

CREDIT LYONNAIS CAPITAL MARKETS PLC
(REGISTRATION NUMBER: 378410)

Directors' Report and Financial Statements
For The Year Ended 31 December 2000



CREDIT LYONNAIS CAPITAL MARKETS PLC

Directors' Report Year Ended 31 December 2000

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal Activities

The company is the holding company of a group whose principal activity is investment banking, securities and futures trading and broking.

Results and Business Review

The principal changes within the subsidiaries of the company during the year were the sales of Credit Lyonnais Group Management Limited and other dormant subsidiaries to Credit Lyonnais (Investments) Limited as part of group restructuring.

The loss for the year ended 31 December 2000 was £4,596,000 (1999: loss £12,889,000) after a taxation charge of £461,000 (1999: £307,000). The directors consider the state of affairs of the company to be satisfactory at 31 December 2000 and do not envisage any significant change in the company's activities in 2001.

Dividends

The directors have not recommended the payment of a dividend for 2000 (1999: £Nil).

Policy on Payment of Creditors and Suppliers

The Company seeks to pay its creditors and suppliers when payment is due. The company has no trade creditors.

Share Capital

There were no changes during the year in the company's authorised or issued share capital.

Directors and their Interests

The names of the directors holding office during the year were as follows:

F C Mélul (Managing Director)
B F Armstrong
J-P A Le Roy
C Nigond

None of the directors had a notifiable interest in the shares of the company or the ultimate holding company during the year.

CREDIT LYONNAIS CAPITAL MARKETS PLC

Directors' Report (Continued) Year Ended 31 December 2000

Statement of Directors' Responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 13, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have the responsibility for preparing the financial statements on a going concern basis, where this is considered appropriate.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

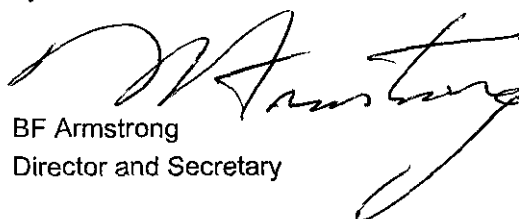
The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

During the year Deloitte & Touche were appointed auditors of the company following the resignation of PricewaterhouseCoopers.

A resolution will be proposed for their reappointment at the Annual General Meeting.

By Order of the Board



BF Armstrong
Director and Secretary

8 March 2001

CREDIT LYONNAIS CAPITAL MARKETS PLC

AUDITORS' REPORT TO THE MEMBERS OF CREDIT LYONNAIS CAPITAL MARKETS PLC FOR THE YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

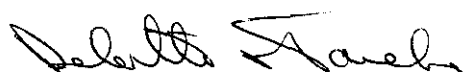
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche
Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR**

8 March 2001

CREDIT LYONNAIS CAPITAL MARKETS PLC

Profit and Loss Account For the Year Ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	2	6,881	3,925
Provisions Released		-	61
Administrative expenses	3	(2,439)	(3,031)
Operating profit before interest		4,442	955
Interest receivable and similar income from group companies		1,610	592
Interest payable and similar charges to group companies	4	(705)	(145)
Profit on ordinary activities		5,347	1,402
Net Profit on disposal of subsidiaries		(4,445)	2,401
Increase in Provisions against investment in subsidiaries		(5,430)	(16,385)
Loss on ordinary activities before taxation		(4,528)	(12,582)
Taxation on loss on ordinary activities	5	(461)	(307)
Loss on ordinary activities after taxation		(4,989)	(12,889)
Retained loss for the financial year transferred from reserves		(4,989)	(12,889)

Statement of Total Recognised Gains and Losses For the Year Ended 31 December 2000

	2000 £'000	1999 £'000
Loss for the financial year	(4,989)	(12,889)
Movement in revaluation reserve :		
Release of revaluation reserve	-	(2,651)
Increase in share of net assets of subsidiaries	994	1,499
Other Movements		
Loss on revaluation of US\$ loan used to hedge foreign investment	(235)	-
Gain on revaluation of US\$ denominated foreign investment	235	-
Total recognised losses for the year	(3,995)	(14,041)

The notes on pages 6 to 13 form an integral part of these financial statements.

CREDIT LYONNAIS CAPITAL MARKETS PLC

Balance Sheet

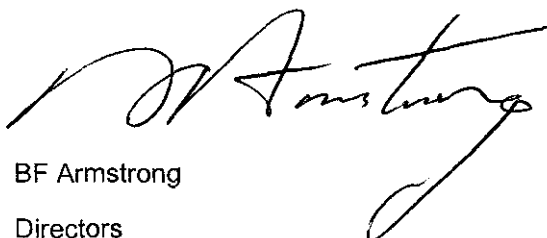
As At 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Investments	6	89,923	95,339
Current assets			
Debtors	7	45,505	46,210
Cash and deposits	8	860	2,651
		46,365	48,861
Creditors (amounts falling due within one year)	9	(20,412)	(24,329)
Net current assets		25,953	24,532
Total assets less current liabilities		115,876	119,871
Capital and reserves			
Called up share capital	10	130,000	130,000
Reserves	11	(14,124)	(10,129)
Shareholders' funds	12	115,876	119,871

The financial statements on pages 4 to 13 were approved by the Board of Directors on 8 March 2001 and were signed on its behalf by:



F C Metcal



BF Armstrong
Directors

The notes on pages 6 to 13 form an integral part of these financial statements

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

1 Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention as modified by the valuation of investments in subsidiary undertakings at the company's share of the net assets of the subsidiaries.

Under section 228 of the Companies Act, Credit Lyonnais Capital Markets PLC is exempt from preparing consolidated financial statements as it is itself a wholly owned subsidiary of Credit Lyonnais, a company incorporated in France for which group accounts are prepared.

Investments

Investments in subsidiary undertakings are stated at the company's share of the net assets of the subsidiaries as at 31 December 2000.

Surpluses of the net asset amount over historical cost are taken to the revaluation reserve and deficits of the net asset amount against historical cost are taken to the profit and loss account. Other investments are stated in the company's balance sheet at the lower of cost or directors' valuation.

Unlisted investments are carried at the lower of cost or market value. Other Listed investments are carried at the lower of cost or directors valuation.

Cashflow statement

Under the provisions of Financial Reporting Standard 1 (revised), the Company is not required to present a cash flow statement as it is a wholly owned subsidiary undertaking of Credit Lyonnais into whose accounts the results of the Company are consolidated.

Related parties

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 to subsidiary undertakings which are more than ninety percent owned not to disclose transactions with other group entities. There were no other related party transactions requiring disclosure.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date or at the contracted rate, if applicable. Foreign exchange differences arising from borrowings used to hedge foreign investments denominated in the same currency are not taken to the profit and loss but capitalised together with the investment.

Pensions

The company contributes to the Credit Lyonnais Group UK Pension Scheme ("Group Pension Scheme") which it operates for the Credit Lyonnais Capital Markets ("CLCM") Group. The Group Pension Scheme provides either a defined benefit plan or a defined contribution plan for its members.

For members of the Group Pension Scheme defined contribution plan, pension costs charged to the profit and loss account for each year represent the contributions payable in respect of that year.

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

Pensions (Continued)

For members of the Group Pension Scheme defined benefits plan, the pension cost charged to the profit and loss account is designed to spread the cost of benefits over the period of their pensionable employment and is determined as a contribution which is expected to be a constant proportion of pensionable pay. Contribution and pension costs are based on pension costs across the CLCM group as a whole.

The effect of any variation from regular cost is spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

2 Turnover

Turnover represents dividends received from investments and management charges.

3 Administrative Expenses

This is stated after charging:

	2000	1999
	£'000	£'000
Remuneration of auditors		
Audit fees – Current Year	23	47
– Over Provision – Prior Year	(1)	-
Other services	-	57
Management charges	1,500	2,500

Management charges comprise charges from other group companies. The company has no employees (1999:Nil).

Director's emoluments

The emoluments, including pension contributions, of the directors of the company were:

	2000	1999
	£'000	£'000
Aggregate emoluments	170	228
Aggregate pension contributions	8	14
	178	242

Pension contributions are in respect of two (1999:2) directors for defined contribution schemes only.

	2000	1999
	£'000	£'000
Total emoluments and pension contributions in respect of the highest paid director were:		
Emoluments	94	127
Pension contributions	5	10
	99	137

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

4 Interest Payable and Similar Charges to Group Companies

	2000	1999
	£'000	£'000
On bank loans and overdrafts	705	145

5 Taxation

	2000	1999
	£'000	£'000
Amounts credited/(charged):		
On the results of the period :		
UK corporation tax	(396)	-
In respect of prior periods :		
UK corporation tax	(65)	(307)
	(461)	(307)

UK Corporation tax has been calculated at 30% (1999: 30.25%).

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

6 Investments

	Investment in Subsidiary Undertakings		Other Unlisted	Other Listed	Total
	Shares	Subordinate loans			
Cost	£'000	£'000	£'000	£'000	£'000
At 1 January 2000	96,382	43,768	2,273	202	142,625
Additions	10,050	10,917	2,957	137	24,061
Foreign Exchange Mvmts	235	-	-	-	235
Disposals	(14,274)	(10,000)	-	(337)	(24,611)
At 31 December 2000	92,393	44,685	5,230	2	142,310
Provisions against investments					
At 1 January 2000	(58,072)	-	(264)	(137)	(58,473)
Additions	(11,028)	-	(1,064)	(42)	(12,134)
Reductions	-	-	264	-	264
Disposals	5,598	-	-	177	5,775
At 31 December 2000	(63,502)	-	(1,064)	(2)	(64,568)
Revaluation of investments					
At 1 January 2000	11,187	-	-	-	11,187
Additions	994	-	-	-	994
Reductions	-	-	-	-	-
At 31 December 2000	12,181	-	-	-	12,181
Net Book Value					
At 31 December 2000	41,072	44,685	4,166	-	89,923
At 31 December 1999	49,497	43,768	2,009	65	95,339

A list of the principal subsidiaries is provided in Note 14.

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

Investments (continued)

Subordinated loans are made by the company to its principal operating subsidiaries. These are repayable subject to between 2 and 5 years' notice. Each loan is subordinated in favour of the claims of all other creditors of the subsidiaries to whom the loan has been made.

<u>Subordinated Loan</u>	<u>Amount</u>	<u>Interest Rate</u>
Credit Lyonnais Rouse Limited	£9,000,000	Sterling 1 Month LIBOR + 3/8%
Credit Lyonnais Rouse Limited	£16,000,000	Sterling 1 Month LIBOR + 3/8%
Laing & Cruickshank Investment Management Limited	£1,500,000	Sterling 1 Month LIBOR + 3/8%
Laing & Cruickshank Investment Management Limited	£2,500,000	Sterling 1 Month LIBOR + 3/8%
Credit Lyonnais Rouse (USA) Limited	US\$8,500,000	US Dollar 1 Month LIBOR + 3/8%
Credit Lyonnais Securities	£10,000,000	Sterling 1 Month LIBOR + 4/8%

7 Debtors

	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>
Amount owed by subsidiaries	45,070	45,564
Prepayments and accrued income	435	646
	<u>45,505</u>	<u>46,210</u>

8 Cash and Deposits

	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>
Bank and Current Accounts	360	151
Short Term Deposits	500	2,500
	<u>860</u>	<u>2,651</u>

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

9 Creditors- Amounts falling due within one year

	2000	1999
	£'000	£'000
Other amounts owed to group undertakings	19,757	24,267
Accruals and sundry creditors	655	62
	20,412	24,329

10 Share Capital

	2000	1999
	£'000	£'000
Authorised		
250,000,000 Ordinary shares of £1 each	250,000	250,000
Issued and fully paid		
130,000,000 Ordinary shares of £1 each	130,000	130,000

11 Reserves

	Profit and Loss Account	2000 Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
At 1 January 2000	(21,316)	11,187	(10,129)
Movement for the year	(4,989)	994	(3,995)
At 31 December 2000	(26,305)	12,181	(14,124)
		1999	
	Profit and Loss Account	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
At 1 January 1999	(8,427)	12,339	3,912
Movement for the year	(12,889)	(1,152)	(14,041)
At 31 December 1999	(21,316)	11,187	(10,129)

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

12 Statement of Movement in Shareholders' Funds

	2000 £'000	1999 £'000
Loss for financial year	(4,989)	(12,889)
Increase/(Decrease) in revaluation reserve	994	(1,152)
Net Decrease in shareholders funds	(3,995)	(14,041)
Opening Shareholders' Funds	119,871	133,912
Closing Shareholders' Funds	115,876	119,871

13 Pensions

Credit Lyonnais Capital Markets PLC has no employees and therefore there are no pension costs attributable to the company for 2000 or 1999.

Set out below are details of the Credit Lyonnais Group UK Pension Scheme ("Group Scheme") of which eligible employees of CLCM Group companies are members. The Group Scheme includes both defined contribution and funded defined benefit plans. Contributions, other than member's voluntary contributions, are made by employers only.

Defined contribution plan

The cost charged to the profit and loss account for each participating employer in the defined contribution plan represents normal contributions payable in respect of the relevant year.

Funded defined benefit plan

The cost charged to the profit and loss account for each participating employer in the defined benefit plan reflects the normal contribution costs as calculated by independent actuaries, together with any variation arising from actuarial valuations.

The last full actuarial valuation of the defined benefit plan was undertaken as at 30 April 1999. The Trustees to the scheme have commissioned and received an actuarial review as at 30 April 2000, this showed a deficiency of £26,169 based on the Projected Unit Method. As a result of this review the employers contribution rates were further increased from 1 January 2001, with a view to eliminating the deficiency of assets over those needed to finance accrued benefits over the average remaining service life of the scheme members. The actuarial valuation reported a current funding level deficiency of £15.6m for the Group Scheme based on the Projected Unit Method.

The market value of the assets of the defined benefit plan was valued at £96.8m. This value covered 86% of the accrued benefits of the Group Scheme members after allowing for expected future increases in earnings, early exit from the scheme and increases in future pensions. The current funding level deficiency has been caused by lower than expected returns on investments, a contribution holiday and the abolition of ACT tax credits.

CREDIT LYONNAIS CAPITAL MARKETS PLC

Notes To The Financial Statements For The Year Ended 31 December 2000

The independent actuary takes into account any excess or deficiency in the funded defined benefit plan when calculating the normal contribution rate payable over the average working lifetime of the members.

In accordance with the recommendations of the actuary, the employer's contribution rates were increased with effect from 1 November 1999. It was anticipated that the increased contribution rates will eliminate the deficiency of assets over those needed to finance accrued benefits over the average remaining service life of the schemes members.

The following key assumptions were made in valuing the pension scheme: -

Return on future invested assets of 7.4% per annum

Return on existing assets of 5.2% per annum

Escalation of the general level of earnings of 5.1% per annum

Increases in pensions guaranteed at 3% per annum would be 2.5% per annum.

Increases in pensions where 5% LPI is applicable would be 3% per annum.

Assets were taken into account at their assessed value.

14 Principal Subsidiary Companies

Direct subsidiaries	Principal Activity	Country of incorporation
Credit Lyonnais Rouse Ltd	Commodities Broking and Dealing	England
Laing & Cruickshank Investment Management Ltd	Investment Management	England
Credit Lyonnais Securities Holdings +	Holding	England
Credit Lyonnais Rouse (USA) Ltd	Futures Commission Merchant	USA
Indirect subsidiaries		
Credit Lyonnais Securities +	Securities Broking and Dealing	England

All companies are wholly owned subsidiaries. A complete list of subsidiary companies can be obtained from the registered office of Credit Lyonnais Capital Markets PLC, Broadwalk House, 5 Appold Street, London EC2A 2DA.

+ Denotes unlimited liability company.

15 Ultimate Holding Company

The Company's ultimate holding company is Credit Lyonnais, a Société Anonyme registered in France, which is the smallest and largest company to produce group financial statements. Group financial statements can be obtained from 19 Boulevard des Italiens, 75002 Paris, France. The Company's direct parent is Credit Lyonnais (Investments) Limited.