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INTREPID CAPITAL CORP  
Form 10KSB40  
April 02, 2001

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-KSB  
(Mark One)

Annual Report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

Transition Report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934 for the transition period from \_\_\_\_\_ to  
\_\_\_\_\_

Commission file number 333-66859

INTREPID CAPITAL CORPORATION  
(Exact name of Registrant as specified in its Charter)

DELAWARE (State of Incorporation) 59-3546446 (I.R.S. Employer Identification No.)

3652 SOUTH THIRD STREET, SUITE 200, JACKSONVILLE BEACH, FLORIDA 32250  
(Address of principal executive offices) (Zip Code)

(904) 246-3433  
(Registrant's telephone number)

50 NORTH LAURA STREET, SUITE 3550, JACKSONVILLE, FLORIDA 32202  
(Former address of principal executive offices) (Zip Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Check whether the issuer: (1) has filed all reports required to be  
filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the  
preceding 12 months (or for such shorter period that the Registrant was required  
to file such reports), and (2) has been subject to such filing requirements for  
the past 90 days.

YES  NO

Check if there is no disclosure of delinquent filers in response to  
Item 405 of Regulation S-B contained in this form, and no disclosure will be  
contained, to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-KSB  
or any amendment to this Form 10-KSB.

The issuer's revenues for the fiscal year ended December 31, 2000 were  
\$5,155,925.

As of February 28, 2001, there were 2,318,996 shares of Common Stock  
outstanding and 1,000 shares of Common Stock issued and held in treasury. The  
aggregate market value of the voting Common Stock held by non-affiliates of the

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Registrant as of February 28, 2001, as based on the average closing bid and ask prices, was approximately \$864,461.

Transitional Small Business Disclosure Format (check one): Yes [ ]  
No [X]

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### PART I

Certain statements contained in this Annual Report on Form 10-KSB are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, and are thus prospective in nature. Such forward-looking statements reflect management's beliefs and assumptions and are based on information currently available to management. The forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Intrepid Capital Corporation to differ materially from those expressed or implied in such statements. There can be no assurance that such factors or other factors will not affect the accuracy of such forward-looking statements

#### ITEM 1. DESCRIPTION OF BUSINESS

##### General

Intrepid Capital Corporation ("ICAP") was formed in April 1998 to merge (hereinafter referred to as the "Mergers"), through its wholly owned subsidiaries, with each of Intrepid Capital Management, Inc., a Florida corporation ("ICM"), Capital Research Corporation, a Florida corporation ("CRC"), and Enviroq Corporation, a Delaware corporation ("Enviroq"). ICAP was formed as a wholly owned subsidiary of Enviroq. At the effective time of the Mergers, ICM, CRC and Enviroq each became wholly owned subsidiaries of ICAP, and the shareholders of ICM and CRC and the stockholders of Enviroq received cash and shares of the common stock, par value \$.01, of ICAP (the "ICAP Common Stock") in exchange for their shares of ICM, CRC and Enviroq, as the case may be. Prior to the Mergers, Enviroq was subject to the periodic reporting requirements of Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Immediately following the Mergers, Enviroq suspended its duty to file periodic reports under Section 13 of the Exchange Act, and ICAP commenced reporting thereunder.

In a transaction effective August 1, 1999, ICAP acquired all of the outstanding capital stock of Allen C. Ewing Financial Services, Inc, a Florida corporation ("ACEFS"). Primarily all of ACEFS's operations were conducted through its wholly owned subsidiary Allen C. Ewing & Co. Concurrent with the acquisition, ICAP contributed the assets and liabilities of ACEFS to CRC. Subsequent to this acquisition, the operations of CRC and ACEFS were conducted through the merged entity under the name of Allen C. Ewing & Co. ("Ewing"). ACEFS was dissolved on December 30, 1999 and CRC was fully merged with and into Ewing on December 31, 1999.

In a transaction effective November 30, 2000, ICAP acquired all of the outstanding capital stock of Sears Thompson Investment Group, Inc., a Florida corporation ("Sears Thompson"). Simultaneous to this acquisition, Sears Thompson was fully merged with and into Ewing.

In the future, ICAP intends to continue to expand through the growth of its present subsidiaries and through the acquisition of additional firms that provide investment advisory, brokerage, investment banking and other financial services. Currently, the principal business of ICAP is the operation of its wholly owned subsidiaries, ICM, Ewing and Enviroq.

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ICM

ICM is an investment management company and a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), operating with clients in several states primarily in the southeast United States. ICM's investment strategy is to capitalize on growth opportunities for investment management services in the institutional, for-profit corporate, non-profit corporate and private client markets. ICM is responsible for developing and implementing its own investment philosophy, business plans and management fees. ICM seeks to grow by expanding the capabilities of its investment management services, increasing and focusing its marketing efforts and selectively expanding its distribution channels. ICM's principal offices are located at 3652 South Third Street, Suite 200, Jacksonville

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Beach, Florida 32250. As of December 31, 2000, ICM had \$105.3 million of assets under management for its clients and for fiscal year ended December 31, 2000, a single client of ICM provided approximately 23% of ICM's revenues, with the next largest client providing less than 13%.

ICM manages assets across a diverse range of investment styles, asset classes and client types, with significant participation in both the debt and equity markets. For the fiscal year ended December 31, 2000, investments in debt represented 58% of ICM's funds invested and investments in equity securities represented 42% of ICM's funds invested.

### Factors Affecting Institutional Investment Managers.

Revenues in the institutional investment management industry are determined primarily by fees based on assets under management. Therefore, the principal determinant of growth in the industry is the growth of institutional assets under management. In management's judgment, the major factors which influence changes in institutional assets under management are: (a) changes in the market value of securities; (b) net cash flow into or out of existing accounts; (c) gains of new or losses of existing accounts by specific firms or segments of the industry; and (d) the introduction of new products by the industry or by particular firms.

In general, assets under management in the institutional segments of the industry have increased steadily, primarily due to increased rates of return, client retention, client acquisition, asset removals and asset additions.

Ewing

Ewing is a registered broker-dealer and a member of the National Association of Securities Dealers, Inc. ("NASD") and the Securities Investor Protection Corporation ("SIPC"). Ewing provides full-service securities brokerage and investment banking which primarily includes advisory services to clients on corporate finance matters, including mergers and acquisitions and the issuance of public stock. Ewing also operates a general securities business to registered investment advisers, including ICM, on a fully disclosed basis through National Financial Services, LLC ("NFS"). Ewing's principal offices are located at 50 North Laura Street, Suite 3625, Jacksonville, Florida 32202.

Ewing's operations, in conjunction with NFS, include the execution of orders, processing of transactions, receipt, identification and delivery of

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funds and securities, custody of customer securities, internal financial controls and compliance with regulatory and legal requirements. Ewing typically does not recommend particular securities to registered investment adviser clients; recommendations are determined by individual investment advisers based upon their own research and analysis and subject to applicable NASD customer suitability standards.

### Factors Affecting Broker-Dealers

Before 1975, all stock exchanges required brokers to charge fixed minimum commissions for trades of listed stocks. Under pressure from Congress, the Department of Justice and the Securities and Exchange Commission (the "Commission"), these policies were changed, which allowed for negotiated commissions and the unbundling of investment services. These developments brought about the advent of the lower-cost and discount brokerage firm which could separate financial advisory services from execution services and could execute trades at a lower cost than a full-commission broker. Although investors have been able to use discount brokerage services for years, various emerging trends make the modern investor more likely to use discount brokerage services.

First, the unbundling of brokerage services from other financial services has permitted investors to pick and choose among various financial service providers for specified services. As a result, firms like ICM

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have emerged that specialize in investment advice, the provision of financial information and financial planning. Other firms, like Ewing, specialize in providing lower-cost or discount securities brokerage services.

Second, investors are becoming more self-reliant and value conscious in the pursuit of their financial goals. Investors are increasingly willing to acquire the information about, and an understanding of, investment alternatives and have become increasingly sophisticated and knowledgeable about investing. Access to a broad range of financial information and advice has decreased the necessity for full-service brokers. These investors make their own decisions about their financial future and tend to seek greater value, often in the form of lower transaction costs. As a result, the use of discount brokers and directly marketed no-load mutual funds have increased in market share at the expense of traditional providers charging a higher commission or sales load.

Finally, the growth in financial assets held by an individual is accelerating. Large numbers of "baby boomers" are beginning to invest for their children's education and for their own retirement. Additionally, it is estimated that these individuals, many of whom have greater education, technical capabilities and investment choices than their parents, as well as greater access to information, will inherit a historically significant amount of assets available for investing from the previous generation during the next decade. This represents the largest absolute transference of wealth in history. The convergence of these trends is creating a new marketplace for financial services. It is also creating a new investor, who is self-reliant and value oriented. Ewing seeks to be a leading provider of financial services to this new investor.

### Ewing's Business Environment

Market conditions during 2000 began with a continuation of the 1997 through 1999 bull market characterized by record volumes and record high market levels. However, early in the second quarter of 2000, the bull market weakened, leading to a significant downturn. The NASDAQ Composite fell more than

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thirty-nine percent (39%) and the S&P 500 Index fell over nine percent (9%). At the same time, competition has continued to intensify among all classes of brokerage firms and specifically within the discount brokerage business. In addition, new firms not previously in the discount brokerage business have emerged. Electronic trading continues to grow as a retail discount market segment with some firms offering very low flat rate trading execution fees that are difficult for any conventional discount firm to meet. Many of the flat fee brokers, however, impose charges for services such as mailing, transfers and handling exchanges and also direct their executions to captive market makers, which Ewing does not. Continued competition from ultra low cost, flat fee brokers and broader service offerings from other discount brokers could also limit Ewing's growth or even lead to a decline in Ewing's customer base which would adversely affect its results of operations. Industry-wide changes in trading practices are expected to cause continuing pressure on fees earned by discount brokers for the sale of order flow.

Ewing, like other securities firms, is directly affected by general economic and market conditions, including fluctuations in volume and prices of securities, changes and prospects for changes in interest rates and demand for brokerage and investment banking services, all of which can affect Ewing's relative profitability. In periods of reduced market activity, profitability is likely to be adversely affected because certain expenses, including salaries and related costs, portions of communication costs and occupancy expenses, remain relatively fixed.

### Enviroq

Enviroq, incorporated on February 9, 1995, is principally engaged in the development, commercialization, formulation and marketing of spray-applied resinous products, and in the treatment of municipal wastewater biosolids. Enviroq's operations are conducted primarily through Sprayroq, Inc., a Florida corporation of which Enviroq owns 50% of the outstanding capital stock ("Sprayroq"). Sprayroq is

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engaged in the development, commercialization, manufacturing and marketing of spray-applied resinous materials. Since this business is inconsistent with ICAP's primary mission, ICAP is evaluating alternatives for the future of this operation.

### ICAP Business Strategy

ICAP intends to grow its business by leveraging its competitive asset management, investment banking and securities brokerage service strengths through ICM and Ewing, including ICM's long-term performance record, diverse product offerings and experienced research, client service and investment staff. In order to achieve continued growth and profitability, ICAP will continue to pursue its business strategy, the key elements of which include:

#### Maintain Asset Management As Core Business

ICAP's core business is asset management. Concentrating its professional and financial resources on providing high quality investment products and client service, ICAP hopes to further establish a respected reputation among its clients and in the investment community. ICAP believes that its continuing commitment to its core asset management business, together with its continued independence during a period of consolidation in the financial services industry, is attractive to potential clients and will also contribute to its ability to attract and retain highly qualified investment professionals.

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### Broadening and Strengthening the ICAP Brand

ICAP intends to strengthen its brand name identity by, among other things, increasing its marketing and advertising to provide a uniform regional image in the southeastern United States. ICAP has the capacity to create new products and services around the core ICM brand to complement its existing product offerings.

### Enhancing Diverse Product and Service Offerings

ICAP believes that its ability to offer a broad range of investment products and services in a wide variety of investment styles will enhance its opportunities for attracting new clients and cross-selling its products and services to existing clients. ICAP also seeks to complement existing product offerings through internal development and acquisition of new investment capabilities.

### Increasing Penetration in the Accredited Investor Market

ICAP's high net worth business focuses, in general, on serving clients who fit within the definition of "accredited investors" under the federal securities laws. That means ICAP's customers will generally be (i) banks or other financial institutions; (ii) registered broker-dealers; (iii) registered investment companies; (iv) small business investment companies; (v) natural persons whose individual net worth, or joint net worth with that person's spouse, exceed \$1,000,000; (vi) natural persons whose individual net income exceeded \$200,000, or \$300,000 together with their spouses, for each of the past two years, and such persons have the reasonable expectation of achieving such incomes in the current year; (vii) certain types of trusts with total assets in excess of \$5,000,000; and (viii) entities in which all of the equity owners are accredited investors. With ICM's history of serving this segment and its long-term performance record, ICAP believes that it is well positioned to capitalize on the growth opportunities in this market.

### Attracting and Retaining Experienced Professionals

The availability of the publicly traded ICAP Common Stock will enhance ICAP's ability to attract and retain top performing investment professionals. The ability to attract and retain highly experienced investment and other professionals with a long-term commitment to ICAP and its clients will be a

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significant factor in ICAP's long-term growth. As ICAP continues to increase the breadth of its investment management capabilities, it plans to add portfolio managers and other investment personnel in order to foster expansion of its products.

### Capitalizing on Acquisitions and Strategic Alliances

ICAP intends to selectively and opportunistically pursue acquisitions and alliances that will broaden its product offerings and add new sources of distribution. ICAP believes that it is well positioned, as a publicly traded company, to pursue strategic acquisitions and alliances of investment management, investment banking and securities brokerage companies.

### Supervision and Regulation

ICAP

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ICAP is incorporated under, and required to be in compliance with, the laws of the State of Delaware. ICAP is also subject to the reporting requirements of the Exchange Act as well as to applicable regulation and supervision by the Commission. Because ICAP is not engaged in the rendering of investment advisory services, its activities as a holding company will not result in ICAP being deemed an "investment adviser", as such term is defined in the Investment Advisers Act and various state advisers acts. ICAP, therefore, is not required to be registered under the Investment Advisers Act or any state advisers acts. However, because Ewing is subject to the Uniform Net Capital Rule (as defined below), ICAP is also subject to the requirements of such rule.

### ICM

ICM is incorporated under, and required to be in compliance with, the corporate laws of the State of Florida. Because ICM is engaged in the business of providing investment advisory services to a number of clients, ICM is registered under the Investment Advisers Act and under applicable state investment advisers acts. All registrations, reporting, maintenance of books and records and compliance procedures required by the foregoing laws and regulations are maintained independently by ICM. ICM is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and to U.S. Department of Labor regulations promulgated thereunder, insofar as ICM is a "fiduciary" under ERISA with respect to its clients.

The laws and regulations applicable to ICM and its operations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict ICM from carrying on its business in the event that it fails to comply with such laws and regulations. Possible sanctions that may be imposed in the event of such noncompliance include the suspension of individual employees, limitations on ICM's engaging in business for specified periods of time, revocation of ICM's registration as an investment adviser, censures and fines.

ICM believes that it is currently in compliance with all state and federal regulations, and its most recent audit met all applicable regulatory requirements. ICM also has in place an ongoing internal compliance program supported by regulators, external consultants, accountants and attorneys.

### Ewing

Ewing is incorporated under, and required to be in compliance with, the corporate laws of the State of Florida. Ewing is registered as a broker-dealer with the Commission under the Exchange Act and, where applicable, under various state securities laws, and is further regulated by the rules of the NASD. All registrations, reporting, maintenance of books and records and compliance procedures required by the foregoing laws and regulations are maintained independently by Ewing.

Ewing is also required by federal law to belong to the SIPC, which provides, in the event of the liquidation of a broker-dealer, protection for securities held in customer accounts of up to \$500,000 per customer, subject to a limitation of \$100,000 on claims for cash balances. The SIPC is funded through assessments levied on registered broker-dealers. Stocks, bonds, mutual funds and money market funds are considered securities and are protected on a share basis for the purposes of SIPC protection. SIPC protection does not apply to fluctuations in the market value of securities.

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Margin lending arranged by Ewing is subject to the margin rules of the Board of Governors of the Federal Reserve System and the NASD. Under such rules, broker-dealers are limited in the amount they may lend in connection with certain purchases and short sales of securities and are also required to impose certain maintenance requirements on the amount of securities and cash held in margin accounts. In addition, those rules govern the amount of margin customers must provide and maintain in writing uncovered options.

As a registered broker-dealer, Ewing (and ICAP by virtue of its ownership of Ewing) is subject to Rule 15c3-1 of the Exchange Act, also known as the "Uniform Net Capital Rule", which has also been adopted by the NASD. The Uniform Net Capital Rule specifies minimum net capital requirements for all registered broker-dealers and is designed to measure financial integrity and liquidity. Failure to maintain the required regulatory net capital may subject a firm to suspension or expulsion by the NASD, certain punitive actions by the Commission and, ultimately, may require a firm's liquidation.

Ewing falls within the provisions of Rule 15c3-1(a)(2)(iv) of the Exchange Act. Ewing is subject to the minimum net capital requirements applicable to brokers or dealers that introduce customer accounts and receive securities, which requires that Ewing maintain minimum net capital, as defined, of not less than \$250,000 at December 31, 2000. Subsequent to December 31, 2000, Ewing's required minimum net capital has been reduced from \$250,000 to \$50,000 as a result of operational changes that include the curtailing of the Company's market making activity. Ewing is not subject to Rule 15c3-3 of the Exchange Act, which regulates a broker-dealer's custody of customer securities, and claims exemption from the reserve requirement under of Rule 15c3-3(k)(2)(ii) of the Exchange Act. Ewing maintains net capital in excess of that required by Rule 17a-11 of the Exchange Act which requires Ewing to give notice in the event that Ewing's net capital falls below certain levels.

Ewing believes that it is currently in compliance with all state and federal regulations, and its most recent audit met all applicable regulatory requirements. Ewing also has in place an ongoing internal compliance program supported by regulators, external consultants, accountants and attorneys.

### Enviroq

Enviroq is incorporated under, and required to be in compliance with, the corporate laws of the State of Delaware. Enviroq must also comply with various federal, state and local laws and administrative regulations relating to the protection of the environment. Federal, state and local laws and administrative regulations which have been enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of the environment will not, in the opinion of management, have a material effect on the capital expenditures, earnings, or the competitive position of Enviroq.

### Competition

ICAP, through its wholly owned subsidiaries, is principally engaged in an extremely competitive business, the financial services industry. Competitors include, with respect to one or more aspects of its business, all of the member organizations of the New York Stock Exchange and other registered securities exchanges, all of the members of the NASD, investment management firms, commercial banks, thrift institutions and financial consultants. Many of these organizations have substantially more employees and greater financial resources than ICAP. ICAP also competes for investment funds with banks, insurance companies and investment companies. Discount brokerage firms oriented to the retail market, including firms



affiliated with commercial banks and thrift institutions, are devoting substantial funds to advertising and direct solicitation of customers in order to increase their share of commission dollars and other securities related income. ICAP is not engaged in extensive advertising programs for this type of business.

Management believes that the most important factors affecting competition in the investment management business are the abilities and reputations of investment managers, differences in investment performance of the various firms, the development and execution of new investment strategies, access to channels of distribution, and resources to invest in information technologies and client service capabilities. ICAP expects that other industry participants will from time to time seek to recruit ICAP investment professionals and other employees away from ICAP. The loss of key professionals could have a material adverse affect on ICAP.

The financial services industry is, by its nature, subject to various risks, particularly in volatile or illiquid markets, including the risk of losses resulting from the ownership of securities, customer fraud, employee errors or misconduct, failures in connection with the processing of securities transactions and litigation. ICAP's business and its profitability are affected by many factors, including the volatility and price level of the securities markets, the volume, size and timing of securities transactions, the demand for investment banking services, the level and volatility of interest rates, the availability of credit, legislation affecting the business and financial communities, and the economy in general. Markets characterized by low trading volumes and depressed prices generally result in reduced commissions and investment banking revenues as well as losses from declines in the market value of securities positions.

#### Employees

As of December 31, 2000, ICAP and its subsidiaries employed 31 people, 30 full-time and 1 part-time, of whom 17 are registered with the NASD. ICAP has no collective bargaining with any of its employees and believes that its overall relations with employees are good.

#### ITEM 2. DESCRIPTION OF PROPERTY

ICAP and ICM maintain offices at 3652 South Third Street, Suite 200, Jacksonville Beach, Florida 32250, occupying approximately 5,600 square feet under a lease that expires in January 2010.

Ewing maintains an office at 50 North Laura Street, Suite 3625, Jacksonville, Florida 32202, occupying approximately 4,300 square feet under a lease that expires in January 2005.

Enviroq and Sprayroq maintain office/warehouse space at 4707 Alton Court, Irondale, Alabama 35210, occupying approximately 5,500 square feet under a lease that may be cancelled upon 90 days written notice.

All properties are in adequate condition for the purposes for which ICAP uses them.

#### ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending, or to ICAP's knowledge, threatened against ICAP or any of its subsidiaries.

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### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to ICAP's stockholders during the fourth quarter of fiscal year 2000.

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### PART II

### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

ICAP's common stock trades in the over-the-counter market and is quoted on the NASDAQ OTC Bulletin Board under the symbol "ICAP". The following table sets forth, for the last two fiscal years, the high and low bid and asked prices of the common stock of ICAP. The information set forth below has been obtained from Bloomberg L.P. and is believed to be reliable. The reported high and low bid and asked quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions.

Fiscal Year 2000 -----	Low Bid -----	High Bid -----
First Quarter	\$ 2.25	\$ 4.00
Second Quarter	1.63	3.75
Third Quarter	1.63	1.88
Fourth Quarter	1.69	1.75
Fiscal Year 1999		
First Quarter	\$ 1.50	\$ 3.50
Second Quarter	2.00	3.38
Third Quarter	1.25	2.50
Fourth Quarter	1.25	6.00

As of December 31, 2000, there were 2,318,996 shares of ICAP Common Stock outstanding, 1,000 shares held in treasury and 158 stockholders of record. The number of record holders includes as single holders various institutions (such as brokerage firms) that hold shares in "street name" for multiple stockholders.

ICAP has not paid any cash dividends on the ICAP Common Stock since its organization, and currently intends to retain any earnings for operations and the expansion of its business. Other than state corporate law limitations, there are no restrictions on ICAP's ability to pay dividends.

### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The accompanying consolidated financial statements of ICAP as of December 31, 2000 and 1999 include the accounts of ICAP and its subsidiaries ICM, Ewing and Enviroq. In accordance with purchase accounting, the accounts of ACEFS were included from August 1, 1999, the date of acquisition.

#### Acquisitions

Effective August 1, 1999, ICAP consummated the acquisition of all of the outstanding capital stock of ACEFS. The Company acquired the ACEFS capital

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stock in exchange for cash in the amount of \$950,000, with funds borrowed from a bank and three promissory notes in the aggregate principal amount of \$350,000. Primarily all of ACEFS's operations were conducted through its wholly owned subsidiary Allen C. Ewing & Co. Concurrent with the acquisition, ICAP contributed the assets and liabilities of ACEFS to CRC. Subsequent to this acquisition, the operations of CRC and ACEFS were conducted through the merged entity Allen C. Ewing & Co. ("Ewing"). The acquisition was accounted for under the purchase method of accounting.

Effective November 30, 2000, ICAP consummated the acquisition of all of the outstanding capital stock of Sears Thompson. ICAP acquired the Sears Thompson capital stock in exchange for 32,193 shares of ICAP common stock, valued at \$2.00 per share, resulting in a total purchase price \$64,386. The acquisition was accounted for under the purchase method of accounting.

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### Liquidity and Capital Resources

ICAP's current assets consist generally of cash, money market funds and accounts receivable. ICAP has financed its operations with funds provided by stockholder capital and the sale of trading securities. ICAP has developed a growth strategy plan that includes both internal and external growth through acquisitions.

For the six month period ended June 30, 2000, and, to a lesser extent, for the six month period ended December 31, 2000, ICAP incurred significant operating losses and negative cash flows from operations. ICAP is evaluating several options to raise capital which include the issuance of equity securities in private placements, and enhancing the operations, or the complete disposal of, Sprayroq, Inc. (Enviroq's 50% owned subsidiary). ICAP also believes that its broker-dealer services segment will generate substantial high-margin investment banking revenues during 2001. If additional funds are raised through the issuance of equity securities, the percentage of ownership of the stockholders of ICAP will be reduced. While management believes it will be able to meet its capital needs through several of the above alternatives, there can be no assurances that such transactions will take place on terms favorable to ICAP, if at all. If adequate funds are not available or terms are not suitable, ICAP's growth strategy would be significantly limited and such limitation could have an effect on ICAP's business, results of operations and financial condition.

For 2000, the net cash used in operating activities of \$435,385 was primarily attributable to the net loss, offset by cash proceeds from sales of investments. Net cash used in investing activities of \$152,327 was primarily due to the purchase of property, plant, and equipment. Net cash used in financing activities of \$32,444 was primarily attributable to principal payments on notes payable, net of proceeds from the issuance of common stock.

ICAP, through its subsidiary Ewing, is subject to the net capital requirements of the Exchange Act, the NASD and other regulatory authorities. At December 31, 2000, Ewing's regulatory net capital was \$303,556, \$53,556 in excess of its minimum net capital requirement of \$250,000.

Since its acquisition of Enviroq in December 1998, ICAP has been evaluating alternatives for the future of this business because of its inconsistency with ICAP's primary mission. ICAP is currently pursuing several alternatives for this business, including a possible sale of Sprayroq, Enviroq's 50% owned subsidiary that conducts primarily all of Enviroq's operations.

### Results of Operations

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Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Total revenues for 2000 were \$5,155,925 compared to \$4,492,487 for 1999, representing a 14.8% increase.

Commissions increased \$68,486, or 4.0%, to \$1,779,596. Commissions represent revenue earned by Ewing from securities transactions conducted on behalf of clients, including sales of mutual fund shares and variable annuities. The increase primarily represents increased transaction volume as a result of the acquisition of ACEFS in August 1999, partially offset by decreasing transaction volumes resulting from negative market conditions.

Asset management fees decreased \$168,277, or 19.5%, to \$696,575. Asset management fees represent revenue earned by ICM for investment advisory services. The fees earned are generally a function of the overall fee rate charged to each account and level of Assets Under Management ("AUM"). Quarterly management fees are billed on the first day of each quarter based on each account value at the market close of the prior quarter. AUM was \$92.5 million, \$84.5 million, \$76.8 million, and \$77.8 million at December 31,

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1999, March 31, 2000, June 30, 2000, and September 30, 2000, respectively, compared to \$101.0 million, \$89.3 million, \$101.4 million, and \$98.0 million at December 31, 1998, March 31, 1999, June 30, 1999, and September 30, 1999, respectively. The decrease in asset management fees for 2000 relates directly to the net decreases in AUM at the market close prior to each quarter during the year. The negative net change in client assets is primarily attributable to ICAP's "value investment style", which has not performed at historical levels over the past three years, and has resulted in client movement. Management believes that this trend reversed during the first quarter of 2000 and may well be followed by an extended period more favorable to the value investment style. AUM increased during the fourth quarter of 2000 to \$105.3 million at December 31, 2000, compared to \$92.5 million at December 31, 1999. The increase is primarily attributable to the hiring of an investment manager that brought existing client relationships to ICAP with AUM of approximately \$29.2 million.

Investment banking revenues increased \$401,858, or 368.3%, to \$510,968. Investment banking revenues represent fees earned by Ewing for providing investment banking services to clients on corporate finance matters, including mergers and acquisitions and the issuance of capital stock to the public. Such revenues are dependent on the timing of services provided and are normally received upon consummation of the transaction. The increase is primarily attributable to the acquisition of ACEFS in August 1999. A significant fee was earned in the fourth quarter of 2000 accounting for approximately 47% of total investment banking revenue for the year.

Net trading profits increased \$214,332, or 351.5%, to \$153,362. There were \$202,544 of realized gains and \$49,182 of unrealized losses in ICAP's investment in trading securities, which includes securities obtained through the acquisition of ACEFS in August 1999 and ICAP's investment in Intrepid Capital, L.P.

Resinous material sales increased \$168,366, or 9.7%, to \$1,912,584. The increase is primarily attributable to an increase in resin demand from licensees and the sale of three new licenses during the year ended December 31, 2000.

Dividend and interest income decreased \$20,124, or 24.0%, to \$63,602. The decrease is primarily attributable to the sale of dividend and interest

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bearing trading securities.

Total expenses for 2000 were \$6,026,293 compared to \$5,521,694 for 1999, representing a 9.1% increase.

Salaries and employee benefits increased \$152,868, or 5.8%, to \$2,793,736. The increase is primarily attributable to incremental salary increases and increased commission expenses as a result of increased commission and investment banking revenues.

Brokerage and clearing expenses decreased \$144,162, or 28.5%, to \$362,461. Brokerage and clearing expenses represent securities transaction and other costs paid to the clearing broker-dealer, and are related to commission revenue earned by Ewing. During the three months ended March 31, 2000, ICAP re-negotiated its clearing agreement, resulting in reduced transactional costs and decreased brokerage and clearing expenses per trade. The net decrease reflects decreased costs as a result of the re-negotiated clearing agreement.

Cost of resinous material sales increased \$178,632, or 21.0%, to \$1,028,736. The increase is primarily attributable to a change in product mix and an increase in the cost of components of equipment used in the resinous material business.

Advertising and marketing expenses decreased \$16,202, or 5.8%, to \$261,914. The decrease can be attributed to decreased travel and entertainment costs and to decreased advertising costs resulting from a nonrecurring advertising campaign for Sprayroq conducted during the year ended December 31, 1999.

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Professional and regulatory expenses increased \$39,919, or 9.9%, to \$442,376. The increase is primarily attributable to increased technology costs at Ewing and to a nonrecurring certification fee at Sprayroq.

Occupancy and maintenance expenses increased \$208,065, or 86.8%, to \$447,868. The increase is primarily attributable to the acquisition of ACEFS in August 1999 and to the relocation of ICAP's headquarters in January 2000.

Provision for doubtful accounts of \$58,074 in 1999 is attributable to the write-off of accounts receivable of Enviroq. No accounts receivable were written off in 2000.

Depreciation and amortization expenses increased \$61,633, or 44.9%, to \$198,903. The increase is primarily attributable to the depreciation of acquired assets as a result of the acquisition of ACEFS in August 1999 and to depreciation costs incurred on leasehold improvements for ICAP's new headquarters.

Interest expense increased \$34,273, or 59.8%, to \$91,585. The increase is primarily attributable to interest costs associated with the debt incurred as a result of the acquisition of ACEFS in August 1999 and to increased market interest rates on ICAP's variable rate bank note.

Other expenses increased \$47,647, or 13.6%, to \$398,714. The increase is primarily attributable to increased general and administrative expenses as a result of the acquisition of ACEFS in August 1999.

New Accounting Pronouncements

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In 1998, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FASB No. 133"). In June 1999, the FASB delayed the implementation date of FASB No. 133 making it effective for ICAP for periods beginning January 1, 2001. FASB No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of hedge transaction and, if it is, the type of hedge transaction. Management anticipates that, due to its limited use of derivative instruments, the adoption of FASB No. 133 will not have a significant effect on ICAP's financial position or results of operations.

### ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of ICAP as of December 31, 2000 and other information required by Item 310(a) of Regulation S-B are set forth on pages F-1 through F-14 hereof.

### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in or disagreements with accountants regarding accounting procedures or financial disclosure.

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## PART III

### ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Executive officers and directors of ICAP as of the date hereof are as follows:

NAME ----	AGE ---	DIRECTOR SINCE -----	POSITION AND OFFICES WI -----
Benjamin C. Bishop, Jr.	69	August 1999	Director
Thomas W. Brander	51	September 1998	Director
Arnold A. Heggestad	57	August 1999	Director
William J. Long	49	April 1998	Executive Vice President
Michael X. Marinelli	42	September 1998	Director
Morgan Payne	57	September 1998	Director
Mark F. Travis	39	September 1998	Executive Vice President
Forrest Travis	62	September 1998	President, Chief Executive Officer
Alexander P. Zechella	80	September 1998	Director

Benjamin C. Bishop, Jr. has served as a director of ICAP since August

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1999. Mr. Bishop has also been President and Chief Executive Officer of Ewing since 1997. From 1972 to 1997, Mr. Bishop served in various management and executive capacities of Ewing. Mr. Bishop has been active for over 30 years in the securities brokerage business as well as corporate and real estate finance. His experience includes commercial banking with First Union National Bank in Charlotte, North Carolina, mortgage banking and 10 years as investment vice president with The Liberty Corporation of Greenville, South Carolina. Mr. Bishop has served as a director of Cousins Properties of Atlanta, Georgia, Cummings & Company of Nashville, Tennessee, GMR Properties of Jacksonville, Florida, Peninsular Fire Insurance Company of Jacksonville, Florida, and Grubb & Ellis Company of San Francisco, California. Mr. Bishop received a Bachelor of Engineering degree from The Georgia Institute of Technology and a Masters of Business Administration from Harvard University.

Thomas W. Brander is currently retired, having retired in April 1998. From 1988 until April 1998, Mr. Brander served as Senior Vice President, Management Information Systems and Communications of Compass Bankshares, Inc. in Birmingham, Alabama. From 1987 until 1988, Mr. Brander served as a Vice President - Management Consulting for American International Group in New York, New York. From 1976 until 1987, Mr. Brander served as Vice President - General Manager, Assistant Vice President - Commercial Loans, and Assistant Vice President - Domestic Money Transfer with Citibank, N.A. in Sydney, Australia, Atlanta, Georgia and New York, New York, respectively. Mr. Brander has been a director of ICAP since September 1998. Prior to September 1998, he had served as a director of Enviroq.

Dr. Arnold A. Heggstad has served as a director of ICAP since August 1999. Dr. Heggstad currently serves as Holloway Professor of Finance and Entrepreneurship and director of the Center for Entrepreneurship and Innovation at the University of Florida College of Business Administration. Dr. Heggstad has served as Executive Director of the University of Florida Research Foundation, Inc., director of the Jacksonville, Florida branch of the Federal Reserve Bank of Atlanta, Georgia, advisory director of Florida Bank, chairman of The Cypress Equity Fund and a Commissioner of the Government Accountability to the People Commission. From 1977 until 1986, Dr. Heggstad was the chairman of the Department of Finance, Insurance, and Real Estate and associate dean of the University of Florida College of Business

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Administration. Dr. Heggstad received a bachelor's degree from the University of Maryland and masters and Ph.D. degree from Michigan State University.

William J. Long has been Chief Operating Officer and Executive Vice President of ICAP since December 1998 and has also served as a director of ICAP since its incorporation in April 1998. Mr. Long has also been the President and Chief Executive Officer of Enviroq since April 1995. From October 1984 to April 1995, Mr. Long was Vice President-Marketing and a director of a Delaware corporation formally known as Enviroq Corporation ("Old Enviroq"). At the time of its incorporation, Enviroq was a wholly-owned subsidiary of Old Enviroq. On April 18, 1995, Old Enviroq distributed all of the issued and outstanding capital stock of Enviroq to the holders of the common stock of Old Enviroq. Since May 25, 1995, Mr. Long has been Chairman of the Board and a director of Sullivan, Long & Hagerty, an Alabama corporation ("SLH") and a heavy construction contractor which is the parent of SCE, Incorporated, an Alabama corporation ("SCE"), also a heavy construction contractor.

Michael X. Marinelli has been a partner of the law firm of Verner, Liipfert, Bernhard, McPherson and Hand since 2000. Mr. Marinelli was a partner of the law firm of Baker & Botts, which he joined as an associate in 1989, until

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2000. He graduated from Catholic University Law School in 1989. Mr. Marinelli served as Assistant Secretary of Old Enviroq from January 1987 to July 1987. He served as Special Assistant to the General Manager of Institutform East, Inc. from February 1986 to August 1986. From October 1985 to February 1986, Mr. Marinelli served as an assistant to the President of Old Enviroq, and from October 1984 to October 1995 he was a sales representative for Old Enviroq. He has served as a director of ICAP since September 1998. Prior to September 1998, Mr. Marinelli served as a director of Enviroq since April 1995. Prior to April 1995, Mr. Marinelli served as a director of Old Enviroq since October 1984.

Morgan Payne has been President of Broadland Capital Partners, L.P., a financial advisory limited partnership, since 1990. Mr. Payne has served as a director of ICAP since September 1998. Prior to 1990, Mr. Payne worked for both IBM and Robinson-Humphrey in sales and management. Mr. Payne received a Bachelor of Electrical Engineering degree from The Georgia Institute of Technology.

Mark F. Travis has been Executive Vice President of ICAP since December 1998 and has served as a director since September 1998. Mr. Travis also has been President of ICM since December 1998. From its inception in January 1995 until December 1998, Mr. Travis was Vice President of ICM. From June 1984 to January 1995, Mr. Travis was a Vice President of Smith Barney, Inc. in Jacksonville, Florida. Mr. Travis received a Bachelor of Arts in Economics from the University of Georgia in 1984 and currently holds NASD Series 3, 7, 24, 63 and 65 licenses. Mark F. Travis is the son of Forrest Travis.

Forrest Travis has been President and Chief Executive Officer of ICAP since December 1998 and has served as a director since September 1998. Mr. Travis also has been Executive Vice President of Ewing since August 1999. From June 1995 until its December 1999 merger with and into Ewing, Mr. Travis served as President of CRC. From its inception in January 1995, until December 1998, Mr. Travis was President of ICM. From December 1980 to January 1995, Mr. Travis was a Senior Vice President and a Director of the Consulting Group of Smith Barney, Inc. in Jacksonville, Florida. Mr. Travis received a Bachelor of Engineering degree from The Georgia Institute of Technology and currently holds NASD Series 2, 3, 4, 7, 24, 27, 53, 63 and 65 licenses. Forrest Travis is the father of Mark F. Travis.

Alexander P. Zechella served from September 1983 to April 1984, as Chairman of Charter Oil Company and Executive Vice President of the Charter Company ("Charter"). From April 1984 until his retirement in December 1985, Mr. Zechella served as President, Chief Executive Officer and Chief Operating Officer of Charter. Mr. Zechella has also served as Regional Vice President of Westinghouse Electric for the northeast U.S. region. Mr. Zechella has served as a director of ICAP since September 1998. Prior to September 1998, he served as a director of Enviroq since April 1995. Prior to April 1995, he served as a director of Old Enviroq since April 1987.

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### ITEM 10. EXECUTIVE COMPENSATION

The following table and notes present the cash and non-cash compensation paid or accrued during the fiscal years ended December 31, 2000, 1999 and 1998 to ICAP's Chief Executive Officer and to any other executive officer whose total cash compensation exceeded \$100,000.

#### SUMMARY COMPENSATION TABLE



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NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM
		SALARY	BONUS	OTHER ANNUAL COMPENSATION	AWARDS
					RESTRICTED STOCK AWARD
Forrest Travis, President and Chief Executive Officer	2000	\$221,767(1)	---	---	---
	1999	\$218,701(1)	---	---	---
	1998	\$208,883(1) (2)	---	---	---
Mark F. Travis, Executive Vice President	2000	\$175,855(1)	---	---	---
	1999	\$175,427(1)	---	---	---
	1998	\$170,994(1) (2)	---	---	---
William J. Long, Executive Vice President	2000	\$149,656	---	---	---
	1999	\$130,000	---	---	---
	1998	\$ 86,000	\$ 50,000	---	---

(1) This amount includes, for fiscal year 2000, 1999 and 1998, the Company's matching contributions to its 401(k) plan for the benefit of Forrest Travis in the aggregate amount of \$5,100, \$15,701 and \$14,489, respectively, and for the benefit of Mark F. Travis in the aggregate amount of \$5,100, \$14,807 and \$13,374, respectively.

(2) Compensation to Mr. Forrest Travis for 1998 was paid 50% by ICM and 50% by CRC, and compensation for Mr. Mark F. Travis for 1998 was paid by ICM. After the effective time of the Mergers and prior to December 31, 1998, ICAP paid no salaries to its executive officers.

Option/SAR Grants in Last Fiscal Year

During the fiscal year ended December 31, 2000, no options or SAR's were granted to ICAP's Chief Executive Officer or to any other executive officer whose total cash compensation exceeded \$100,000.

Aggregate Option/SAR Exercises and Fiscal Year-End Option/SAR Values

No options or SARs were exercised during the fiscal year ended December 31, 2000 by ICAP's Chief Executive Officer or by any other executive officer whose total cash compensation exceeded \$100,000.

Long Term Incentive Plan Awards in Last Fiscal Year

During the fiscal year ended December 31, 2000, ICAP made no awards under any Long Term Incentive Plan to ICAP's Chief Executive Officer or to any other executive officer whose total cash compensation exceeded \$100,000.

Employment Agreements

ICAP has entered into an Employment Agreement with each of Messrs. Forrest Travis, Mark F. Travis and William J. Long, each effective as of December 16, 1998 (each, an "Employment Agreement" and, collectively, the "Employment Agreements"). All of the Employment Agreements are "at will" agreements and will expire only upon the occurrence of certain events, including upon thirty (30) days prior written notice by either party. However, the Employment Agreements automatically terminate if the employee dies, becomes

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permanently disabled or is convicted of a felony. In the event of an employee's disability, ICAP is obligated to pay the employee's full salary for the three months following his termination and 50% of his full salary for the three months after that, at which time the employee's salary will terminate under each

Employment Agreement. Each Employment Agreement also includes certain restrictive covenants which limit the employee's ability to compete with ICAP for two years after the termination of employment or to divulge certain confidential information concerning ICAP. As consideration for the employee's covenant not to compete or disclose confidential information, ICAP is obligated to pay the employee \$50,000 per year during the duration of the restrictive covenant.

Pursuant to Forrest Travis' Employment Agreement, Mr. Travis has agreed to serve as the President and Chief Executive Officer of ICAP. Mr. Travis' Employment Agreement provides that he will receive an annual base salary of \$200,000. Further, Mr. Travis is entitled to receive an annual bonus and to participate in all present and future employee benefit, retirement and compensation plans of ICAP consistent with his salary and his position as the President and Chief Executive Officer of ICAP.

Pursuant to Mark F. Travis' Employment Agreement, Mr. Travis has agreed to serve as an Executive Vice President of ICAP. Mr. Travis' Employment Agreement provides that he will receive an annual base salary of \$157,620. Further, Mr. Travis is entitled to receive an annual bonus and to participate in all present and future employee benefit, retirement and compensation plans of ICAP consistent with his salary and his position as an Executive Vice President of ICAP.

Pursuant to William J. Long's Employment Agreement, Mr. Long has agreed to serve as an Executive Vice President of ICAP. Mr. Long's Employment Agreement provides that he will receive an annual base salary of \$130,000. Further, Mr. Long is entitled to receive an annual bonus and to participate in all present and future employee benefit, retirement and compensation plans of ICAP consistent with his salary and his position as an Executive Vice President of ICAP.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table set forth below presents certain information regarding the beneficial ownership as of December 31, 2000 of (i) each stockholder known to ICAP to own more than 5% of the outstanding shares of any class of the ICAP's outstanding securities entitled to vote; (ii) directors of ICAP; (iii) executive officers of ICAP; and (iv) all executive officers and directors of ICAP as a group.

NAME OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP -----	PERCENT OF OWN -----
Benjamin C. Bishop, Jr 3652 South Third Street, Suite 200 Jacksonville Beach, FL 32250	0	*
Thomas W. Brander 3652 South Third Street, Suite 200	0	*

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Jacksonville Beach, FL 32250

Arnold A. Heggstad	0	*
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

William J. Long	239,385	9.7
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

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Marinelli Securities Associates	294,900	11.9
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

Antonio M. Marinelli	299,559	12.1
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

Michael X. Marinelli	295,420	12.0
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

Morgan Payne	160,000**	6.5
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

Mark F. Travis	416,353	16.9
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

Forrest Travis	831,678	33.7
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

Alexander P. Zechella	4,221	*
3652 South Third Street, Suite 200		
Jacksonville Beach, FL 32250		

All directors and executive officers of Intrepid as a group (9 persons)	1,947,057	78.9
--	-----------	------

\* Indicates less than 1% beneficial ownership

\*\* Includes underlying shares of warrant issued to Broadland pursuant to the "Consulting Agreement". (See "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS -- Consulting Agreement").

### ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

#### Consulting Agreement

On December 4, 1997, ICM entered into a consulting agreement with Broadland Capital Partners, L.P. ("Broadland"), an affiliate of Mr. Morgan Payne, a director of ICAP (the "Consulting Agreement"), pursuant to which

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Broadland agreed to provide certain consulting services to ICM in connection with the Mergers and, after the consummation of the Mergers, to help identify and assist ICAP in acquiring suitable acquisition candidates. In accordance with the Consulting Agreement, Broadland received a consulting fee of \$3,000 per month beginning after the consummation of the Mergers. In December 2000, the Consulting Agreement was amended to discontinue the monthly consulting fee of \$3,000. ICAP also issued a warrant to Broadland under the Consulting Agreement, whereby Broadland is entitled to purchase up to 150,000 shares of ICAP Common Stock at \$.75 per share, subject to certain vesting requirements and conditions to exercise. In addition, Broadland is entitled to reimbursement for its pre-approved reasonable expenses incurred in connection with its duties under the Consulting Agreement.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

- (a) The following financial statements are filed with this report on Form 10-KSB:

Independent Auditors' Report .....

Consolidated Balance Sheets of Intrepid Capital Corporation and Subsidiaries as of December 31, 2000 and 1999.....

Consolidated Statements of Operations of Intrepid Capital Corporation and Subsidiaries for December 31, 2000 and 1999 .....

Consolidated Statements of Stockholders' Equity of Intrepid Capital Corporation and Subsidiaries Ended December 31, 2000 and 1999 .....

Consolidated Statements of Cash Flows of Intrepid Capital Corporation and Subsidiaries for December 31, 2000 and 1999 .....

Notes to Consolidated Financial Statements .....

- (b) Exhibit Index

Exhibit No. -----	Description of Exhibit -----
2.1	Share Purchase Agreement dated as of August 4, 1999, among Intrepid Capital Corporation, Benjamin C. Bishop, Jr., Charles E. Harris, Synagen Capital Partners, Inc. and Arnold A. Heggestad (incorporated by reference to Exhibit 2 to the Registrant's Form 8-K filed August 18, 1999).
3.1	Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.(A) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
3.2	Bylaws of the Registrant (incorporated by reference to Exhibit 3.(B) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).

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- 9.1 Form of Voting Agreement (incorporated by reference to Exhibit 9 to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.1 Form of Employment Agreement between Intrepid Capital Corporation and William J. Long (incorporated by reference to Exhibit 10.(A) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.2 Form of Employment Agreement between Intrepid Capital Corporation and Forrest Travis (incorporated by reference to Exhibit 10.(B) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.3 Form of Employment Agreement between Intrepid Capital Corporation and Mark F. Travis (incorporated by reference to Exhibit 10.(C) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).

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- 10.4 Incentive Stock Option Plan of Intrepid Capital Corporation (incorporated by reference to Exhibit 10.(D) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
  - 10.5 Non-Employee Directors' Stock Option Plan of Intrepid Capital Corporation (incorporated by reference to Exhibit 10.(E) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
  - 10.6 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Synagen Capital Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed August 18, 1999).
  - 10.7 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Benjamin C. Bishop, Jr. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed August 18, 1999).
  - 10.8 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Arnold A. Heggstad (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed August 18, 1999).
  - 10.9 Form of Employment Agreement between Intrepid Capital Corporation and Benjamin C. Bishop, Jr. (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed August 18, 1999).
  - 21.1 List of Subsidiaries.
  - 24.1 Power of Attorney relating to this Form 10-KSB is set forth on the signature page of this Form 10-KSB.
- (c) Reports on Form 8-K:

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No reports on Form 8-K were filed during the year ended December 31, 2000.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 30, 2001.

INTREPID CAPITAL CORPORATION

By /s/ Forrest Travis

-----  
Forrest Travis, President and  
Chief Executive Officer

By /s/ Michael J. Wallace

-----  
Michael J. Wallace, Chief  
Accounting Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Forrest Travis as his attorney-in-fact, acting with full power of substitution for him in his name, place and stead, in any and all capacities, to sign any amendments to this Form 10-KSB and to file the same, with exhibits thereto, and any other documents in connection therewith, with the Securities and Exchange Commission and hereby ratifies and confirms all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue thereof.

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----
/s/ Forrest Travis ----- Forrest Travis	President, Chief Executive Officer and Director
/s/ Mark F. Travis ----- Mark F. Travis	Executive Vice President and Director
/s/ William J. Long	Executive Vice President and Director

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-----  
William J. Long

/s/ Benjamin C. Bishop, Jr. Director

-----  
Benjamin C. Bishop, Jr.

/s/ Thomas W. Brander Director

-----  
Thomas W. Brander

/s/ Arnold Heggstad Director

-----  
Arnold Heggstad

/s/ Michael X. Marinelli Director

-----  
Michael X. Marinelli

/s/ Morgan Payne Director

-----  
Morgan Payne

/s/ Alexander P. Zechella Director

-----  
Alexander P. Zechella

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....

Consolidated Balance Sheets of Intrepid Capital Corporation and  
Subsidiaries as of December 31, 2000 and 1999.....

Consolidated Statements of Operations of Intrepid Capital  
Corporation and Subsidiaries for the Years Ended December 31,  
2000 and 1999.....

Consolidated Statements of Stockholders' Equity of Intrepid Capital  
Corporation and Subsidiaries for the Years Ended December 31,  
2000 and 1999.....

Consolidated Statements of Cash Flows of Intrepid Capital

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Corporation and Subsidiaries for the Years Ended December 31,  
2000 and 1999.....

Notes to Consolidated Financial Statements.....

INTREPID CAPITAL CORPORATION - 10KSB - Annual Report

DRAFT

INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Intrepid Capital Corporation

We have audited the accompanying consolidated balance sheets of Intrepid Capital Corporation and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intrepid Capital Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Jacksonville, Florida  
March 27, 2001

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2000 and 1999



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	2000
	-----
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 474,544
Investments, at fair value	59,999
Accounts receivable, net of allowance for doubtful accounts of \$58,074 in 1999	470,800
Inventories	69,348
Prepaid and other assets (note 5)	251,694
	-----
Total current assets	1,326,385
Equipment and leasehold improvements, net of accumulated depreciation of \$171,648 in 2000 and \$111,122 in 1999	467,263
Goodwill, less accumulated amortization of \$145,955 in 2000 and \$71,622 in 1999	969,044
Other assets (note 5)	1,192
	-----
Total assets	\$ 2,763,884
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$ 213,148
Accrued expenses	274,123
Securities sold, not yet purchased	--
Current portion of notes payable (note 3)	327,778
Other	108,832
	-----
Total current liabilities	923,881
Notes payable, less current portion (note 3)	547,222
Minority interest in consolidated subsidiary	122,464
	-----
Total liabilities	1,593,567
	-----
Stockholders' equity:	
Common stock, \$.01 par value. Authorized 15,000,000 shares; issued 2,318,996 and 2,215,525 shares at December 31, 2000 and 1999, respectively	23,190
Treasury stock, at cost - 1,000 shares	(3,669)
Additional paid-in capital	2,687,227
Accumulated deficit	(1,536,431)
	-----
Total stockholders' equity	1,170,317
	-----
	\$ 2,763,884
	=====

Commitments (note 6)

See accompanying notes to consolidated financial statements.

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## INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Operations

Years ended December 31, 2000 and 1999

	2000
	-----
<b>Revenues:</b>	
Commissions	\$ 1,779,596
Asset management fees (note 5)	696,575
Investment banking revenues	510,968
Net trading profits (losses)	153,362
Resinous material sales	1,912,584
Dividend and interest income	63,602
Other	39,238
	-----
Total revenues	5,155,925
	-----
<b>Expenses:</b>	
Salaries and employee benefits	2,793,736
Brokerage and clearing	362,461
Cost of resinous material sales	1,028,736
Advertising and marketing	261,914
Professional and regulatory fees	442,376
Occupancy and maintenance (note 6)	447,868
Provision for doubtful accounts	--
Depreciation and amortization	198,903
Interest expense	91,585
Other	398,714
	-----
Total expenses	6,026,293
	-----
Loss before income taxes and minority interest	(870,368)
Income tax benefit (note 4)	(140,246)
	-----
Loss before minority interest	(730,122)
Minority interest	(122,464)
	-----
Net loss	\$ (852,586)
	=====
Basic net loss per share	\$ (0.38)
	=====
Weighted average shares outstanding	2,218,051
	=====

See accompanying notes to consolidated financial statements.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES  
 Consolidated Statements of Stockholders' Equity  
 Years ended December 31, 2000 and 1999

	COMMON STOCK	TREASURY STOCK	ADDITIONAL PAID-IN CAPITAL
	-----	-----	-----
Balance at December 31, 1998	\$ 22,155	--	2,481,320
Purchase of treasury stock, at cost	--	(3,669)	--
Net loss	--	--	--
	-----	-----	-----
Balance at December 31, 1999	22,155	(3,669)	2,481,320
Common stock issued to acquire Sears Thompson Investment Group, Inc.	322	--	64,064
Common stock issued in private placements	713	--	141,843
Net loss	--	--	--
	-----	-----	-----
Balance at December 31, 2000	\$ 23,190	(3,669)	2,687,227
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES  
 Consolidated Statements of Cash Flows  
 Years ended December 31, 2000 and 1999

	2000
	-----
Cash flows from operating activities:	
Net loss	\$ (852,586)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	198,903
Minority interest	122,464
Provision for doubtful accounts	--
Sales of investments, net	552,018

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Net trading (profits) losses	(153,362)
Deferred tax expense (benefit)	40,674
Change in assets and liabilities:	
Accounts receivable	(218,025)
Inventories	38,512
Prepaid and other assets	(96,863)
Accounts payable and accrued expenses	(51,974)
Other liabilities	(15,146)
	-----
Net cash used in operating activities	(435,385)
	-----
Cash flows from investing activities:	
Purchase of property, plant, and equipment	(180,556)
Proceeds from sale of land	--
Acquisition of ACEFS, net of cash acquired	--
Acquisition of Sears Thompson, net of cash acquired	28,229
	-----
Net cash (used in) provided by investing activities	(152,327)
	-----
Cash flows from financing activities:	
Proceeds from notes payable	--
Principal payments on notes payable	(175,000)
Proceeds from issuance of common stock	142,556
Purchase of treasury stock	--
	-----
Net cash (used in) provided by financing activities	(32,444)
	-----
Net (decrease) increase in cash and cash equivalents	(620,156)
Cash and cash equivalents at beginning of year	1,094,700
	-----
Cash and cash equivalents at end of year	\$ 474,544
	=====
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	\$ 96,034
	=====
Cash paid during the year for income taxes	\$ 10,450
	=====
Supplemental disclosure of non-cash transactions:	
Common stock issued to acquire Sears Thompson Investment Group, Inc.	\$ 64,386
	=====
Notes payable to acquire Allen C. Ewing Financial Services, Inc.	\$ --
	=====

See accompanying notes to consolidated financial statements.

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December 31, 2000 and 1999

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS

### (A) ORGANIZATION

Intrepid Capital Corporation (the Company) was formed on April 3, 1998 for the purpose of becoming a full service investment management and consulting business. On December 16, 1998 as part of a simultaneous merger and reorganization, the Company acquired all the outstanding shares of Enviroq Corporation (Enviroq), Intrepid Capital Management (ICM) and Capital Research Corporation (CRC) through a series of stock-for-stock and stock-for-cash exchanges with the former shareholders of each entity. The Company is located in Jacksonville Beach, Florida and conducts its business through its three wholly owned subsidiaries.

ICM provides investment consulting and investment management to individuals and corporations. ICM has received authority to act as an investment manager in several states to meet the needs of its customers, the majority of which are located in the southeastern United States.

CRC was a registered broker-dealer with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation (SIPC). In a transaction effective on August 1, 1999, the Company acquired all the outstanding stock of Allen C. Ewing Financial Services, Inc. (ACEFS). Primarily all of ACEFS' operations were conducted through its wholly owned subsidiary, Allen C. Ewing & Co., a registered broker-dealer with the SEC and a member of NASD and the SIPC. Concurrent with that transaction, the Company contributed the assets and liabilities of ACEFS to CRC.

Subsequent to the acquisition, the operations of CRC and ACEFS were conducted through the merged entity under the name of Allen C. Ewing & Co. (Ewing), which retained its registered broker-dealer status. Effective December 31, 1999, CRC was no longer a registered broker-dealer.

Enviroq conducts its operations through Sprayroq, Inc. (Sprayroq), a 50% owned subsidiary. Sprayroq is engaged in development, commercialization, manufacture and marketing of spray-applied resinous materials and in the treatment of municipal wastewater.

### (B) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries ICM, Ewing and Enviroq. The ACEFS and Sears Thompson acquisitions are included from the date of acquisition forward in accordance with purchase accounting.

# Edgar Filing: INTREPID CAPITAL CORP - Form 10KSB40

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2000 and 1999

All significant intercompany balances and transactions have been eliminated in consolidation. The Company, through its ownership in Enviroq, controls the operations and activities of Sprayroq. Minority interest is recognized for 50% of Sprayroq's equity.

(C) COMMISSION REVENUE

Commissions are earned on securities transactions with a clearing broker-dealer initiated on behalf of customers. Additional commissions are also earned on sales of mutual fund shares and variable annuities and are received directly from the related fund or issuer. All commission revenue is recognized as income when earned. Included within accounts receivable are amounts due from National Financial Services, LLC, the Company's clearing broker-dealer, which represent monies earned but not yet received from this entity.

(D) ASSET MANAGEMENT FEES

The Company earns an asset management fee from each of its customers based on the outstanding balance of assets under management. The fee is calculated quarterly based on a percentage (usually 1% annually) of the individual customer's account balance at the beginning of the period. All customers are billed on the first day of the quarter and the Company earns this fee ratably such that by the end of the reporting period no deferred income remains.

(E) INVESTMENT BANKING REVENUE

Investment banking revenues are earned by providing advisory services to clients on corporate finance matters, including mergers and acquisitions and the issuance of public stock. Investment banking revenues are recognized when earned, which generally coincides with closing of the underlying transaction.

(F) RESINOUS MATERIAL SALES

Resinous material sales represent sales of spray-applied resinous materials and related equipment by Sprayroq. Resinous material sales are recorded when earned, which coincides with shipment, or the rendering of related services.

(G) CASH AND CASH EQUIVALENTS

Any financial instruments which have an original maturity of ninety days or less when purchased are considered cash equivalents.

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## INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2000 and 1999

(H) INVENTORIES

Inventories consist of raw material and supplies needed for the operations of Sprayroq. Such amounts are valued at the lower of cost or market using the first-in, first-out method.

(I) INVESTMENTS

Investments consist of debt and equity securities, which are bought and held principally for the purpose of being sold in the near term. Also included in investments is the Company's investment in Intrepid Capital, L.P. of which the Company serves as the general partner. The Company has classified all investments as trading securities. Trading securities are recorded at fair value based on the last sale or bid price reported by national securities exchanges. Trading security transactions are recorded on the trade date. Unrealized holding gains and losses are included in net trading profits or losses. Dividends and interest income are recognized when earned.

(J) EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements are carried at cost, less accumulated depreciation. Depreciation is calculated principally on the straight-line method over the estimated useful lives, or lease term, of the underlying assets, which range from three to ten years. Significant additions or improvements extending the useful life are capitalized, while normal maintenance and repairs are charged to expense as incurred. The Company reviews its equipment and leasehold improvements for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

(K) INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(L) GOODWILL

Goodwill consists of excess purchase price over net tangible assets and identifiable intangible assets associated with purchase acquisitions. Goodwill is amortized over the period estimated to benefit from the acquired assets which is 15

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years. Management assesses the recoverability of goodwill based on the cash flows from the operations of the acquired entity.

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### INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

#### Notes to Consolidated Financial Statements

December 31, 2000 and 1999

(M) EARNINGS PER SHARE

Net loss per share of common stock is computed based upon the weighted average number of common shares and share equivalents outstanding during the year. Stock warrants and convertible instruments, when dilutive, are included as share equivalents. For the years ended December 31, 2000 and 1999, the Company had no dilutive common stock equivalents.

(N) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(O) COMPREHENSIVE INCOME

No differences between total comprehensive loss and net loss existed in the financial statements reported for the years ended December 31, 2000 and 1999.

(2) ACQUISITIONS

Effective November 30, 2000, the Company acquired all of the outstanding stock of Sears Thompson Investment Group, Inc. (Sears Thompson), a Jacksonville, Florida based broker-dealer for 32,193 shares of the Company's common stock, valued at \$2.00 per share, resulting in a total purchase price of \$64,386. The purchase price was fully allocated to the fair value of the net assets acquired. Subsequent to the acquisition, the Company contributed the assets and liabilities of Sears Thompson to Ewing. The transaction was accounted for as a purchase for accounting and reporting purposes, with the operations of Sears Thompson being included in the Company's consolidated financial statements from the date of acquisition.

Effective August 1, 1999, the Company acquired all of the outstanding stock of ACEFS, a Jacksonville, Florida based provider of securities brokerage and investment banking services for cash of \$950,000 and three promissory notes in the principal amount of \$350,000. Legal and other direct costs of the acquisition amounted to \$72,477. The Company financed the cash with funds borrowed from a bank. The acquisition was accounted for as a purchase for accounting and reporting purposes.



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Assets with a fair value of \$1,712,272 were acquired and liabilities with a fair value of \$380,817 were assumed in the acquisition. Goodwill of \$41,022 was recorded and is being amortized on a straight-line basis over 15 years. The operating results of ACEFS are included in the Company's consolidated financial statements from the date of acquisition.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2000 and 1999

The following unaudited pro forma financial information presents the consolidated results of operations as if the purchases of Sears Thompson and ACEFS had occurred on January 1, 1999. Pro forma total revenues would have been \$5.5 million and \$6.1 million in 2000 and 1999, respectively. Pro forma net loss would have been (\$828,359) and (\$638,080) in 2000 and 1999, respectively. Pro forma net loss per share would have been (\$0.37) and (\$0.28) in 2000 and 1999, respectively.

(3) NOTES PAYABLE

The notes payable at December 31, 2000 and 1999 consist of the following:

	2000
	-----
Note payable to bank, with \$100,000 of principal due on January 31, 2001 and then equal monthly installments of principal plus interest through maturity on January 31, 2004, interest at prime rate plus 1% (10.5% at December 31, 2000), guaranteed by an officer of the Company	\$ 600,0
Subordinated convertible promissory notes payable to the former shareholders of ACEFS, interest only due quarterly at 8%, unsecured, principal payments due annually through maturity on December 31, 2003	275,0
	-----
	875,0
Less current portion	327,7
	-----
	\$ 547,2
	=====

The subordinated convertible promissory notes are convertible, at the option of the holders, into common stock of the Company at any time after August 1, 2000. The number of shares to be issued upon conversion is determined by dividing the aggregate principal amount outstanding, including accrued and unpaid interest, by \$4.00.

Principal maturities on the notes payable are as follows:

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YEAR ENDING DECEMBER 31, -----	AMOUNT -----
2001	\$327,778
2002	266,667
2003	266,667
2004	13,888
	-----
	\$875,000
	=====

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2000 and 1999

The Company considers the carrying value of its notes payable to be a reasonable estimation of their fair value based on the current market rates available for debt of the same remaining maturities.

(4) STOCK WARRANT

In 1998, pursuant to the terms of a consulting agreement, the Company issued a warrant to Broadland Capital Partners, L.P. (Broadland), an affiliate of one of the Company's directors. The warrant entitles Broadland to purchase up to 150,000 shares of the Company's common stock at \$.75 per share, subject to certain vesting requirements and conditions to exercise. The warrant has not been exercised as of December 31, 2000.

(5) INCOME TAXES

Income tax benefit attributable to loss from continuing operations was \$140,246 and \$365,435 for the years ended December 31, 2000 and 1999, respectively, and differed from the amounts computed by applying the U.S. Federal income tax rate of 34% to loss before income taxes as a result of the following:

	2000 -----	1999 -----
Tax at the statutory federal rate	\$ (295,925)	(349,930)
Goodwill amortization	25,273	24,433
Life insurance premiums	26,005	--
State tax benefit	3,924	(37,242)
Change in valuation allowance	137,719	--
Other	(37,242)	(2,696)
	-----	-----
	\$ (140,246)	(365,435)
	=====	=====

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Included in prepaid and other assets as of December 31, 2000 and 1999, on the accompanying consolidated balance sheets is \$176,263 and \$88,627, respectively, of current income taxes receivable.

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### INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

#### Notes to Consolidated Financial Statements

December 31, 2000 and 1999

Income tax benefit attributable to income from continuing operations consists of:

	CURRENT -----	DEFERRED -----	
Year ended December 31, 2000:			
U.S. Federal	\$ (180,920)	34,729	(1
State	--	5,945	--
	-----	-----	--
	\$ (180,920)	40,674	(1
	=====	=====	==
Year ended December 31, 1999:			
U.S. Federal	\$ 196,534	(505,542)	(3
State	39,339	(95,766)	(
	-----	-----	--
	\$ 235,873	(601,308)	(3
	=====	=====	==

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities as of December 31 are presented below:

	2000 -----
Deferred tax assets:	
Net unrealized losses on investments	\$ 35,453
Deferred compensation	28,799
Net operating loss carryforward	74,562
Allowance for doubtful accounts	--
Accrued expenses	--
	-----
Total gross deferred tax assets	138,814
Deferred tax liabilities:	
Property, plant and equipment	(1,095)
	-----
Total deferred tax liabilities	(1,095)
	-----

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Net deferred tax assets before valuation allowance	137,719
Deferred tax asset valuation allowance	(137,719)
	-----
Net deferred tax assets	\$ --
	=====

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon projections for future taxable income over the periods which the deferred tax assets are deductible, management does not believe it is more likely than not the Company will realize the benefits of these deductible differences and, accordingly, has provided for a valuation allowance of \$63,157.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2000 and 1999

(6) RELATED PARTY TRANSACTIONS

The Company performs certain asset management functions for Intrepid Capital, L.P. and during 2000 and 1999, received \$36,857 and \$57,142, respectively, for such services.

(7) COMMITMENTS

The Company has entered into lease agreements for office space which expire in 2009. Leases are accounted for as operating leases with rental payments recorded on a straight-line basis over the term of the lease regardless of when payments are due. The future minimum rental obligations under the leases are as follows:

YEAR ENDING DECEMBER 31, -----	AMOUNT -----
2001	\$ 266,112
2002	237,268
2003	244,614
2004	251,928
2005	149,609
Thereafter	604,609
	-----
	\$1,754,140
	=====

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Rent expense for the years ended December 31, 2000 and 1999 was \$291,356 and \$95,845, respectively.

Ewing is subject to the Securities and Exchange Commission's Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The SEC is empowered to restrict Ewing's business activities should its aggregate indebtedness to net capital ratio exceed 15 to 1. At December 31, 2000, Ewing had net capital of \$303,556, which was \$53,556 in excess of its required capital of \$250,000. At the same date, Ewing's ratio of aggregate indebtedness to net capital was 0.47 to 1.0. Accordingly, Ewing was in compliance with the net capital requirements.

Subsequent to December 31, 2000, Ewing's required minimum net capital has been reduced from \$250,000 to \$50,000 as a result of operational changes that include the curtailment of Ewing's market making activity.

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### INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

#### Notes to Consolidated Financial Statements

December 31, 2000 and 1999

(8) SEGMENTS

During 2000 and 1999, the Company operated in two principal segments, investment advisory services and broker-dealer services which includes investment banking revenues. Enviroq constitutes a separate segment. The Company assesses and measures operating performance based upon the net income derived from each of its operating segments, exclusive of the impact of corporate expenses. The revenues and net income for each of the reportable segments are summarized as follows for the years ended December 31, 2000 and 1999:

	2000	1999
	-----	-----
Revenues:		
Investment advisory services segment	\$ 715,259	813,2
Broker-dealer services segment	2,442,140	2,085,0
Enviroq	1,917,410	1,771,2
Corporate	374,117	(18,3
Intersegment revenues	(293,001)	(158,7
	-----	-----
	\$5,155,925	4,492,4
	=====	=====
Net (loss) income:		
Investment advisory services segment	\$ (222,458)	(311,5
Broker-dealer services segment	(1,387)	62,4
Enviroq	(140,754)	56,1
Corporate	(487,987)	(470,7
	-----	-----
	\$ (852,586)	(663,7
	=====	=====

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During 2000 and 1999, a significant portion of the Company's resinous materials sales included within the Enviroq segment was to one customer which accounted for 52% and 69% respectively of total resinous material sales. For 2000, a single client of ICM provided approximately 23% of ICM's revenues, with the next largest client providing less than 13%.

The total assets for each of the reportable segments are summarized as follows as of December 31, 2000 and 1999. Non segment assets consist primarily of cash, certain investments and other assets, which are recorded at the parent company level.

	2000 -----	1999 -----
Assets:		
Investment advisory services segment	\$ 131,655	256,1
Broker-dealer services segment	573,747	1,340,9
Enviroq	1,403,626	1,511,4
Other	654,856	422,3
	-----	-----
	\$2,763,884	3,530,8
	=====	=====

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EXHIBIT INDEX

Exhibit No. -----	Description of Exhibit -----
2.1	Share Purchase Agreement dated as of August 4, 1999, among Intrepid Capital Corporation, Benjamin C. Bishop, Jr., Charles E. Harris, Synagen Capital Partners, Inc. and Arnold A. Heggestad (incorporated by reference to Exhibit 2 to the Registrant's Form 8-K filed August 18, 1999).
3.1	Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.(A) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
3.2	Bylaws of the Registrant (incorporated by reference to Exhibit 3.(B) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
9.1	Form of Voting Agreement (incorporated by reference to Exhibit 9 to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
10.1	Form of Employment Agreement between Intrepid Capital Corporation and William J. Long (incorporated by reference to Exhibit 10.(A) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).

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- 10.2 Form of Employment Agreement between Intrepid Capital Corporation and Forrest Travis (incorporated by reference to Exhibit 10.(B) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.3 Form of Employment Agreement between Intrepid Capital Corporation and Mark F. Travis (incorporated by reference to Exhibit 10.(C) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.4 Incentive Stock Option Plan of Intrepid Capital Corporation (incorporated by reference to Exhibit 10.(D) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.5 Non-Employee Directors' Stock Option Plan of Intrepid Capital Corporation (incorporated by reference to Exhibit 10.(E) to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
- 10.6 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Synagen Capital Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed August 18, 1999).
- 10.7 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Benjamin C. Bishop, Jr. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed August 18, 1999).
- 10.8 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Arnold A. Heggstad (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed August 18, 1999).
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- 10.9 Form of Employment Agreement between Intrepid Capital Corporation and Benjamin C. Bishop, Jr. (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed August 18, 1999).
- 21.1 List of Subsidiaries.
- 24.1 Power of Attorney relating to this Form 10-KSB is set forth on the signature page of this Form 10-KSB.