iRegent Group Limited

(incorporated in the Cayman Islands with limited liability)

Interim Results
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

Notes:

1. **Accounting Policies**

The interim financial report, from which the information required for this announcement has been drawn, 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 the 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 below, 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 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	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 profits 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).

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 dividend, 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" 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, updated information in respect of the key investments is set out in the interim report to be issued shortly. 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.

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.

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).

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 ("KOL") 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 above, 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 liability.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises the two independent non-executive Directors, namely Anthony Robert Baillieu and Stawell 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 OF FURTHER INFORMATION

All information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules in respect of the announcement of the interim results 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