

Company Number: 1423001

INTERCAPITAL PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2001



INTERCAPITAL PLC

Directors' Report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2001.

ACTIVITIES AND BUSINESS REVIEW

The company is an investment holding company and it is not anticipated that the company's activities will change in the foreseeable future.

In January 2001, the company disposed of 100% of the share capital of Intercapital Securities Limited to Icap.com at its net book value of £3,500,000. In March 2001, the company disposed of 100% of the share capital of Exco Securities (1980) Limited and Intercapital Brokers Limited for a consideration of £133,784,000 and £3,960,069 respectively to another of its subsidiaries, Exco Treasury Limited. The latter two sales created a gain on disposal of £132,360,000 and a loss on disposal of £29,832,213 respectively.

RESULTS AND DIVIDENDS

The results of the company are set out in the profit and loss account on page 4. The directors recommend the payment of a final dividend of £20,000,000 (2000: £20,000,000).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

P N Buckley	- resigned 30 May 2000
J D Nixon	- resigned 30 May 2000
J Q Robson	- resigned 30 May 2000
D Kelly	- resigned 2 April 2001
D Gelber	
E C Pank	
J N Pettigrew	
M A Spencer	

Directors' interests in the share capital of the company, its ultimate parent undertaking, Garban-Intercapital plc, and any of its fellow subsidiary undertakings are set out in note 6 to the financial statements.

INTERCAPITAL PLC

Directors' Report (cont'd)

LAYING OF REPORTS AND ACCOUNTS

The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the company in general meeting.

Under the provisions of Section 253(2) of the Companies Act 1985 (as amended), a member has the right to require the reports and accounts to be laid before the company in general meeting. The member must deposit notice of intention to exercise such right at the registered office of the company within twenty-eight days of the date of this report.

AUDITORS

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. The company's auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each accounting year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and that these policies have been applied on a consistent basis. The directors also confirm that applicable accounting standards have been followed and that reasonable and prudent judgements and estimates have been made in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

E C Pank
Secretary

A large, stylized handwritten signature in black ink, appearing to read 'E C Pank', is written over the printed name of the Secretary.

8 June 2001

INTERCAPITAL PLC
Auditor's report to the members
for the year ended 31 March 2001

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

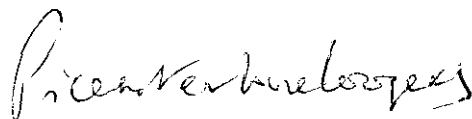
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
8 June 2001

INTERCAPITAL PLC
Profit and loss account for
the year ended 31 March 2001

	<u>Note</u>	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
Administrative expenses		(5,643)	(10,758)
Operating profit/(loss) – continuing operations		(5,643)	(10,758)
Income from fixed asset investments		20,016	19,474
Merger costs		-	(1,277)
Net gain on sale of subsidiary undertakings	4	102,528	-
Exceptional amounts written off investments	5	(8,807)	(14,473)
Profit/(loss) before interest		108,094	(7,034)
Interest receivable and similar income	7	1,709	2,071
Interest payable and similar charges	8	(2,179)	(608)
Profit/(loss) on ordinary activities before taxation		107,624	(5,571)
Taxation on profit/(loss) on ordinary activities	9	2,272	2,168
Profit/(loss) on ordinary activities after taxation		109,896	(3,403)
Dividend proposed	10	(20,000)	(20,000)
Retained profit/(loss) for the period	15	89,896	(23,403)

The operating loss was derived wholly from continuing operations.

The company had no recognised gains and losses for the year other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses is presented.

There is no difference between the profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalents.

INTERCAPITAL PLC
Balance Sheet as at 31 March 2001

	<u>Note</u>	<u>As at</u> <u>31/3/2001</u> £'000	<u>As at</u> <u>31/3/2000</u> £'000
Fixed assets			
Investments	11	45,539	89,858
Current assets			
Debtors	12	275,128	129,845
Cash at bank and in hand		2,903	433
		<u>278,031</u>	<u>130,278</u>
Creditors: Amounts falling due within one year			
Other creditors	13	(134,560)	(120,817)
Convertible debt	13	-	(205)
		<u>(134,560)</u>	<u>(121,022)</u>
Net current assets /(liabilities)		143,471	(9,256)
Total assets less current liabilities		<u>189,010</u>	<u>99,114</u>
Net assets		<u>189,010</u>	<u>99,114</u>
Capital and reserves			
Called up share capital	14,15	91,987	91,987
Share premium account	15	5,902	5,902
Profit and loss account	15	91,121	1,225
Equity shareholders' funds		<u>189,010</u>	<u>99,114</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 8 June 2001 and were signed on its behalf by:

J N Pettigrew)
) Directors
E C Pank)



INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Accounting Standards applicable in the United Kingdom.

The company has exercised its entitlement under Section 228 of the Companies Act 1985 (as amended) to dispense with the requirement to produce group accounts.

The company's principal accounting policies are unchanged compared with the period ended 31 March 2000.

(b) Fixed asset investments

An undertaking is regarded as a subsidiary if the company has control over its operating and financial policies.

Investments in subsidiaries are stated at historical cost less provision for any impairment in their values.

Investments in joint ventures are stated at historical cost less provision for any impairment in their values.

(c) Deferred taxation

Deferred taxation is accounted for in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes to the extent that it is considered probable that a tax liability or asset will crystallise in the foreseeable future.

(d) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling when the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date.

Non-monetary assets are not usually retranslated at the balance sheet date. However, foreign equity investments financed by foreign currency borrowings are retranslated at the rate of exchange ruling at the balance sheet date and the resulting exchange differences are taken to reserves. To the extent permitted by Statement of Standard Accounting Practice (SSAP) 20 "Foreign currency translation" the exchange differences on the related foreign currency borrowings are also taken to reserves.

All other exchange differences are charged or credited to the profit and loss account.

INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

2. CASH FLOW STATEMENT

As more than 90% of the voting rights in the company are controlled by Garban-Intercapital plc which publishes a consolidated cash flow statement, the company is not required under Financial Reporting Standard (FRS) 1 "Cash flow statements" to present a cash flow statement in its own financial statements.

3. ADMINISTRATIVE EXPENSES

Administrative expenses consist principally of costs that are borne by fellow subsidiaries of Garban-Intercapital plc and charged to the company by way of group management recharges. It is not practicable to analyse the components of these recharges. The company had no employees during the year (2000: nil).

4. GAIN ON SALE OF INVESTMENTS

	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
Net gain on sale of subsidiary undertakings	102,528	-

5. EXCEPTIONAL AMOUNTS WRITTEN OFF INVESTMENTS

	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
Exceptional amounts written off investments (note 11)	(8,807)	(14,473)

6. DIRECTORS' EMOLUMENTS AND INTERESTS

(a) Directors' emoluments

No fees or other emoluments were paid to the directors during the year (2000: £nil).

(b) Directors' interests

D Gelber, D Kelly, J N Pettigrew and M A Spencer are directors of the company's ultimate parent undertaking, Garban-Intercapital plc, and their interests are disclosed in that company's financial statements.

The interests of the other director in the share capital of Garban-Intercapital plc are as follows:

INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

6. DIRECTORS' EMOLUMENTS AND INTERESTS (Cont'd)

(b) Directors' interests (cont'd)

Interests in the share capital of Garban-Intercapital plc

Ordinary shares of 50p each

<u>Name</u>	<u>Ordinary shares</u> <u>at 1/04/00</u>	<u>Ordinary shares</u> <u>at 31/03/2001</u>
E C Pank	6,542	6,542

E C Pank had no interests in options over Garban-Intercapital plc ordinary shares.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
Bank deposit interest	57	14
Loans to group undertakings	1,466	2,040
Other interest	186	17
	<u>1,709</u>	<u>2,071</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
Bank interest	158	201
Loans from group undertakings	2,021	407
	<u>2,179</u>	<u>608</u>

INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

9. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
<u>Taxation charge/(credit)</u>		
UK corporation tax at 30% (2000 - 30%)	(1,907)	(2,420)
Adjustment to prior year	(365)	252
	<u>(2,272)</u>	<u>(2,168)</u>

10. DIVIDENDS

	<u>Year ended</u> <u>31/3/2001</u> £'000	<u>Year ended</u> <u>31/3/2000</u> £'000
Equity – 25p ordinary shares		
Final proposed 5.43p per share (2000 – 5.43p per share)	<u>20,000</u>	<u>20,000</u>

11. INVESTMENTS

	<u>Investment</u> <u>in joint</u> <u>ventures</u> £'000	<u>Investment</u> <u>in subsidiary</u> <u>undertakings</u> £'000	<u>Other</u> <u>investments</u> £'000	<u>Total</u> £'000
<u>Cost</u>				
As at 1 April 2000	-	123,274	2	123,276
Additions	753	135	2,316	3,204
Disposal	-	(38,716)	-	(38,716)
As at 31 March 2001	<u>753</u>	<u>84,693</u>	<u>2,318</u>	<u>87,764</u>
<u>Provision</u>				
As at 1 April 2000	-	33,418	-	33,418
Impairment recognised in year	-	8,807	-	8,807
As at 31 March 2001	<u>-</u>	<u>42,225</u>	<u>-</u>	<u>42,225</u>
<u>Net book value</u>				
As at 1 April 2000	<u>-</u>	<u>89,856</u>	<u>2</u>	<u>89,858</u>
As at 31 March 2001	<u>753</u>	<u>42,468</u>	<u>2,318</u>	<u>45,539</u>

INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

11. INVESTMENTS (Cont'd)

During the year, the Company purchased a 45% stake in Tradition Financial Services Limited, which is incorporated in England. Also during the year, the Company purchased 4.5% of the share capital of the London International Financial Futures and Options Exchange for £2.1m.

At 31 March 2001 the Company's principal subsidiary undertakings were as follows:

<i>Note</i>	<i>Country of incorporation</i>	<i>Percentage held† (%)</i>
* Intercapital Equity Derivatives Limited	England	100
Intercapital Europe Limited	England	100
* Intercapital Securities Limited	England	100
* Garban-Intercapital WCLK Limited	England	100
* Intercapital Commodity Swaps Limited	England	100
Garban-Intercapital Metals Limited (formerly Alpha Brokers (Metals) Limited)	England	100
* Garban-Intercapital Management Services Limited	England	100
Garban-Intercapital Scandanavia A/S	Denmark	100
Garban-Intercapital Moneymarkets Deutschland GmbH	Germany	100
Garban-Intercapital Securities Deutschland GmbH	Germany	100
Intercapital CMS (Switzerland) Limited	Switzerland	100
Intercapital Brokers (Australia) Limited	Australia	100
Intercapital Brokers Pty Limited	Australia	100
Intercapital FIB Pty Limited	Australia	100
Intercapital Fixed Income (Australia) Pty Limited	Australia	100
Intercapital Securities Pty Limited	Australia	100
Intercapital Energy Pty Limited	Australia	100
Intercapital Australia Pty Limited	Australia	100
ICAP-Nittan Pte Limited	Singapore	100
Intercapital Commodity Swaps Pte Limited	Singapore	100

† The percentage held represents the percentage of issued share capital held (all classes).

* Except where marked with an asterix, the above subsidiary undertakings are owned indirectly.

All other subsidiaries are involved in derivatives and money broking, securities broking or service activities relating to those businesses, and have a 31 March year end.

INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

12. DEBTORS: Amounts falling due within one year

	<u>As at</u> <u>31/3/2001</u> £'000	<u>As at</u> <u>31/3/2000</u> £'000
Amount owed by group undertakings	243,954	120,671
ACT recoverable	-	1,318
Group relief	10,153	7,225
Other debtors	1,005	131
Dividends receivable from subsidiary undertakings	20,016	500
	<u>275,128</u>	<u>129,845</u>

13. CREDITORS: Amounts falling due within one year

	<u>As at</u> <u>31/3/2001</u> £'000	<u>As at</u> <u>31/3/2000</u> £'000
Bank loans and overdrafts	-	7,820
Other loans	1,306	3,178
Amount owed to group undertakings	108,913	87,047
Corporation tax	-	819
Other creditors	4,263	1,281
Secured Loan Stock 2001	-	205
Proposed dividend	20,000	20,000
Accruals and deferred income	78	672
	<u>134,560</u>	<u>121,022</u>

14. CALLED-UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2001</u> £'000	<u>As at</u> <u>31/3/2000</u> £'000
Authorised:		
Ordinary Shares of 25p each	<u>122,500</u>	<u>122,500</u>
Allotted and fully paid:		
Ordinary Shares of 25p each	<u>91,987</u>	<u>91,987</u>

INTERCAPITAL PLC
Notes to the financial statements for
the year ended 31 March 2001 (cont'd)

15. SHAREHOLDERS' FUNDS

	<u>Share capital</u> £'000	<u>Share premium account</u> £'000	<u>Profit and loss account</u> £'000	<u>Total</u> £'000
As at 1 April 2000	91,987	5,902	1,225	99,114
Retained profit for the year	-	-	89,896	89,896
As at 31 March 2001	<u>91,987</u>	<u>5,902</u>	<u>91,121</u>	<u>189,010</u>

16. CONTINGENT LIABILITIES

The Company has provided letters of support to certain of its subsidiary undertakings that confirm its intention to provide additional funds to those undertakings where necessary to enable them to meet their liabilities as and when they fall due. It is not expected that any claims under these letters of support will have a material adverse effect on the Company's results or net assets.

17. RELATED PARTY TRANSACTIONS

As more than 90% of the voting rights in the company are controlled by Garban-Intercapital plc which publishes consolidated financial statements, no disclosure is required under FRS8 "Related party disclosures" of any transactions between the company and the other members, associates or joint ventures of the group of undertakings headed by Garban-Intercapital plc.

18. ULTIMATE PARENT UNDERTAKING

The company's parent undertaking is Garban-Intercapital plc, which heads the smallest and largest group of undertakings of which the company is a member that prepares consolidated financial statements. Copies of the consolidated financial statements of Garban-Intercapital plc can be obtained from the Company Secretary, Garban-Intercapital plc, Park House, 16 Finsbury Circus, London, EC2M 7UR.