.9)

Balance Sheet

The shareholders' equity reduced slightly by 1% to US$84 million during the six-month period and KOL now accounts for approximately 80% of the total shareholders' funds as at 30 September 2001. The remaining Group assets comprise the investments related to bigsave Holdings plc and technology investments of US$9 million, other corporate investment of US$3 million and cash and net receivable of US$5 million.

As indicated in note 5 to the accounts in this interim financial report, the Group has been in discussion with the tax authorities in the United Kingdom in relation to profits declared by UK subsidiaries since 1994. Whilst no liability has been admitted, the Group has deemed it prudent to provide US$2.5 million against possible claims. It appears likely that a negotiated settlement will be reached shortly but the Group is not yet in a position to assess the accuracy of the existing provision.

The Group has no borrowings at the date of the balance sheet which is in keeping with the Directors' stated policy.

Future Funding

As at 30 September 2001, the Group has US$7 million net cash or 8% of its total shareholders' funds of which US$6.6 million forms part of "head office" funding. There are no material charges against Group assets.

It is possible that businesses which are either subsidiaries or associated companies of the Group may require funding as their businesses are developed. It is expected that the bulk of such funding will be obtained from external sources but, dependent upon amount and duration, it may be that funding will be made available by the Group from its internal resources or bank borrowings.

Management of Risk

The Company is exposed to foreign currency fluctuations arising from its subsidiaries and associated companies. This exposure relates mainly to the translation of non-US dollar subsidiaries and associated companies. The Group has not taken any currency hedge against the investments in Korea and UK due to their non-cash nature and the high hedging cost.

As KOL is responsible for approximately 80% of the total shareholders' fund as at 30 September 2001, the Company is exposed to the fluctuations in the equity values of KOL. The exposure is to the Korean economy, its credit market and its equity markets. The responsibility for management of these risks rests with KOL management. iRegent will monitor its exposure through working closely with KOL management.

Through investments of Interman Holdings 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's specialist investment managers closely monitor the operations and performance of these companies.

The Group will operate both equity market and currency hedges from time to time on a speculative basis. Speculative 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 30 September 2001, the amount of these margin deposits was US$146,000 (2000: US$1,048,000).

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

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2001, the beneficial interests of the Directors in the securities of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) or in any rights to subscribe for the equity securities of the Company or of any of its associated corporations, which have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance and the Listing Rules on the Stock Exchange (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein were as follows:

1. Securities of the Company

a. *Ordinary shares of US$0.01 each*

		Number of shares and nature of interests				
Name of Director	*Note*	**Personal interests**	**Family interests**	**Corporate Interests**	**Other interests**	**Total interests**
James Mellon	*A&B*	37,088,500	–	–	219,467,083	256,555,583
Anthony Baillieu	*C*	–	–	200,000	–	200,000
Dominic Bokor-Ingram	*D*	1,350,245	–	–	1,926,525	3,276,770
Daniel Chan	*E*	1,800,000	2,150,000	–	–	3,950,000
Peter Everington	*F&G*	–	24,450,000	–	24,841,210	49,291,210
Julian Mayo *(alternate to James Mellon)*		229,686	–	–	–	229,686
David McMahon	*H*	–	–	–	5,000,000	5,000,000
Karin Schulte		12,000	–	–	–	12,000
Mark Searle *(appointed on 31 October 2001)*	*I*	–	–	–	–	–
Jayne Sutcliffe	*J*	14,727,260	–	–	24,000,000	38,727,260
Anderson Whamond		5,000,000	–	–	–	5,000,000
Errol Williams *(resigned on 31 October 2001)*		–	–	–	–	–

b. *Warrants 2003 (note K)*

		Number of warrants and nature of interests				
Name of Director	*Note*	**Personal interests**	**Family interests**	**Corporate Interests**	**Other interests**	**Total interests**
James Mellon	*A&B*	6,817,700	–	–	61,239,046	68,056,746
Anthony Baillieu	*C*	–	–	40,000	–	40,000
Dominic Bokor-Ingram	*D*	617,310	–	–	351,188	968,498
Daniel Chan	*E*	360,000	430,000	–	–	790,000
Peter Everington	*F&G*	–	4,890,000	–	4,968,242	9,858,242
Julian Mayo *(alternate to James Mellon)*		1,047,909	–	–	–	1,047,909
David McMahon		1,000,000	–	–	–	1,000,000
Karin Schulte		2,400	–	–	–	2,400
Mark Searle *(appointed on 31 October 2001)*	*I*	–	–	–	–	–
Jayne Sutcliffe	*J*	2,945,452	–	–	4,800,000	7,745,452
Anderson Whamond		1,000,000	–	–	–	1,000,000
Errol Williams *(resigned on 31 October 2001)*		–	–	–	–	–

2. Securities of associated corporations *(note L)*

		Number of shares in the respective associated corporations			
Name of Director	*Note*	**AstroEast.com Limited**	**bigsave Holdings plc**	**KoreaOnline Limited**	**Techpursuit.com Holdings Limited**
James Mellon		–	–	–	–
Anthony Baillieu	*M*	95,560	100,000	–	400,000
Dominic Bokor-Ingram		–	35,000	–	–
Daniel Chan		–	50	–	–
Peter Everington	*F*	300,000	–	73,970	–
Julian Mayo *(alternate to James Mellon)*		75,000	200,050	–	–
David McMahon		–	174,000	–	–
Karin Schulte		–	–	–	–
Mark Searle *(appointed on 31 October 2001)*		–	–	–	–
Jayne Sutcliffe	*J*	150,000	350,000	–	–
Anderson Whamond		150,000	350,000	–	–
Errol Williams *(resigned on 31 October 2001)*		–	–	–	–

3. Options of the Company

Please refer to note 12 to the above interim financial statements as to details of the employee share option scheme of the Company (referred to as the "iRegent Share Option Scheme" therein).

As at 30 September 2001, the following Directors of the Company had personal interests in options granted under the iRegent Share Option Scheme, entitling them to subscribe for shares of US$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	**Date of grant**	**Number of shares subject to the option**	**Subscription price per share**	**Exercisable period**	**Consideration for grant of option**
Dominic Bokor-Ingram	20 October 2000	500,000	HK$1.060	20 October 2001 - 19 October 2005	HK$10.00
	12 April 2001	1,750,000	HK$0.160	12 April 2002 - 11 April 2006	HK$10.00
Daniel Chan	12 October 2000	300,000	HK$1.060	12 October 2001 - 11 October 2005	HK$10.00
	7 April 2001	2,500,000	HK$0.160	7 April 2002 - 6 April 2006	HK$10.00
Julian Mayo	10 April 2001	750,000	HK$0.160	10 April 2002 - 9 April 2006	HK$10.00
	27 April 2001	500,000	HK$0.160	27 April 2002 - 26 April 2006	HK$10.00
Karin Schulte	18 October 2000	2,000,000	HK$1.060	18 October 2001 - 17 October 2005	HK$10.00
	23 April 2001	1,750,000	HK$0.160	23 April 2002 - 22 April 2006	HK$10.00

During the period, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the iRegent Share Option Scheme and subscribed for shares in the Company.

4. Options of KoreaOnline Limited

As at 30 September 2001, the following Directors of the Company had personal interests in options granted under the employee share option scheme of KoreaOnline Limited (the "KoreaOnline Share Option Scheme"), entitling them to subscribe for shares of US$0.10 each in the capital of KoreaOnline Limited in accordance with, and subject to, the terms of the scheme:–

Name of Director	Date of grant	Number of shares subject to the option	Subscription price per share	Exercisable period	Consideration for grant of option
Peter Everington	19 May 2000	487,500	US$13.000	19 May 2001 - 18 May 2005	HK$10.00
	6 October 2000	512,500	US$11.500	6 October 2001 - 5 October 2005	HK$10.00
Julian Mayo	18 May 2000	156,000	US$13.000	18 May 2001 - 17 May 2005	HK$10.00

During the period, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the KoreaOnline Share Option Scheme and subscribed for shares in KoreaOnline Limited.

Notes:

A 84,846,870 shares in the Company and 16,969,374 units of Warrants 2003 under "other interests" are held by the trustee of a settlement, under which James Mellon has a life interest.

B 134,620,213 shares in the Company and 44,269,672 units of Warrants 2003 under "other interests" are held by Indigo Securities Limited, which is indirectly wholly-owned by the trustee referred to in note A above. Indigo Securities Limited also holds 86,728,147 non-voting convertible deferred shares in the Company.

C The 200,000 shares in the Company and 40,000 units of Warrants 2003 under "corporate interests" are held by a nominee company owned by the family of Anthony Baillieu, through which shares and cash are held to individual family members' accounts. Such securities are held in Anthony Baillieu's individual account.

D The 1,926,525 shares in the Company and 351,188 units of Warrants 2003 under "other interests" are held by an employee trust of the Company, under which Dominic Bokor-Ingram is one of the beneficiaries.

E The 2,150,000 shares in the Company and 430,000 units of Warrants 2003 under "family interests" are held by the wife of Daniel Chan.

F The 24,450,000 shares in the Company and 4,890,000 units of Warrants 2003 under "family interests" are held by the wife of Peter Everington.

The 300,000 shares in AstroEast.com Limited are also held by Mrs Everington.

G The 24,841,210 shares in the Company and 4,968,242 units of Warrants 2003 under "other interests" are held by the trustee of a discretionary trust, the beneficiaries of which are the wife and children of Peter Everington.

H The 5,000,000 shares in the Company under “other interests” are held by a pension fund, of which David McMahon is the sole beneficiary.

I Mark Searle was appointed a Director of the Company on 31 October 2001. Upon his appointment, Mr Searle disclosed his interests in 50,000 shares in the Company and 10,000 units of Warrants 2003. Such interests are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.

J The 24,000,000 shares in the Company and 4,800,000 units of Warrants 2003 under “other interests” are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.

The 350,000 shares in bigsave Holdings plc are held by the trustee referred to above in this note.

K Please refer to note 12 to the above interim financial statements as to details of the Warrants 2003.

L AstroEast.com Limited and bigsave Holdings plc are indirect 51% and 65% owned subsidiaries of the Company respectively.

The Company currently owns a 40% interest in KoreaOnline Limited.

Techpursuit.com Holdings Limited is a joint venture established in the Cayman Islands with limited liabilities, of which the Company has an indirect 20% interest.

M The 95,560 shares in AstroEast.com Limited, 100,000 shares in bigsave Holdings plc and 400,000 shares in Techpursuit.com Holdings Limited (representing 40% of its total issued share capital) are held through Anthony Baillieu & Associates Limited, which is in turn 80% beneficially owned by Anthony Baillieu.

Save as disclosed herein, as at 30 September 2001 none of the Directors (and their associates) had any interest in the equity securities of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) or in any rights to subscribe for the equity securities of the Company or of any of its associated corporations, which have to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance and the Listing Rules (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, James Mellon, the Chairman of the Board and Chief Executive Officer of the Company, had interests in more than 10% of the total issued share capital of the Company as recorded in the Register of Substantial Shareholders’ Interests kept by the Company pursuant to Section 16(1) of the SDI Ordinance. Details of Mr Mellon’s interests are set out under the section headed “Directors’ interests in securities”.

Save for such interests, the directors of the Company are not aware of any person being interested in at least 10% of the total issued share capital of the Company as at 30 September 2001 as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

No shares in the Company or Warrants 2003 were repurchased by the Company during the six months ended 30 September 2001, either on the Stock Exchange or otherwise.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises the two independent non-executive Directors, namely Anthony Baillieu and Mark Searle, and a non-executive Director, David McMahon.

The interim financial statements of the Company for the six months ended 30 September 2001 are unaudited but have been reviewed by the Audit Committee.

COMPLIANCE OF THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 September 2001, in compliance with the Code of Best Practice contained in Appendix 14 of the Listing Rules.

PUBLICATION ON WEBSITES

This interim financial report will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

On behalf of the Board of
iRegent Group Limited

James Mellon
Chairman

Hong Kong, 14 December 2001