

INTERCAPITAL DEBT TRADING LIMITED

**REPORT AND FINANCIAL STATEMENTS
31 March 2000**

Company Number 2524218



INTERCAPITAL DEBT TRADING LIMITED

Report of the Directors

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

PRINCIPAL ACTIVITY

The Company previously acted as an agency and matched principal broker in the LDC Debt Market. During the year the Company has not traded and its only activity is to pursue its legal claims.

REVIEW OF BUSINESS

The company has not traded in the year. Overheads relate to legal proceedings costs in relation to action against certain former employees and Cantor Fitzgerald.

The Company has continued with its legal proceedings against certain of its former employees and Cantor Fitzgerald. In 1999 the Company successfully appealed against the quantum of the original award achieving a substantial increase in its damages award and costs.

Damages have now been received in full. However, the Company is still endeavouring to recoup its legal costs. In addition, further proceedings have commenced to recover costs from the same defendants in relation to the settlement of the Company's contracts with its information technology supplier.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1999 - £Nil).

DIRECTORS

M A Spencer
S H J Mansell

DIRECTORS' SHARE INTERESTS

The interests of the directors in the ordinary share capital of Intercapital Group Limited, the ultimate parent company, are shown in the directors' report of that Company.

The directors had no direct interest in the ordinary shares of the Company at 31 March 2000 or 31 March 1999.

INTERCAPITAL DEBT TRADING LIMITED

Report of the Directors

AUDITORS

MRI Moores Rowland have expressed their willingness to continue in office as auditors. A resolution for their reappointment will be presented at the forthcoming Annual General Meeting.

By order of the Director
and signed on behalf of the
Directors



S H J MANSELL
Secretary

Park House
16 Finsbury Circus
London
EC2M 7DJ

Date: 29 January 2001

INTERCAPITAL DEBT TRADING LIMITED

Statement of Director's Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

INTERCAPITAL DEBT TRADING LIMITED

Auditors' Report to the Members of Intercapital Debt Trading Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and in accordance with the accounting policies on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility as auditors 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 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 that 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.

GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the future of the company following the final outcome of the litigation currently being pursued. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland

MRI MOORES ROWLAND

Chartered Accountants

Registered Auditors

London

Date: *30 January 2001*

INTERCAPITAL DEBT TRADING LIMITED

Profit and Loss Account for the year ended 31 March 2000

	Notes	2000 £	1999 £
OPERATING EXPENSES			
Operating charges		9,158	(25,953)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)			
Discontinued operations	3	9,158	(25,953)
Interest receivable	4	73	45,995
Interest payable	5	(15,671)	(89,269)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,440)	(69,227)
Tax on ordinary activities	6	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(6,440)	(69,227)
Retained loss at 1 April		(385,809)	(316,582)
		<hr/>	<hr/>
RETAINED LOSS AT 31 MARCH		£(392,249)	£(385,809)
		<hr/>	<hr/>

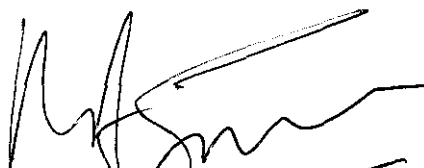
There are no recognised gains or losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

INTERCAPITAL DEBT TRADING LIMITED

Balance Sheet as at 31 March 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Investments	7		328,180		344,484
CURRENT ASSETS					
Debtors	8	11,690		652,946	
Cash at bank		10,052		18,743	
		<u>21,742</u>		<u>671,689</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(687,671)		(1,347,482)	
		<u> </u>		<u> </u>	
NET CURRENT LIABILITIES			(665,929)		(675,793)
			<u> </u>		<u> </u>
TOTAL NET LIABILITIES			£(337,749)		£(331,309)
			<u> </u>		<u> </u>
CAPITAL AND RESERVES					
Called up share capital	10		54,500		54,500
Profit and loss account			(392,249)		(385,809)
			<u> </u>		<u> </u>
EQUITY SHAREHOLDERS' FUNDS	11		£(337,749)		£(331,309)
			<u> </u>		<u> </u>

THE FINANCIAL STATEMENTS WERE APPROVED
BY THE DIRECTORS ON 29 January 2001


M A SPENCER


S H J MANSELL

INTERCAPITAL DEBT TRADING LIMITED

Cash Flow Statement for the year ended 31 March 2000

	2000 £	1999 £
RECONCILIATION OF OPERATING PROFIT/ (LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Operating profit/(loss)	9,158	(25,953)
Impairment	16,304	41,877
Decrease in debtors	652,946	471,744
Decrease in creditors	(675,470)	(1,193,191)
Net cash inflow/(outflow) from operating activities	<u>£2,938</u>	<u>£(705,523)</u>

CASHFLOW STATEMENT

Net cash inflow/(outflow) from operating activities	2,938	(705,523)
Return on investments and servicing of finance	73	111,617
Interest paid	(12)	(266,686)
Taxation	(11,690)	852,809
Decrease in cash	<u>£(8,691)</u>	<u>£(7,783)</u>

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

Decrease in cash for the year	(8,691)	(7,783)
Net funds brought forward	18,743	26,526
Net funds carried forward	<u>£10,052</u>	<u>£18,743</u>

INTERCAPITAL DEBT TRADING LIMITED

Notes to the Financial Statements - 31 March 2000

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable accounting standards.

The financial statements are prepared under the historical cost convention and on the going concern basis given the continued financial support of the ultimate parent company Intercapital Group Limited, and as discussed below.

Going Concern

The company has not traded since 31 March 1995, The directors believe that financial statements should be prepared on the going concern basis, due to the continuing litigation with former employees and Cantor FitzGerald. The company will continue as an entity for as long as the litigation continues, which is believed to be for the foreseeable future.

Whilst the directors are uncertain as to the outcome of the litigation, they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

2. DIRECTORS AND EMPLOYEES

There were no employees employed by the Company during the year. The directors received no emoluments from the Company during the year.

3. OPERATING PROFIT	2000 £	1999 £
Operating loss is stated after charging:-		
Auditors' remuneration		
- Audit fees	1,600	1,000
	<hr/>	<hr/>
4. INTEREST RECEIVABLE	2000 £	1999 £
Interest on Corporation tax repayment	-	15,720
Bank interest	73	1,576
Other interest	-	28,699
	<hr/>	<hr/>
	£73	£45,995
	<hr/>	<hr/>
5. INTEREST PAYABLE	2000 £	1999 £
Bank interest	12	-
On amounts paid to group undertakings	15,659	89,269
	<hr/>	<hr/>
	15,671	89,269
	<hr/>	<hr/>

INTERCAPITAL DEBT TRADING LIMITED

Notes to the Financial Statements - 31 March 2000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	2000	1999
	£	£
Taxation is based on profit for the year at a rate equivalent to 31 %		
Corporation tax on profit for the year	-	-
Adjustment in respect of prior years	-	-
	<u>£ -</u>	<u>£ -</u>
	<u>£ -</u>	<u>£ -</u>
7. FIXED ASSET INVESTMENTS		2000
		£
COST		
At 1 April 1999 and 31 March 2000		<u>1,324,128</u>
PROVISION FOR IMPAIRMENT IN VALUE		
At 1 April 1999		979,644
Provision for the year		16,304
At 31 March 2000		<u>995,948</u>
Net book value at 31 March 2000		<u>£328,180</u>
Net book value at 31 March 1999		<u>£344,484</u>
<p>Under the provisions of section 228 of the Companies Act 1985, the Company does not prepare consolidated financial statements as it is a 69.63% owned subsidiary of Intercapital Group Limited, a company incorporated in Great Britain and registered in England and Wales. The Company has two subsidiaries: Intercapital Emerging Markets (Asia) Limited, a 100% owned company incorporated in Hong Kong, and Intercapital Emerging Markets Inc., a 100% owned company incorporated in the USA. Neither of these companies traded during the year.</p>		
8. DEBTORS	2000	1999
	£	£
Other debtors	-	652,946
Corporation tax	11,690	-
	<u>£11,690</u>	<u>£652,946</u>
	<u>£11,690</u>	<u>£652,946</u>

INTERCAPITAL DEBT TRADING LIMITED

Notes to the Financial Statements - 31 March 2000

9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999
	£	£
Amounts owed to group undertakings	636,071	1,231,592
Accruals	51,600	115,890
	<u>£687,671</u>	<u>£1,347,482</u>
10. CALLED UP SHARE CAPITAL	2000	1999
	£	£
Authorised		
100,000 ordinary shares of £1 each	£100,000	£100,000
Allotted and fully paid		
54,500 ordinary shares of £1 each	£54,500	£54,500
11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	2000	1999
	£	£
Loss for the year	(6,440)	(69,227)
Opening shareholders' funds	(331,309)	(262,082)
Closing shareholders' funds	<u>£(337,749)</u>	<u>£(331,309)</u>
12. RELATED PARTIES		

The ultimate parent company and controlling party is Intercapital Group Limited. Copies of the group financial statements of Intercapital Group Limited are available from The Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ. At the year end £232,348 (1999: £830,719) is owed to Intercapital Group Limited and £403,723 (1999: £400,873) to Intercapital Emerging Markets (Asia) Limited.