

Company Number: 1423001

INTERCAPITAL PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2000



INTERCAPITAL PLC

DIRECTORS' REPORT

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

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.

MERGER OF GROUP

On 2 July 1999, the boards of Intercapital plc and Garban plc announced plans for the merger of their respective businesses to be effected by way of an offer by Garban plc for the entire issued share capital of Intercapital plc. On 9 September 1999, the offer was declared unconditional and Garban plc changed its name to Garban-Intercapital plc.

As a result of the merger, the directors now consider the company's ultimate parent undertaking to be Garban-Intercapital plc.

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 (1999: £3,676,000).

DIRECTORS AND DIRECTORS' INTERESTS

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

P N Buckley	-	resigned 30 May 2000
D Gelber		
D Kelly	-	appointed 14 February 2000
J D Nixon	-	resigned 30 May 2000
E C Pank	-	appointed 14 February 2000
J N Pettigrew	-	appointed 14 February 2000
J Q Robson	-	resigned 30 May 2000
M A Spencer		
C J Cooke	-	resigned 9 September 1999
K M Taylor	-	resigned 9 September 1999
H Watanabe	-	resigned 9 September 1999
M Wolf	-	resigned 8 June 1999

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 5 to the financial statements.

INTERCAPITAL PLC

DIRECTORS' REPORT (Cont'd)

YEAR 2000

The company has so far experienced no disruption due to date-related failure of either its own computer systems and software or those operated by third parties.

The lack of disruption reflects the company's review of critical systems for Year 2000 compliance, which began in 1997, and the subsequent performance of all necessary remedial action, which was completed by September 1999. The cost of ensuring Year 2000 compliance was borne by fellow subsidiaries of Garban-Intercapital plc.

Contingency plans remain in place to ensure business continuity should any date-related failures occur in critical systems during the coming months.

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

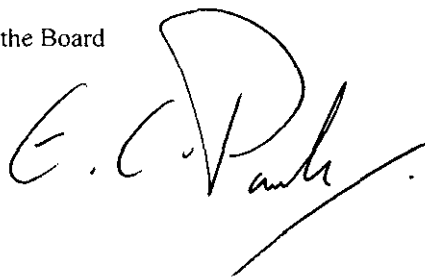
Company law requires the directors to prepare financial statements for each accounting year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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



26 October 2000

INTERCAPITAL PLC

AUDITORS' REPORT TO THE MEMBERS OF INTERCAPITAL PLC

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

PricewaterhouseCoopers

LONDON
26 October 2000

INTERCAPITAL PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2000

	Note	Year ended 31/3/2000 £'000	15 months ended 31/3/1999 £'000
Administrative expenses	3	(10,758)	(8,727)
Exceptional items	4	(14,473)	(865)
Operating loss – continuing operations		(25,231)	(9,592)
Merger costs		(1,277)	-
Income from fixed asset investments		19,474	19,857
		(7,034)	10,265
Interest receivable and similar income	6	2,071	3,738
Interest payable and similar charges	7	(608)	(3,010)
(Loss)/profit on ordinary activities before taxation		(5,571)	10,993
Taxation on (loss)/profit on ordinary activities	8	2,168	2,772
(Loss)/profit on ordinary activities after taxation		(3,403)	13,765
Dividend proposed	9	(20,000)	(3,676)
Retained (loss)/profit for the period	15	(23,403)	10,089

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2000

	Year ended 31/3/2000 £'000	15 months ended 31/3/1999 £'000
(Loss)/profit for the financial year	(3,403)	13,765
Net exchange gain taken to reserves	-	(56)
Total recognised (losses)/gains for the period	(3,403)	13,709

The operating loss was derived wholly from continuing operations.

The exchange gain arose on the retranslation of an investment in a subsidiary undertaking and was offset by a loss on a matching currency loan, which has now been repaid. The net gain is taken directly to reserves.

INTERCAPITAL PLC

BALANCE SHEET AS AT 31 MARCH 2000

	Note	As at 31/3/2000 £'000	As at 31/3/1999 £'000
Fixed assets			
Investments	10	89,858	131,253
Current assets			
Debtors	11	129,845	81,820
Cash at bank and in hand		433	779
		<u>130,278</u>	<u>82,599</u>
Creditors: Amounts falling due within one year			
Other creditors	12	(120,817)	(89,901)
Convertible debt	12	(205)	(563)
		<u>(121,022)</u>	<u>(90,464)</u>
Net current assets /(liabilities)		9,256	(7,865)
Total assets less current liabilities		<u>99,114</u>	<u>123,388</u>
Creditors: Amounts falling due after more than one year	13	-	(880)
Net assets		<u>99,114</u>	<u>122,508</u>
Capital and reserves			
Called up share capital	14,15	91,987	91,888
Share premium account	15	5,902	5,760
Profit and loss account	15	1,225	24,860
Equity shareholders' funds		<u>99,114</u>	<u>122,508</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 26 October 2000 and were signed on its behalf by:

J N Pettigrew

) Directors

E C Rank

)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000

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 1999.

(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.

(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.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (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.

4. EXCEPTIONAL ITEMS

	<u>Year ended</u> <u>31/3/2000</u> £'000	<u>15 months</u> <u>ended</u> <u>31/3/1999</u> £'000
Impairment of fixed assets (Note 10)	14,473	624
Professional fees on acquisition	-	241
	<u>14,473</u>	<u>865</u>

5. DIRECTORS' EMOLUMENTS AND INTERESTS

(a) Directors' emoluments

No fees or other emoluments were paid to the directors during the year (1999: £Nil).

(b) Directors' interests

P N Buckley, D Gelber, D Kelly, J D Nixon, J N Pettigrew, J Q Robson 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:

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

5. 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 at date of appointment</u>	<u>Ordinary shares at 31/03/2000</u>
E C Pank	6,542	6,542

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

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended 31/3/2000</u>	<u>15 months ended 31/3/1999</u>
	<u>£'000</u>	<u>£'000</u>
Bank deposit interest	14	343
Loans to group undertakings	2,040	3,395
Other interest	17	-
	<u>2,071</u>	<u>3,738</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended 31/3/2000</u>	<u>15 months ended 31/3/1999</u>
	<u>£'000</u>	<u>£'000</u>
Bank interest	201	1,313
Loans from group undertakings	407	1,697
	<u>608</u>	<u>3,010</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

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

	<u>Year ended</u> <u>31/3/2000</u> £'000	<u>Year ended</u> <u>31/3/1999</u> £'000
Taxation charge/(credit)		
UK corporation tax at 30% (1999 31%)	(2,420)	(2,772)
Adjustment to prior year	252	-
	<u>(2,168)</u>	<u>(2,772)</u>

9. DIVIDENDS

	<u>Year ended</u> <u>31/3/2000</u> £'000	<u>Year ended</u> <u>31/3/1999</u> £'000
Equity – 25p ordinary shares		
Final proposed 5.43p per share (1999 - 1p per share)	20,000	3,676

10. INVESTMENTS

	<u>Investment</u> <u>in subsidiary</u> <u>undertakings</u> £'000	<u>Other</u> <u>investments</u> £'000	<u>Total</u> £'000
As at 1 April 1999	131,199	54	131,253
Addition	1,600	-	1,600
Disposal	(28,520)	(2)	(28,522)
Impairment recognised in the year	(14,423)	(50)	(14,473)
As at 31 March 2000	<u>89,856</u>	<u>2</u>	<u>89,858</u>

In October 1999, the company disposed of 100% of the share capital of Exco International Holdings Inc and Intercapital Commodity Derivatives Inc at net book value of £28,372,000 and £148,000 respectively, to its parent undertaking Garban-Intercapital plc.

During the year the company subscribed for additional share capital in Intercapital Securities Limited of £1,600,000

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

10. INVESTMENTS (Cont'd)

At 31 March 2000 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
Alpha Brokers (Metals) Limited	England	75.1
* Garban-Intercapital Management Services Limited	England	100
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 asterisk, the above subsidiary undertakings are owned indirectly.

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

11. DEBTORS: Amounts falling due within one year

	<u>As at 31/3/2000</u> £'000	<u>As at 31/3/1999</u> £'000
Amount owed by group undertakings	120,671	78,402
ACT recoverable	1,318	2,753
Corporation tax	7,225	-
Other debtors	131	165
Dividends receivable from subsidiary undertakings	500	500
	<u>129,845</u>	<u>81,820</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

12. CREDITORS: Amounts falling due within one year

	As at 31/3/2000 £'000	As at 31/3/1999 £'000
Bank loans and overdrafts	7,820	2,560
Other loans	3,178	2,720
Amount owed to group undertakings	87,047	78,187
Corporation tax	819	819
Other creditors	1,281	126
Secured Loan Stock 2001	205	563
Proposed dividend	20,000	3,676
Accruals and deferred income	672	1,813
	<u>121,022</u>	<u>90,464</u>

13. CREDITORS: Amounts falling due after more than one year

	As at 31/3/2000 £'000	As at 31/3/1999 £'000
Bank loan		
- repayable between one and two years	-	880
	<u>-</u>	<u>880</u>

14. CALLED-UP SHARE CAPITAL

	As at 31/3/2000 £'000	As at 31/3/1999 £'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>91,888</u>

INTERCAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2000 (Cont'd)

15. SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
As at 1 January 1999	91,888	5,760	1,464	23,396	122,508
Reclassification of exchange adjustments	-	-	(1,464)	1,464	-
	91,888	5,760	-	24,860	122,508
Shares issued	99	142	-	(232)	9
Retained loss for the year	-	-	-	(23,403)	(23,403)
	91,987	5,902	-	1,225	99,114

Following the merger of Intercapital plc and Garban plc a difference in accounting policy existed, since Garban companies took exchange adjustments on net investments in overseas undertakings direct to the profit and loss account reserve, whereas Intercapital companies took them to other reserves. In order to achieve consistency of treatment, cumulative unrealised exchange losses on net investments in overseas undertakings of £1,464,000 recognised by Intercapital as at 1 April were transferred from other reserves to the profit and loss account reserve. All such exchange adjustments recognised since 1 April will be profit and loss account reserve

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.