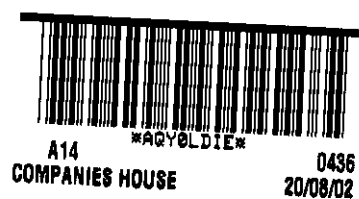


Company Number: 1423001

INTERCAPITAL PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002



INTERCAPITAL PLC

Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements of the company for the year ended 31 March 2002.

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.

RESULTS AND DIVIDENDS

The results of the company are set out in the profit and loss account on page 4. An interim dividend of £29,000,000 (2001: £nil) has been paid in the year. The directors do not recommend the payment of a final dividend (2001: £20,000,000).

DIRECTORS AND DIRECTORS' INTERESTS

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

D Gelber
E C Pank
J N Pettigrew
M A Spencer
D Kelly - Resigned 2 April 2001

Directors' interests in the share capital of the company, its ultimate parent undertaking, ICAP plc, and any of its fellow subsidiary undertakings are set out in note 5 to the financial statements.

AUDITORS

The company's auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

INTERCAPITAL PLC
Directors' report for the year ended 31 March 2002 (cont'd)

DIRECTORS' RESPONSIBILITIES

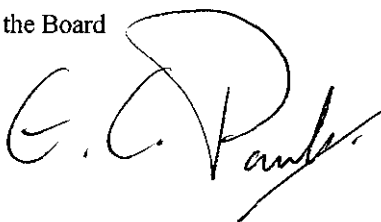
Company law requires the directors to prepare financial statements for each accounting year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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 handwritten signature in black ink, appearing to read 'E. C. Pank', is written over the typed name and title.

31 May 2002

INTERCAPITAL PLC

Independent Auditors' report to the members of Intercapital plc

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 Companies Act 1985. 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.

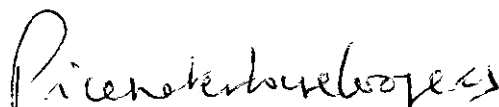
Basis of audit opinion

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 2002 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
31 May 2002

INTERCAPITAL PLC
Profit and loss account for the year ended 31 March 2002

	<u>Note</u>	<u>Year ended</u> <u>31/3/2002</u> £'000	<u>Year ended</u> <u>31/3/2001</u> £'000
Administrative expenses	3	(5,794)	(5,643)
Operating loss		<u>(5,794)</u>	<u>(5,643)</u>
Income from shares in group undertakings		39,105	20,016
Profit on disposal of fixed assets	4	7,356	102,528
Amounts written off investments	4	-	(8,807)
Profit before interest		<u>40,667</u>	<u>108,094</u>
Interest receivable and similar income	6	1,314	1,709
Interest payable and similar charges	7	(1,315)	(2,179)
Profit on ordinary activities before taxation		<u>40,666</u>	<u>107,624</u>
Tax credit on profit on ordinary activities	8	1,769	2,272
Profit on ordinary activities after taxation		<u>42,435</u>	<u>109,896</u>
Dividends	9	(29,000)	(20,000)
Retained profit for the year	15	<u><u>13,435</u></u>	<u><u>89,896</u></u>

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 2002

	<u>Note</u>	<u>As at</u> <u>31/3/2002</u> £'000	<u>As at</u> <u>31/3/2001</u> £'000
Fixed assets			
Investments	10	40,677	45,539
Current assets			
Debtors	11	311,085	275,128
Investments	12	3,509	-
Cash at bank and in hand		17,431	2,903
		<u>332,025</u>	<u>278,031</u>
Creditors: Amounts falling due within one year	13	(170,257)	(134,560)
Net current assets		<u>161,768</u>	<u>143,471</u>
Net assets		<u>202,445</u>	<u>189,010</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	104,556	91,121
Equity shareholders' funds		<u>202,445</u>	<u>189,010</u>

The financial statements on pages 4 to 13 were approved by the board of directors on 31 May 2002 and were signed on its behalf by:

J N Pettigrew
Director



INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002

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 has adopted the provisions of FRS 18 "Accounting policies" and FRS 19 "Deferred tax", neither of which resulted in any significant impact upon the reported results of the company.

(b) Fixed asset investments

(i) Subsidiaries, joint ventures and associates

An undertaking is regarded as a subsidiary if the company has control over its operating and financial policies, a joint venture if the company has joint control over its operating and financial policies and an associate if the company holds a participating interest and has significant influence, but not control, over its operating and financial policies.

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

(ii) Other investments

Other fixed asset investments are stated at historical cost less provision for any impairment in their values.

(c) Impairment of fixed assets

Fixed assets are subject to an impairment review if there are events or changes in circumstances that indicate that the carrying value of the fixed asset may not be fully recoverable. The impairment review comprises a comparison of the net book value of the fixed asset with its recoverable amount (the higher of net realisable value and value in use). Net realisable value represents the amount at which the asset could be disposed. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis. The carrying value of fixed assets is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the year in which it occurs.

(d) Deferred taxation

Deferred tax is recognised as an asset or a liability if transactions have occurred at the balance sheet date that give rise to a right to pay less taxation in the future or an obligation to pay more taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities which are recognised are not discounted.

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002 (cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(e) 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.

(f) Current asset investments

Current asset investments are stated at the lower of cost and net realisable value. The net realisable value for the traded investments is based upon readily ascertainable market prices.

2. CASH FLOW STATEMENT

As more than 90% of the voting rights in the company are controlled by ICAP 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 ICAP 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 (2001: nil). The audit fees of the company have been borne by a fellow group undertaking.

4. EXCEPTIONAL ITEMS

	<u>Year ended</u> <u>31/3/2002</u> £'000	<u>Year ended</u> <u>31/3/2001</u> £'000
(Loss)/gain on disposal of subsidiary undertakings (note 10)	(2,829)	102,528
Gain on disposal of fixed asset investments (note 10)	10,185	-
	<hr/>	<hr/>
Profit on disposal of fixed assets	7,356	102,528
	<hr/>	<hr/>
Amounts written off investments	-	(8,807)
	<hr/>	<hr/>

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002 (cont'd)

5. DIRECTORS' EMOLUMENTS AND INTERESTS

(a) Directors' emoluments

No fees were paid to directors in respect of services to the company during the year (2001: £nil).

M A Spencer, D Gelber, J N Pettigrew and D Kelly received no emoluments for their services to the company. Their emoluments for services to the group are disclosed in the financial statements of ICAP plc. E C Pank received no emoluments for his services to the company.

(b) Directors' interests

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

The interests of the other director in the share capital of ICAP plc are as follows:

Interests in the share capital of ICAP plc - Ordinary shares of 50p each

	<u>Ordinary shares</u> <u>as at 1/04/01</u>	<u>Ordinary shares</u> <u>as at 31/03/02</u>
<u>Name</u>		
E C Pank	6,542	-

E C Pank had no interests in options over ICAP plc ordinary shares.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended</u> <u>31/3/2002</u> £'000	<u>Year ended</u> <u>31/3/2001</u> £'000
Bank deposit interest	584	57
Interest on loans to group undertakings	730	1,466
Other interest	-	186
	<u>1,314</u>	<u>1,709</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended</u> <u>31/3/2002</u> £'000	<u>Year ended</u> <u>31/3/2001</u> £'000
Bank interest	22	158
Interest on loans from group undertakings	1,293	2,021
	<u>1,315</u>	<u>2,179</u>

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002 (cont'd)

8. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended</u> <u>31/3/2002</u> £'000	<u>Year ended</u> <u>31/3/2001</u> £'000
UK corporation tax at 30% (2001 - 30%)	(1,644)	(1,907)
Adjustment to prior year	(125)	(365)
	<u>(1,769)</u>	<u>(2,272)</u>

The company's tax credit for the year is higher than the UK statutory rate and can be reconciled as follows:

Profit on ordinary activities before tax	40,666	107,624
Corporation tax at charge standard rate of 30%	12,200	32,287
Tax effect on:		
Intra-group disposal of assets	-	(30,758)
Income from fixed asset investments	(11,731)	(6,005)
Utilisation of capital losses	(2,962)	-
Impairment of fixed asset investments	849	2,642
Items not deductible for tax purposes	-	63
Timing differences not tax affected	-	(136)
Prior year adjustment	(125)	(365)
	<u>(1,769)</u>	<u>(2,272)</u>

9. DIVIDENDS

	<u>Year ended</u> <u>31/3/2002</u> £'000	<u>Year ended</u> <u>31/3/2001</u> £'000
Equity – 25p ordinary shares		
Interim dividend paid 7.88p per share (2001: nil)	29,000	-
Final dividend proposed (2001 – 5.43p per share)	-	20,000
	<u>29,000</u>	<u>20,000</u>

10. INVESTMENTS

	<u>Investment</u> <u>in subsidiary</u> <u>undertakings</u> £'000	<u>Investment in</u> <u>joint ventures</u> £'000	<u>Other</u> <u>investments</u> £'000	<u>Total</u> £'000
As at 1 April 2001	42,468	753	2,318	45,539
Additions	1,209	57	14,922	16,188
Disposals	(3,810)	-	(17,240)	(21,050)
As at 31 March 2002	<u>39,867</u>	<u>810</u>	<u>-</u>	<u>40,677</u>

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002 (cont'd)

10. INVESTMENTS (cont'd)

Subsidiary Undertakings

On 13 August 2001 the company purchased Valerie Chitty Services Limited and its subsidiaries for £228,000 from a subsidiary undertaking.

During the year the company disposed of its interest in Intercapital Group (Australia) Pty Limited to a subsidiary undertaking in exchange for £981,000 of new shares in that company, resulting in a loss on disposal of £2,829,000.

On 6 November 2001 the company disposed of its interest in Exco Bierbaum AP Limited to a fellow subsidiary undertaking for £2.

At 31 March 2002 the company owned or controlled the following principal subsidiary undertakings:

<u>Note</u>	<u>Country of incorporation and operation</u>	<u>Percentage held† (%)</u>
* Exco International plc	England & Wales	100.00
* Garban-Intercapital WCLK Limited	England & Wales	100.00
* T & M Securities Limited	England & Wales	100.00
* Intercapital Commodity Swaps Limited	England & Wales	100.00
* icap.com Limited	England & Wales	100.00
* Garban-Intercapital Management Services Limited	England & Wales	100.00
* Valerie Chitty Services Limited	England & Wales	100.00
Intercapital Europe Limited	England & Wales	100.00
Garban-Intercapital Metals Limited	England & Wales	100.00
Exotix Limited	England & Wales	60.00
Harlow (London) Limited	England & Wales	100.00
Garban-Intercapital Scandinavia A/S	Denmark	100.00
Garban-Intercapital Moneymarkets Deutschland GmbH	Germany	100.00
Garban-Intercapital Securities Deutschland GmbH	Germany	100.00
ICAP Brokers Pty Limited	Australia	100.00
Intercapital FIB Pty Limited	Australia	100.00
ICAP Energy Pty Limited	Australia	100.00
ICAP-Nittan Pte Limited	Singapore	100.00
ICAP (Hong Kong) Limited	Hong Kong	100.00
Harlow Butler (NZ) Limited	New Zealand	100.00
FCB-Harlow Butler Pty Limited	South Africa	62.40

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

* The paid up share capital of these subsidiary undertakings is held by or on behalf of the company. The paid up share capital of all the other subsidiary undertakings is held by or on behalf of subsidiary undertakings.

All subsidiaries are involved in derivatives and money broking, commodities 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 2002 (cont'd)

10. INVESTMENTS (cont'd)

Joint Venture

The company owns a 45% share of TFS-ICAP Limited (TFS-ICAP), a company incorporated in England & Wales. During the year TFS-ICAP entered into a joint venture with Volbroker.com Limited. The company will effectively own 22.5% of the new joint venture company, TFS-ICAP Currency Options Limited, but will retain the right to 45% of the profits until December 2002. The principal activity of TFS-ICAP Currency Options Limited is money and derivatives broking.

Additional costs of £57,000 relating to the joint venture were capitalised during the year.

Other Investments

During the year the company purchased additional shares in the London International Financial Futures and Options Exchange for £6,343,611. The company's total holding was subsequently sold at a profit of £6,884,029. This gain has been treated as an exceptional item (see note 4).

The company purchased additional shares in the London Stock Exchange from fellow group undertakings for £4,812,431 and subsequently sold the complete holding for £8,312,496 for a profit of £3,301,056. This gain has been treated as an exceptional item (see note 4).

The company purchased Series D Preferred Shares, representing 19% of total issued share capital, of Blackbird Holdings, Inc. a company registered in the USA, on 4 March 2002 for £1 from a fellow subsidiary undertaking. The investment was later sold for £1 to another fellow subsidiary undertaking.

11. DEBTORS: Amounts falling due within one year

	<u>As at</u> <u>31/3/2002</u> £'000	<u>As at</u> <u>31/3/2001</u> £'000
Amounts owed by group undertakings	258,587	243,954
Dividends receivable from subsidiary undertakings	39,105	20,016
UK corporation tax – group relief	11,922	10,153
Other debtors	1,411	1,005
Prepayments	60	-
	<u>311,085</u>	<u>275,128</u>

Amounts owed by group undertakings includes interest bearing loans. All loans are due within one year, except for £500,000 (2001: £1,000,000) which is due after more than one year.

12. CURRENT ASSET INVESTMENTS

In March 2002 the company subscribed for £3,509,068 of shares in a hedge fund, Pronous Offshore Fund Limited. The fund is listed on the Irish Stock Exchange and at 31 March 2002 there was no difference between the carrying value and market value of the investment.

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002 (cont'd)

13. CREDITORS: Amounts falling due within one year

	<u>As at</u> <u>31/3/2002</u> £'000	<u>As at</u> <u>31/3/2001</u> £'000
Amounts owed to group undertakings	139,015	108,913
Proposed dividend	29,000	20,000
Other loans	1,233	1,306
Other creditors	762	4,263
Accruals and deferred income	247	78
	<u>170,257</u>	<u>134,560</u>

Amounts owed to group undertakings include interest bearing loans, all of which are due within one year.

14. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2002</u> £'000	<u>As at</u> <u>31/3/2001</u> £'000
Authorised:		
490,000,000 Ordinary Shares of 25p each	<u>122,500</u>	<u>122,500</u>
Allotted and fully paid:		
367,948,011 Ordinary Shares of 25p each	<u>91,987</u>	<u>91,987</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share</u> <u>capital</u> £'000	<u>Share</u> <u>premium</u> <u>account</u> £'000	<u>Profit</u> <u>and loss</u> <u>account</u> £'000	<u>Total</u> £'000
As at 1 April 2001	91,987	5,902	91,121	189,010
Retained profit for the year	-	-	13,435	13,435
As at 31 March 2002	<u>91,987</u>	<u>5,902</u>	<u>104,556</u>	<u>202,445</u>

INTERCAPITAL PLC

Notes to the financial statements for the year ended 31 March 2002 (cont'd)

16. GUARANTEES AND CONTINGENT LIABILITIES

On 13 November 2001, the company, in conjunction with fellow subsidiary undertakings, issued a guarantee to Lloyds TSB Bank plc, HSBC Bank plc, The Royal Bank of Scotland plc, and the Governor and Company of the Bank of Scotland in respect of the group's revolving credit facility of £40,000,000.

The company has issued a Letter of Credit in Favour of Plaza V Leasing Associates LLC, NJ, USA to guarantee the rental of office space for the group's USA operation. The Letter of Credit is initially for \$5,500,000 (£3,862,000) reducing to \$4,750,000 after 5 years, and \$2,000,000 after 10 years.

The company has guaranteed a Japanese Yen loan facility of Y990m (£5,245,000) to a fellow subsidiary undertaking with Lloyds TSB Bank plc.

The company has issued a counter-indemnity for AUD200,000 (£75,000) to St George Bank in favour of Kent Street Pty Limited to guarantee the lease payments of the group's Australian operation.

The company has guaranteed £200,000 to Natwest Bank plc to cover the group's travel scheme credit card.

The company has guaranteed the liquidity of Nittan AP (Singapore) Pte Ltd, a fixed asset investment of a subsidiary undertaking, to the Monetary Authority of Singapore.

17. RELATED PARTY TRANSACTIONS

As more than 90% of the voting rights in the company are controlled by ICAP 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 ICAP plc.

18. ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking is ICAP plc (formerly 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 ICAP plc can be obtained from the Company Secretary, ICAP plc, Park House, 16 Finsbury Circus, London, EC2M 7UR.