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INTREPID CAPITAL CORP
Form 10KSB
April 01, 2002

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, 2001

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)

(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, 2001 were
\$3,306,144.

As of February 28, 2002, there were 3,350,183 shares of Common Stock

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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 Registrant as of February 28, 2002, as based on the average closing bid and ask prices, was approximately \$1,692,405.

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

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 on April 3, 1998 for the purpose of becoming a leading provider of financial services including asset management and consulting services. ICAP is located in Jacksonville Beach, Florida and conducts its business through its wholly owned subsidiaries, Intrepid Capital Management ("ICM"), The Investment Counsel Company ("ICC") and Allen C. Ewing & Co. ("Ewing").

ICM, a registered investment advisor, manages equity, fixed-income, and balanced portfolios for public and private companies, labor unions, endowments, foundations, and high net worth individuals and families. 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.

Ewing is 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 December 31, 2001, ICAP acquired all of the outstanding stock of ICC Investment Advisors, Inc., a Florida corporation, the operations of which are conducted through its wholly-owned subsidiary, ICC. ICC, a registered investment advisor, manages equity, fixed-income, and balanced portfolios for public and private companies, labor unions, endowments, foundations, and high net worth individuals and families. ICC has received authority to act as an investment manager in several states to meet the needs of its customers throughout the United States.

In a transaction effective October 30, 2001, ICAP discontinued its resinous material operations formerly conducted through Enviroq Corporation (Enviroq) by selling all of the issued and outstanding capital stock of Sprayroq, Inc., Enviroq's 50% owned subsidiary. Enviroq remains a wholly-owned subsidiary of ICAP to hold the promissory notes received in connection with the

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sale, but conducts no operations currently, as its operations consisted solely of its investment in Sprayroq, Inc.

Subsequent to December 31, 2001, ICAP entered into an agreement to acquire 100% of the common stock of First Bank of Jacksonville. The consummation of the acquisition, which is subject to the satisfaction of customary regulatory approvals, is expected to occur during the second or third quarter of 2002. 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 asset management, investment banking, brokerage and other financial services. Currently, the principal business of ICAP is the operation of its wholly owned subsidiaries, ICM, ICC and Ewing.

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ASSET MANAGEMENT

ICM and ICC are registered investment advisors under the Investment Advisors Act of 1940, as amended (the "Investment Advisors Act"), operating with clients throughout the United States. ICAP's asset management strategy is to capitalize on growth opportunities for asset management services in the institutional, for-profit corporate, non-profit corporate and private client markets. ICM and ICC manage assets across a diverse range of investment styles, asset classes and client types, with significant participation in both the debt and equity markets. ICM and ICC are responsible for developing and implementing their own investment philosophy. ICAP seeks to grow by expanding the capabilities of its asset management services, increasing and focusing its marketing efforts and selectively expanding its distribution channels. As of December 31, 2001, ICM and ICC had \$89.4 million and \$370 million, respectively, of assets under management for their clients.

Factors Affecting Investment Managers.

Revenues in the 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 of the industry have increased steadily, primarily due to increased rates of return, client retention, client acquisition, asset removals and asset additions.

BROKER-DEALER SERVICES

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's securities brokerage business is conducted, on a fully

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disclosed basis, through National Financial Services, LLC ("NFS"). Ewing's operations, in conjunction with NFS, include the execution of orders, processing of transactions, receipt, identification and delivery of funds and securities, custody of customer securities, internal financial controls and compliance with regulatory and legal requirements.

Factors Affecting Broker-Dealers

Revenues in the brokerage industry are 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.

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 with easy access to a broad range of financial information.

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ICAP Business Strategy

ICAP intends to grow its business by leveraging its competitive asset management, investment banking and securities brokerage service strengths through ICM, ICC and Ewing, including ICM's and ICC'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.

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

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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 and ICC's history of serving this segment and their 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 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.

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Capitalizing on Strategic Acquisitions and 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 with firms providing asset management, investment banking, brokerage and other financial services.

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

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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.

Supervision and Regulation

ICAP

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 SEC. 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 advisor", as such term is defined in the Investment Advisors Act and various state advisors acts. ICAP, therefore, is not required to be registered under the Investment Advisors Act or any state advisors 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.

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

ICM and ICC

ICM and ICC are incorporated under, and required to be in compliance with, the corporate laws of the State of Florida. Because ICM and ICC are engaged in the business of providing investment advisory services to a number of clients, ICM and ICC are registered under the Investment Advisors Act and under applicable state investment advisors acts. All registrations, reporting, maintenance of books and records and compliance procedures required by the foregoing laws and regulations are maintained independently by ICM and ICC. ICM and ICC are 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 they are each a "fiduciary" under ERISA with respect to their respective clients.

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The laws and regulations applicable to ICM and ICC and their operations generally grant supervisory agencies and bodies' broad administrative powers, including the power to limit or restrict them from carrying on their business in the event that they fail 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 engaging in business for specified periods of time, revocation of registration as an investment advisor, censures and fines.

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.

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.

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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 \$50,000 at December 31, 2001. 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 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.

Employees

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As of December 31, 2001, ICAP and its subsidiaries employed 38 persons. 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.

ICC maintains an office at 255 South Orange Avenue, Suite 900, Orlando, Florida 32801, occupying approximately 4,000 square feet under a lease that expires in August 2002.

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.

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.

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 2001.

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.

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Fiscal Year 2001 -----	Low Bid -----	High Bid -----	Low Asked -----	High Asked -----
First Quarter	\$1.38	\$2.50	\$1.75	\$3.50
Second Quarter	1.10	1.55	1.40	1.80
Third Quarter	1.00	1.40	1.20	1.60

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Fourth Quarter	1.00	1.35	1.50	1.68
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Fiscal Year 2000 -----	Low Bid -----	High Bid -----	Low Asked -----	High Asked -----
First Quarter	\$2.25	\$4.00	\$2.94	\$5.13
Second Quarter	1.63	3.75	1.88	4.25
Third Quarter	1.63	1.88	2.00	2.25
Fourth Quarter	1.69	1.75	2.00	2.06

As of December 31, 2001, there were 3,350,183 shares of ICAP Common Stock outstanding, 1,000 shares held in treasury and 320 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.

On December 31, 2001, ICAP, ICC Investment Advisors, Inc. and the shareholders of ICC Investment Advisors, Inc. (the "ICC Shareholders") entered into and consummated a Share Purchase Agreement, which agreement was filed as Exhibit 2.1 to ICAP's Current Report on Form 8-K filed on January 15, 2002 (the "Share Purchase Agreement"). Pursuant to the terms and conditions of the Share Purchase Agreement, ICAP purchased all of the outstanding capital stock of ICC Investment Advisors, Inc., which is the sole shareholder of ICC. In connection with the purchase, ICAP issued 1,000,000 shares of ICAP's common stock and warrants to purchase up to an aggregate of 100,000 shares of ICAP's common stock. The shares of ICAP common stock and the warrants issued in the transaction were issued without registration under the Securities Act of 1933, as amended, in reliance upon the exemption from registration provided in Section 4(2) thereof. ICAP based such reliance upon factual representations made to ICAP by the ICC Shareholders as to the ICC Shareholders' investment intent and sophistication, among other things.

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

Critical Accounting Policies and Estimates

The discussion and analysis of ICAP's financial condition and results of operations are based on ICAP's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base these estimates on historical experience and on various other assumptions that management believes are reasonable under the circumstances; additionally we evaluate these results on an on-going basis. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies reflect

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management's more significant judgments and estimates used in the preparation of our consolidated financial statements:

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Revenue recognition - investment banking revenues. 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. Some investment banking services are provided under contractual engagements which provide for payments to the Company that are contingent on the consummation of a client transaction. In these engagements, investment banking services are provided over an extended period of time. However, revenue related to such engagements is not recognized until the revenue has been earned by providing the services in the contract, the payments to be received are fixed or determinable, and collectibility of the payments is reasonably assured, which generally coincides with the closing of the underlying transaction. As a result, the timing and amounts of investment banking revenues can vary significantly from period to period.

Recoverability of goodwill and identifiable intangible assets. Goodwill and identifiable intangible assets are carried at the lower of cost or fair value. Whenever events or circumstances indicate that the carrying value of goodwill or identifiable intangible assets may not be recoverable, the carrying amount is compared to the undiscounted expected future cash flows of the related business. If this comparison indicates that the asset is impaired, the amount of the impairment is calculated using discounted expected future cash flows. If management's estimate of the future cash flows differs from actual cash flows, the recorded amount of goodwill or identifiable intangible assets could be different than its fair value.

The accompanying consolidated financial statements of ICAP as of December 31, 2001 and 2000 include the accounts of ICAP and its subsidiaries ICM, ICC, Ewing and Enviroq. In accordance with purchase accounting, the accounts of ICC are included from December 31, 2001, the date of acquisition.

Acquisitions

On December 31, 2001, ICAP acquired 100% of the outstanding capital stock of ICC and has accounted for this transaction under the purchase method of accounting. ICAP expects the acquisition to significantly enhance its asset management segment in many areas including improved distribution capabilities, increased asset management revenues, and increased efficiencies through economies of scale. ICAP acquired the ICC capital stock in exchange for (i) cash of \$2,835,365, (ii) 1,000,000 shares of ICAP's common stock, with attached warrants to purchase an additional 100,000 shares and (iii) the assumption of all ICC liabilities. The common stock issued was valued at \$0.94 per share, the bid price on the date of acquisition, less a discount for certain restrictions on the shares issued. The warrants issued carry an exercise price of \$6.00 and a term of six years. The underlying warrant shares are also restricted with an implied volatility of zero. Therefore, no value has been separately attributed to the warrants. ICAP financed the cash portion of the purchase by borrowing \$3,500,000 from AJG Financial Services, Inc.

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 of \$64,386. The acquisition was accounted for under the purchase method of accounting.

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Discontinued Operations

On September 19, 2001, ICAP signed an agreement in principle with Sprayroq of Ohio, Inc., an unrelated party, whereby Sprayroq of Ohio, Inc. agreed to purchase all of the issued and outstanding capital stock of Sprayroq, Enviroq's 50% owned subsidiary. Enviroq's operations consisted solely of its investment in Sprayroq, and ICAP has reported its operations as discontinued for all periods presented. Enviroq conducts no operations currently, but remains a wholly-owned subsidiary of ICAP to hold the interest bearing promissory notes received in connection with the sale.

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A loss on sale of discontinued operations of \$566,000 was accrued during the year ended December 31, 2001. Revenues from Enviroq were \$1,230,402 and \$1,917,410 for the years ended December 31, 2001 and 2000, respectively. The loss from discontinued operations for Enviroq, including income tax expense, was \$31,620 and \$20,754 for the years ended December 31, 2001 and 2000, respectively.

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 disposal of Sprayroq, Inc. ICAP has been implementing a growth strategy plan that includes both internal growth and external growth through acquisitions.

ICAP consummated the sale of Sprayroq on October 30, 2001 and received cash proceeds of \$584,496 and two promissory notes in the aggregate principal amount of \$323,919. ICAP used proceeds from the sale to repay notes payable of approximately \$389,000 and advances from a shareholder of approximately \$183,000.

In connection with the acquisition of ICC, ICAP financed the cash portion of the transaction through a loan from AJG Financial Services, Inc. ("AJG"), a Delaware corporation and wholly-owned subsidiary of Arthur J. Gallagher & Co., a publicly-traded Delaware corporation (NYSE: AJG), pursuant to the terms and conditions of an Investment Agreement, a Convertible Note Agreement, a Convertible Note, an Option Agreement, a Registration Rights Agreement and a Standstill Agreement, each dated as of December 31, 2001 between ICAP and AJG (collectively, the "Loan Documents"). Pursuant to the Loan Documents and the exhibits thereto, among other things, AJG loaned ICAP \$3,500,000 to finance the cash portion of the transaction, as well as the costs and expenses associated with the Share Purchase and for ICAP's working capital needs. In exchange, ICAP issued of a convertible promissory note in favor of AJG due which is due on or before April 30, 2002, bears interest at 5% per annum, and can be converted on or prior to maturity into Class A Cumulative Convertible Pay-In-Kind Preferred Stock of ICAP. The loan was subsequently converted into 1,166,666 shares of ICAP's Class A Cumulative Convertible Pay-In-Kind Preferred Stock on March 29, 2002.

For the year ended December 31, 2001, ICAP incurred significant operating losses and negative cash flows from operations. ICAP believes the acquisition of ICC provides ICAP a much broader distribution platform for asset management services and will allow ICAP to consolidate back-office asset management functions, that its broker-dealer services segment will generate substantial high-margin investment banking revenues during 2002 based on

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existing contracts in place and that its new strategic partnership with AJG provides additional capital for future strategic opportunities. 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 2001, the net cash used in operating activities of \$81,653 was primarily attributable to the net loss. Net cash used in investing activities of \$2,521,386 was primarily due to the acquisition of ICC, partially offset by the sale of discontinued operations. Net cash provided by financing activities of \$2,825,000 was attributable to the net proceeds from notes payable.

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, 2001, Ewing's regulatory net capital was \$129,624, which is \$79,624 in excess of its minimum net capital requirement of \$50,000.

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Results of Operations

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Total revenues for 2001 were \$3,306,144 compared to \$3,238,515 for 2000, representing a 2.1% increase.

Commissions decreased \$429,301, or 24.1%, to \$1,350,295. Commissions represent revenue earned by Ewing from securities transactions conducted on behalf of clients, including sales of mutual fund shares and variable annuities. The decrease is primarily attributable to decreased transaction volume as a result of the negative and volatile market conditions.

Asset management fees increased \$112,855, or 16.2%, to \$809,430. 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 were \$105.3 million, \$84.6 million, \$79.3 million, and \$74.1 million at December 31, 2000, March 31, 2001, June 30, 2001, and September 30, 2001, respectively, compared to \$92.5 million, \$84.5 million, \$76.8 million, and \$77.8 million at December 31, 1999, March 31, 2000, June 30, 2000, and September 30, 2000, respectively. The increase in asset management fees for 2001 relates directly to an increase in the average fee rate per account for ICM. AUM increased during the fourth quarter of 2001 to \$458.4 million at December 31, 2001, compared to \$105.3 million at December 31, 2000. The increase is primarily attributable to the acquisition of ICC on December 31, 2001, which accounted for \$369.0 million of the increase.

Investment banking revenues increased \$482,783, or 94.5%, to \$993,751. 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 underlying transaction. The increase is primarily attributable to an increase in mortgage loan placement and merger and

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acquisition services. A significant fee was earned in the fourth quarter of 2001 accounting for approximately 56% of total investment banking revenue for the year.

Net trading profits decreased \$137,611, or 89.7%, to \$15,751. Net trading profits consist of realized and unrealized gains from ICAP's investment in trading securities, which includes an investment in Intrepid Capital, L.P. The decrease is primarily attributable to lower exposure in trading securities as a result of the elimination of Ewing's market making operations in December 2000.

Dividend and interest income decreased \$30,137, or 47.4%, to \$33,465. The decrease is primarily attributable to a decrease in interest received from lower average cash balances invested in money markets.

Other income increased \$69,040, or 200.6%, to \$103,452. The increase is primarily attributable to a portfolio accounting service Ewing began providing in December 2000.

Total expenses for 2001 were \$3,975,688 compared to \$4,231,780 for 2000, representing a 6.1% decrease.

Salaries and employee benefits decreased \$25,923, or 1.1%, to \$2,381,449. Salaries and employee benefits represent fixed salaries, commissions paid on securities transactions and investment banking revenues, and other related employee benefits. The decrease is primarily attributable to decreased commission expenses as a result of decreased securities transactions, with such decrease partially offset by increased commission expenses as a result of increased investment banking revenues.

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Brokerage and clearing expenses decreased \$97,150, or 26.8%, to \$265,311. 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. The decrease is primarily attributable to decreased transaction volume as a result of the negative and volatile market conditions.

Advertising and marketing expenses increased \$87,026, or 56.5%, to \$240,987. The increase is primarily attributable to an increase in ICM's advertising and marketing expenses associated with a new advertising and marketing campaign aimed to attract prospective clients and inform them of ICM's excellent investment performance.

Professional and regulatory expenses decreased \$130,227, or 31.0%, to \$289,344. The decrease is primarily attributable to the elimination of Ewing's market making operations in December 2000.

Interest expense decreased \$29,966, or 32.7%, to \$61,619. The decrease is primarily attributable to the reduction of notes payable during the year and to reduced market interest rates on ICAP's variable rate bank note.

Other expenses decreased \$37,152, or 11.8%, to \$278,412 due to decreased general and administrative expenses.

Expected Impact of Recently Announced Accounting Standards

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (FAS 141),

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and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 141, effective immediately, requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 as well as all purchase method business combinations completed after June 30, 2001. FAS 142, effective January 1, 2002, will require that goodwill and intangible assets with indefinite useful lives no longer be amortized but instead be tested for impairment at least annually. Furthermore, under FAS 141, any goodwill and intangible assets determined to have indefinite useful lives that are acquired in a purchase business combination completed after June 30, 2001 will not be amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 will continue to be amortized until the adoption of FAS 142, however FAS 141 will require, upon adoption of FAS 142, that goodwill acquired in a prior purchase business combination be evaluated and any necessary reclassifications be made in order to conform to the new criteria in FAS 141 for recognition apart from goodwill. Any impairment loss will be measured as of the date of the adoption and recognized as a cumulative effect of a change in accounting principles in the first interim period of 2002.

Under FAS 142, goodwill at December 31, 2001 will not be amortized prospectively. Amortization of goodwill was \$56,434 and \$74,333 in 2001 and 2000, respectively, of which \$53,699 and \$71,598 was included in loss from discontinued operations in 2001 and 2000, respectively.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of ICAP as of December 31, 2001 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.	70	August 1999	Director
Arnold A. Heggstad	58	August 1999	Director
David R. Long	50	March 2002	Director
Morgan Payne	58	September 1998	Director

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Mark P. Strauch	46	March 2002	Director
Mark F. Travis	40	September 1998	Executive Vice President
Forrest Travis	63	September 1998	President, Chief Executive Director
Alexander P. Zechella	81	September 1998	Director

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

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

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David R. Long has served as a director of ICAP since March 2002. Mr. Long is President of AJG Financial Services, Inc. ("AJG"), a Delaware corporation, and Vice President and Chief Investment Officer of Arthur J. Gallagher & Co. ("Gallagher"), a New York Stock Exchange listed, Delaware corporation that is the parent corporation of AJG. Prior to joining AJG in 1980, Mr. Long worked at the Harris Trust and Savings Bank in Chicago, Illinois. Mr. Long serves as a Director for Asset Alliance Corporation, WallStreetView.com, Inc., Franklin Capital Group and Peachtree Franchise Finance, LLC. He is also the Chairman on the Board of Directors of Chicago Equity Fund. Mr. Long graduated from the University of Illinois with a Bachelor's of Business Administration Degree in Finance and received his MBA from Northwestern University.

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.

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Mark P. Strauch has served as a director of ICAP since March 2002. Mr. Strauch has been the Executive Vice-President of AJG since 1996 and is Corporate Vice-President of Gallagher. Between 1989 and 2001, Mr. Strauch served as Corporate Treasurer, and prior to that was the Corporate Tax Manager of Gallagher, where he helped develop a tax advantaged investment portfolio unique to the industry. Prior to joining Gallagher as an investment and tax analyst in 1981, Mr. Strauch worked at the Harris Trust and Savings Bank in Chicago, Illinois. Mr. Strauch serves as a Director for Asset Alliance Corporation, WallStreetView.com, Inc., US Energy Systems, Inc., Icor Brokerage, Globenet Capital Corporation and Orbis Online, Inc. He is also Chairman of the Board of Directors of Peachtree Franchise Finance, LLC. Mr. Strauch holds a Bachelor's degree in Finance from the University of Illinois, a Masters in Management from Northwestern University and a Masters of Science in Taxation from De Paul University. He is also a member of the Association for Financial Professionals and the Chicago Tax Club.

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 Capital Research Corporation. 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, 2001, 2000 and 1999 to ICAP's Chief Executive Officer and to any other executive officer whose total cash compensation exceeded \$100,000.

LONG TERM COMP

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NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			AWARDS	
		SALARY	BONUS	OTHER ANNUAL COMPENSATION	RESTRICTED STOCK AWARD	OPTION SAR
Forrest Travis, President and Chief Executive Officer	2001	\$205,100 (1)	--	--	--	--
	2000	\$221,767 (1)	--	--	--	--
	1999	\$218,701 (1)	--	--	--	--
Mark F. Travis Executive Vice President	2001	\$195,100 (1)	--	--	--	--
	2000	\$175,855 (1)	--	--	--	--
	1999	\$175,427 (1)	--	--	--	--

(1) This amount includes ICAP's matching contributions to its 401(k) plan for the benefit of Forrest Travis in the aggregate amount of \$5,100, \$5,100 and \$15,701 and for the benefit of Mark F. Travis in the aggregate amount of \$5,100, \$5,100 and \$14,807 for fiscal years 1999, 2000 and 2001, respectively.

Option/SAR Grants in Last Fiscal Year

During the fiscal year ended December 31, 2001, 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, 2001 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, 2001, 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.

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, 2001 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 AND ADDRESS	SHARES OWNED (1)	SHARES UNDER EXERCISABLE OPTIONS AND WARRANTS (2)	TOTAL SHARES BENEFICIALLY OWNED
AJG Financial Services, Inc. (5) The Gallagher Center Two Pierce Place Itasca Illinois 60143-3141	--	1,805,900	1,805,900

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NAME AND ADDRESS -----	SHARES OWNED (1) -----	SHARES UNDER EXERCISABLE OPTIONS AND WARRANTS (2) -----	TOTAL SHARES BENEFICIALLY OWNED -----
Benjamin C. Bishop, Jr. (+) (3) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	--	50,000	50,000
Davis M. Brock 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	177,464	17,746	195,210
Bryan A. Davis 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	177,464	17,746	195,210
Arnold A. Heggstad (+) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	--	--	--
Morgan Q. Payne (+) (4) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	41,250	100,000	141,250
Fred J. Shockley 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	407,601	40,760	448,361
A. Bronson Thayer 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	203,231	20,323	223,554
Forrest Travis (+++) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	1,236,137	--	1,236,137
Mark F. Travis (+++) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	416,353	--	416,353
Michael J. Wallace (++) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	9,500	--	9,500

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Alexander P. Zechella(+) 3652 South Third Street, Suite 200 Jacksonville Beach, Florida 32250	4,221	--	4,221
--	-------	----	-------

All directors and executive officers as a group (12 persons)	2,673,221	2,052,475	4,725,696
--	-----------	-----------	-----------

- (+) Director of ICAP
- (++) Executive Officer of ICAP
- (*) Less than 1%

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. Unless otherwise noted, ICAP believes that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them.
- (2) Includes shares which may be acquired by the exercise of stock options and warrants granted by ICAP and exercisable within 60 days of December 31, 2001.
- (3) On August 4, 1999, Mr. Bishop was issued a Non-Negotiable Convertible Promissory Note in the aggregate principal amount of \$200,000 that is convertible into 50,000 shares of Common Stock, subject to adjustment upon the occurrence of certain events.
- (4) On December 16, 1998, Broadland Capital Partners, L.P., of which Mr. Payne is general partner, was issued a warrant to purchase up to 100,000 shares of Common Stock, subject to vesting and to adjustment upon the occurrence of certain events, at an exercise price of \$.75 per share.
- (5) On December 31, 2001, AJG Financial Services, Inc. was issued an option to purchase that number of shares of the Common Stock which would equal 51% of the aggregate issued and outstanding Common Stock on a fully diluted basis, of which shares equaling 35.025% of the aggregate issued and outstanding Common Stock on a fully-diluted basis is currently vested, and the remainder of which vests at such time as AJG Financial Services, Inc. makes an additional \$4.5 million investment in ICAP. The exercise price per share of Common Stock underlying the option is currently \$3.00 per share of Common Stock.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

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

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Independent Auditors' Report.....

Consolidated Balance Sheets of Intrepid Capital Corporation and Subsidiaries as of December 31, 2001 and 2000.....

Consolidated Statements of Operations of Intrepid Capital Corporation and Subsidiaries for the Years Ended December 31, 2001 and 2000.....

Consolidated Statements of Stockholders' Equity of Intrepid Capital Corporation and Subsidiaries for the Years Ended December 31, 2001 and 2000.....

Consolidated Statements of Cash Flows of Intrepid Capital Corporation and Subsidiaries for the Years Ended December 31, 2001 and 2000.....

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	Amended and Restated Certificate of Incorporation of the Registrant.
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).
4.1	Form of Warrant Agreement dated as of December 31, 2001 by and between Intrepid Capital Corporation and each of the shareholders of ICC Investment Advisors, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002.)
4.2	Option Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated as of December 31, 2001 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).

10.1	Incentive Stock Option Plan of Intrepid Capital Corporation (incorporated by reference to Exhibit 10.(D) to the Registrant's Form
------	---

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S-4 filed November 6, 1998, Registration No. 333-66859).

- 10.2 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).
- 10.3 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).
- 10.4 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).
- 10.5 Non-Competition and Confidentiality Agreement dated as of December 31, 2001 by and between Intrepid Capital Corporation and A. Bronson Thayer (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
- 10.6 Form of Registration Rights Agreement dated as of December 31, 2001 by and between Intrepid Capital Corporation and each of Fred Shockley and David Brock (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
- 10.7 Investment Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated as of December 31, 2001 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002) (certain of the schedules and Exhibits to the Investment Agreement have been omitted from the Report pursuant to Item 601(b) (20 of Regulation S-B, and the Company agrees to furnish copies of such omitted exhibits and schedules supplementally to the Securities and Exchange Commission upon request).
- 10.8 Convertible Note Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated as of December 31, 2001 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
- 10.9 Registration Rights Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated as of December 31, 2001 (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002)
- 10.10 Standstill Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated as of December 31, 2001 (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002)
- 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.

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On November 14, 2001, ICAP filed a Current Report on Form 8-K dated October 30, 2001 reporting the disposition of all of the outstanding capital stock of Sprayroq, Inc.

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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 April 1, 2002.

INTREPID CAPITAL CORPORATION

By /s/ Forrest Travis

Forrest Travis, President and
Chief Executive Officer

By /s/ Michael J. Wallace

Michael J. Wallace, Chief
Financial 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

Executive Vice President and Director

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Mark F. Travis

/s/ Benjamin C. Bishop, Jr. Director

Benjamin C. Bishop, Jr.

/s/ Arnold Heggstad Director

Arnold Heggstad

/s/ David R. Long Director

David R. Long

/s/ Morgan Payne Director

Morgan Payne

/s/ Mark P. Strauch Director

Mark P. Strauch

/s/ Alexander P. Zechella Director

Alexander P. Zechella

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Consolidated Statements of Operations of Intrepid Capital Corporation and Subsidiaries
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Consolidated Statements of Stockholders' Equity of Intrepid Capital Corporation
and Subsidiaries for the Years Ended December 31, 2001 and 2000.....F-4

Consolidated Statements of Cash Flows of Intrepid Capital Corporation and Subsidiaries
for the Years Ended December 31, 2001 and 2000.....F-5

Notes to Consolidated Financial Statements.....F-6

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, 2001 and 2000, 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, 2001 and 2000, 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 February 22, 2002, except for note 5 as to which the date is March 29, 2002

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2001 and 2000

ASSETS

2001

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Current assets:	
Cash and cash equivalents	\$ 641,577
Investments, at fair value	81,935
Accounts receivable	130,504
Prepaid and other assets	164,859
Assets of discontinued operations (note 3)	--

Total current assets	1,018,875
Notes receivable (note 3)	323,919
Equipment and leasehold improvements, net of accumulated depreciation of \$200,588 in 2001 and \$137,470 in 2000	360,348
Intangible assets, less accumulated amortization of \$6,477 in 2001 and \$4,396 in 2000 (note 2)	4,490,013

Total assets	\$ 6,193,155 =====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$ 209,984
Accrued expenses	651,865
Current portion of notes payable (note 5)	3,725,000
Other	196,380
Liabilities of discontinued operations (note 3)	--

Total current liabilities	4,783,229
Pension plan obligation (note 4)	214,989
Notes payable, less current portion (note 5)	100,000

Total liabilities	5,098,218 -----
Stockholders' equity:	
Common stock, \$.01 par value. Authorized 15,000,000 shares; issued 3,350,183 and 2,318,996 shares at December 31, 2001 and 2000, respectively	33,502
Treasury stock, at cost - 1,000 shares	(3,669)
Additional paid-in capital	3,616,915
Accumulated deficit	(2,551,811)

Total stockholders' equity	1,094,937 -----
	\$ 6,193,155 =====

Commitments (note 9)

See accompanying notes to consolidated financial statements.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2001 and 2000

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	2001

Revenues:	
Commissions	\$ 1,350,
Asset management fees	809,
Investment banking revenues	993,
Net trading profits	15,
Dividend and interest income	33,
Other	103,

Total revenues	3,306,

Expenses:	
Salaries and employee benefits	2,381,
Brokerage and clearing	265,
Advertising and marketing	240,
Professional and regulatory fees	289,
Occupancy and maintenance	372,
Depreciation and amortization	86,
Interest expense	61,
Other	278,

Total expenses	3,975,

Loss from continuing operations before income taxes	(669,
Income tax benefit (note 7)	(251,

Loss from continuing operations	(417,
Discontinued operations (note 3):	
Loss from discontinued operations, including tax expense of \$13,532 and \$21,187 in 2001 and 2000, respectively	(31,
Loss on sale of discontinued operations, including tax expense of \$238,252	(566,

Loss on discontinued operations	(597,

Net loss	\$ (1,015,
	=====
Basic loss per share from continuing operations	\$ (0
Basic loss per share from discontinued operations	(0
Basic loss per share on sale of discontinued operations	(0

Basic net loss per share	\$ (0
	=====
Weighted average shares outstanding	2,341,
	=====

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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, 2001 and 2000

	COMMON STOCK	TREASURY STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULA DEFICIT
	-----	-----	-----	-----
Balance at December 31, 1999	\$22,155	(3,669)	2,481,320	(683,
Common stock issued to acquire Sears Thompson Investment Group, Inc. (note 2)	322	--	64,064	
Common stock issued in private placements	713	--	141,843	
Net loss	--	--	--	(852,
	-----	-----	-----	-----
Balance at December 31, 2000	23,190	(3,669)	2,687,227	(1,536,
Common stock issued to Broadland Capital, L.P. upon warrant exercise (note 6)	312	--	(312)	
Common stock and warrants issued to acquire ICC (note 2)	10,000	--	930,000	
Net loss	--	--	--	(1,015,
	-----	-----	-----	-----
Balance at December 31, 2001	\$33,502	(3,669)	3,616,915	(2,551,
	=====	=====	=====	=====

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, 2001 and 2000

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	2001

Cash flows from operating activities:	
Net loss	\$(1,015,
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	86,
Loss on sale of discontinued operation	566,
(Purchases) sales of investments, net	(6,
Net trading profits	(15,
Deferred tax expense (benefit)	
Change in assets and liabilities:	
Accounts receivable	(18,
Prepaid and other assets	154,
Accounts payable and accrued expenses	368,
Other liabilities	26,
Discontinued operations - working capital changes	(227,

Net cash used in operating activities	(81,

Cash flows from investing activities:	
Purchase of equipment	(6,
Proceeds from sale of discontinued operations	584,
Acquisition of ICC, net of cash acquired	(3,099,
Acquisition of Sears Thompson, net of cash acquired	

Net cash used in investing activities	(2,521,

Cash flows from financing activities:	
Proceeds from notes payable	3,500,
Principal payments on notes payable	(675,
Proceeds from issuance of common stock	

Net cash provided by (used in) financing activities	2,825,

Net increase (decrease) in cash and cash equivalents	221,
Cash and cash equivalents at beginning of year	419,

Cash and cash equivalents at end of year	\$ 641,
	=====
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	\$ 56,
	=====
Cash paid during the year for income taxes	\$
	=====
Supplemental disclosure of non-cash transactions:	
Receipt of notes receivable in connection with sale of discontinued operations	\$ 323,
	=====
Notes payable issued or assumed in ICC acquisition	\$ 125,
	=====
Common stock and warrants issued to acquire ICC	\$ 940,
	=====

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Common stock issued to acquire Sears Thompson

\$

See accompanying notes to consolidated financial statements.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(1) ORGANIZATION AND 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 leading provider of financial services including asset management and consulting services. The Company is located in Jacksonville Beach, Florida and conducts its business through its wholly owned subsidiaries, Intrepid Capital Management (ICM), The Investment Counsel Company (ICC) and Allen C. Ewing & Co. (Ewing).

ICM, a registered investment advisor, manages equity, fixed-income, and balanced portfolios for public and private companies, labor unions, endowments, foundations, and high net worth individuals and families. 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.

Ewing is 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 December 31, 2001, the Company acquired all of the outstanding stock of ICC Investment Advisors, Inc., the operations of which are conducted through its wholly-owned subsidiary, ICC. ICC, a registered investment advisor, manages equity, fixed-income, and balanced portfolios for public and private companies, labor unions, endowments, foundations, and high net worth individuals and families. ICC has received authority to act as an investment manager in several states to meet the needs of its customers throughout the United States.

In a transaction effective October 30, 2001, the Company discontinued its resinous material operations formerly conducted through Enviroq Corporation (Enviroq) by selling all of the issued and outstanding capital stock of Sprayroq, Inc., Enviroq's 50% owned subsidiary. Enviroq remains a wholly-owned subsidiary of the Company to hold the promissory notes received in connection with the sale, but conducts no operations currently, as its operations

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consisted solely of its investment in Sprayroq, Inc.

(B) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries ICM, ICC, Ewing and Enviroq. Results of operations of acquired companies are included from the date of acquisition forward in accordance with purchase accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(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 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) CASH AND CASH EQUIVALENTS

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

(G) INVESTMENTS

Investments consist of debt and equity securities, which are

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bought and held principally for the purpose of being sold in the near term, and 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. Dividends and interest income are recognized when earned.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(H) 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 if shorter, 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.

(I) 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 amounts 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.

(J) INTANGIBLE ASSETS

Intangible assets consists of goodwill and separately identifiable intangible assets.

Goodwill consists of excess purchase price over net tangible assets and identifiable intangible assets acquired in purchase acquisitions. Goodwill has historically been amortized over the period estimated to benefit from the acquired assets, which is 15 years. The Company adopted Statement of Financial Accounting Standards No. 141, "Business Combinations" (FAS 141) effective July 1, 2001 and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (FAS 142) effective January 1, 2002. Accordingly, goodwill will not be amortized after January 1, 2002.

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Identifiable intangible assets acquired in purchase acquisitions are separately identified in accordance with FAS 141. Identifiable intangible assets have finite lives and are amortized on a straight line basis based over the estimated useful lives of the identifiable intangible assets, which range from 7 to 10 years.

Management assesses the recoverability of goodwill and identifiable intangible assets whenever events or circumstances indicate they may be impaired. Additionally, with the adoption of FAS 142, goodwill will be tested for impairment at least annually.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(K) EARNINGS PER SHARE

Basic loss per share of common stock is computed based upon the weighted average number of common shares outstanding during the year. Stock warrants and convertible instruments, when diluted, are included as common stock equivalents to determine diluted earnings per share. For the years ended December 31, 2001 and 2000, the Company had no diluted common stock equivalents.

(L) 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.

(M) PENSION PLAN OBLIGATION

The Company assumed a defined benefit pension plan obligation through the acquisition of ICC. The obligation valued using a discounted cash flow method based on the average annual increase in CPI percentage, discount rate and the expected life of the individual covered by the obligation.

(N) COMPREHENSIVE INCOME

No differences between total comprehensive loss and net loss existed in the financial statements reported for the years ended December 31, 2001 and 2000.

(O) STOCK OPTION PLAN

The Company applies the intrinsic value-based method of accounting

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prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) in accounting for its fixed plan stock options. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123) established accounting and disclosure requirements using a fair value-based method of accounting for stock-based compensation plans. As allowed by FAS 123, the Company has elected to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of FAS 123.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(2) ACQUISITIONS

On December 31, 2001, the Company acquired 100% of the outstanding capital stock of ICC and has accounted for this transaction under the purchase method of accounting. The Company expects the acquisition to significantly enhance its asset management segment in many areas including improved distribution capabilities, increased asset management revenues, and increase efficiencies through economies of scale.

The Company acquired the ICC capital stock in exchange for (i) cash of \$2,835,365, (ii) 1,000,000 shares of the Company's common stock, with attached warrants to purchase an additional 100,000 shares and (iii) the assumption of all ICC liabilities. The common stock issued was valued at \$0.94 per share, the bid price on the date of acquisition, less a discount for certain restrictions on the shares issued. The warrants issued carry an exercise price of \$6.00 and a term of six years. The underlying shares are also restricted with an implied volatility of zero. Therefore, no value has been separately attributed to the warrants. The aggregate purchase price consisted of the following:

Cash paid	\$2,835,365
Stock and stock warrants issued	940,000
Direct costs	330,017

Total purchase price	\$4,105,382
	=====

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Current assets	\$ 93,184
Fixed assets	72,375
Intangible assets	4,456,122

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Total assets acquired	4,621,681
Current liabilities	(241,310)
Long term liabilities	(274,989)
Total liabilities assumed	(516,299)
Total purchase price	\$ 4,105,382

Intangible assets consist of goodwill and separately identifiable intangible assets with finite lives. Identifiable intangible assets are attributable to the estimated fair value of acquired investment management contracts and customer relationships and will be amortized over their estimated useful lives which range from 7 to 10 years. The Company has preliminarily estimated that the amount of identifiable intangible assets is approximately \$900,000, however, the Company will continue to assess the fair value under the adoption of FAS 142 and as other information becomes available to determine the final allocation of purchase price.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

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.

Subsequent to December 31, 2001, the Company entered into an agreement to acquire 100% of the common stock of First Bank of Jacksonville. The consummation of the acquisition, which is subject to the satisfaction of customary regulatory approvals, is expected to occur during the second or third quarter of 2002.

The following unaudited pro forma financial information presents the consolidated results of operations as if the purchases of ICC and Sears Thompson had occurred on January 1, 2000. Pro forma total revenues would have been \$5,284,348 and \$5,882,503 in 2001 and 2000, respectively. Pro forma net loss would have been (\$1,406,583) and (\$1,085,825) in 2001 and 2000, respectively. Pro forma net loss per share would have been (\$0.42) and (\$0.33) in 2001 and 2000, respectively.

(3) DISCONTINUED OPERATIONS

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On September 19, 2001, the Company signed an agreement in principle with Sprayroq of Ohio, Inc., an unrelated party, whereby Sprayroq of Ohio, Inc. agreed to purchase all of the issued and outstanding capital stock of Sprayroq, Enviroq's 50% owned subsidiary. Enviroq's operations consisted solely of its investment in Sprayroq, and the Company has reported its operations as discontinued for all periods presented.

The sale of Sprayroq was completed on October 30, 2001 and the Company received on that date its share of the purchase price which consisted of cash in the amount of \$584,496 and two promissory notes in the aggregate principal amount of \$323,919. The promissory notes bear interest at 7% with interest payable annually and a single principle payment at maturity. A loss on sale of discontinued operations of \$621,042 was recorded as follows:

Loss on sale of discontinued operations:

Proceeds		
Cash	\$	584,496
Notes		323,919

		908,415
Net book value of assets of discontinued operations		(1,106,163)
Accrued severance costs		(130,000)
Income tax expense on taxable gain		(238,252)

	\$	(566,000)
		=====

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(4) PENSION PLAN OBLIGATION

The Company assumed a defined benefit pension plan obligation through the acquisition of ICC. The obligation is related to a non-qualified plan which covers a former employee/stockholder of ICC. The benefit is adjusted annually by the percentage increase in the Consumer Price Index - All Urban Consumers (CPI) and is paid on a quarterly basis. Current annual payments are approximately \$19,000. The adjusted annual benefit is not to exceed \$25,000. There are no plan assets associated with this pension plan obligation.

2001

Actuarial present value of benefit obligations:

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Accumulated benefit obligation	\$214,989
	=====
Projected benefit obligation	\$214,989
	=====

The assumptions used to determine the actuarial present value of the projected benefit obligation are as follows:

Average annual increase in CPI percentage	2.58%
Discount rate	8.00%
Expected life	19.5 years

(5) NOTES PAYABLE

The notes payable at December 31, 2001 and 2000 consist of the following:

	2001

Note payable to AJG Financial Services, Inc., interest at 5%, convertible into the Company's Convertible Class A Preferred Stock, which occurred on March 29, 2002	\$ 3,500,0
Subordinated convertible promissory notes payable to former shareholders of Ewing, interest only due quarterly at 8%, unsecured, principal payments due annually through maturity on December 31, 2003	200,0
Note payable to First Florida Capital payable in a single installment of principal plus interest on July 5, 2002, interest at 6%	50,0
Line of credit payable in a single installment of principal plus interest to be repaid on February 1, 2002, interest at 6%	75,0

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

Note payable with interest at prime rate plus 1% (10.5% at December 31, 2000), repaid in full on October 30, 2001	--	600,000
	-----	-----
	3,825,000	875,000

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Less current portion	3,725,000	327,778
	-----	-----
	\$ 100,000	547,222
	=====	=====

On March 29, 2002, the note payable to AJG Financial Services, Inc. (AJG) was subsequently converted into 1,166,666 shares of the Company's Convertible Class A Preferred Stock. The Company's Convertible Class A Preferred Stock issued to AJG is a cumulative pay-in-kind preferred stock with a stated value of \$3.00 per share and each share is convertible into one share of the Company's common stock. Dividends are to be paid semi-annually in cash or Convertible Class A Preferred Stock at an annual rate of 5%.

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:

YEAR ENDING DECEMBER 31, -----	AMOUNT -----
2002	\$ 3,725,000
2003	100,000

	\$ 3,825,000
	=====

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.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(6) STOCKHOLDER'S EQUITY

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. Broadland exercised 50,000 shares during the year ended December 31, 2001 using a cashless exercise option, which resulted in the issuance of 31,250 shares. Broadland is entitled to exercise the

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remaining 100,000 shares provided the conditions to exercise are satisfied prior to the expiration of the warrant on December 16, 2004.

The company also granted AJG an option to purchase that number of shares of the Company's common stock that, upon full exercise thereof and subject to certain vesting requirements, would give AJG beneficial ownership of 51% of the outstanding common stock on a fully-diluted basis. The exercise price for shares of the Company's common stock underlying the option, which expires on December 31, 2004 if it is not previously exercised, is \$3.00 per share, subject to adjustment upon the occurrence of certain events. Of the shares of the Company's common stock underlying the option, 43.75% of the shares vested upon the issuance of the option, and the remaining 56.25% of the shares will vest at such time as AJG makes an additional investment in the Company in accordance with the terms of the investment agreement. The Company expects this investment by AJG to be made in conjunction with the proposed acquisition of First Bank (note 2). The underlying option shares are restricted with an implied volatility of zero. Therefore, no value has been separately attributed to the option. As of December 31, 2001, the option had partially vested such that AJG could purchase up to 1,805,900 shares of common stock.

(7) INCOME TAXES

Total income tax expense (benefit) for the years ended December 31 was allocated as follows:

	2001	2000
	-----	-----
Loss from continuing operations	\$ (251,784)	(161,433)
Loss from discontinued operations	13,532	21,187
Loss on sale of discontinued operations	238,252	--
	-----	-----
	\$ --	(140,246)
	=====	=====

Income tax benefit attributable to loss from continuing operations 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:

	2001	2000
	-----	-----
Tax benefit at the statutory federal rate	\$ (227,645)	(337,710)
Goodwill amortization	1,039	25,273
Life insurance premiums	30,085	26,005
State tax benefit	(20,818)	3,924
Change in valuation allowance	(35,399)	137,719
Other	954	(16,644)
	-----	-----
	\$ (251,784)	(161,433)
	=====	=====

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

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

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

	CURRENT -----	DEFERRED -----	TOTAL -----
Year ended December 31, 2001:			
U.S. Federal	\$ (230,966)	--	(230,966)
State	(20,818)	--	(20,818)
	-----	-----	-----
	\$ (251,784)	--	(251,784)
	=====	=====	=====
Year ended December 31, 2000:			
U.S. Federal	\$ (202,107)	34,729	(167,378)
State	--	5,945	5,945
	-----	-----	-----
	\$ (202,107)	40,674	(161,433)
	=====	=====	=====

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:

	2001 -----	2000 -----
Deferred tax assets:		
Net unrealized losses on investments	\$ 54	35,
Deferred compensation	69,966	28,
Net operating loss carryforward	19,520	74,
	-----	-----
Total gross deferred tax assets	89,540	138,
Deferred tax liabilities - other	(1,095)	(1,
	-----	-----
Net deferred tax assets before valuation allowance	88,445	137,
Deferred tax asset valuation allowance	(88,445)	(137,

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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.

(8) RELATED PARTY TRANSACTIONS

The Company performs certain asset management functions for Intrepid Capital, L.P. and during 2001 and 2000, received \$43,266 and \$36,857, respectively, for such services.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

(9) COMMITMENTS

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 -----
2002	\$ 307,449
2003	244,480
2004	251,789
2005	149,631
2006	149,985
Thereafter	465,480

	\$ 1,568,814
	=====

Rent expense for the years ended December 31, 2001 and 2000 was \$264,787 and \$291,356, respectively.

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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, 2001, Ewing had net capital of \$129,624, which was \$79,624 in excess of its required capital of \$50,000. At the same date, Ewing's ratio of aggregate indebtedness to net capital was 0.85 to 1.0. Accordingly, Ewing was in compliance with the net capital requirements.

The option granted to AJG was 43.75% vested at December 31, 2001. The remaining 56.25% of the shares will vest at such time as AJG makes an additional investment in the Company in accordance with the terms of an investment agreement.

(10) STOCK OPTION PLAN

In December 1998, the Company adopted an Incentive Stock Option Plan (the ISO) pursuant to which the Company may grant stock options to officers and key employees. The ISO originally authorized grants of options to purchase up to 100,000 shares of authorized but unissued common stock. Stock options are granted with an exercise price equal to, or above, the stock's fair market value at the date of grant.

On December 28, 2001, stock options to purchase 270,000 shares were issued, subject to stockholder approval of the additional authorized options, none of which were exercisable. The options vest over a four year period and have an exercise price of \$1.375 and a term of ten years. At December 31, 2001, there were 380,000 additional shares available for grant under the ISO.

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INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

The per share weighted-average fair value of stock options granted on December 28, 2001 was \$0.95 using the Black-Scholes option-pricing model with the following weighted average assumptions: expected dividend yield 0%, risk free interest rate of 6%, expected volatility 50%, and an expected life of 10 years.

The Company applies APB 25 in accounting for the ISO and, accordingly, no compensation cost has been recognized for its stock options in the consolidated financial statements. Had the Company determined compensation cost based on the fair value at the date of grant for its stock options under SFAS 123, there would be no impact on net loss for the year ended December 31, 2001 because the options were not issued until the end of the year and did not vest immediately.

(11) SEGMENTS

During 2001 and 2000, the Company operated in two principal segments, asset management and broker-dealer services which includes investment banking revenues. The operations of Enviroq formerly constituted a

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separate operating segment which have been reclassified as discontinued operations. The Company assesses and measures operating performance based upon the net income (loss) derived from each of its operating segments, exclusive of the impact of corporate expenses. The revenues and net income (loss) for each of the reportable segments are summarized as follows for the years ended December 31, 2001 and 2000:

	2001 -----	2000 -----
Revenues:		
Asset management segment	\$ 824,838	715,259
Broker-dealer services segment	2,423,283	2,442,140
Corporate	438,274	430,078
Intersegment revenues	(380,251)	(348,962)
	-----	-----
	\$ 3,306,144	3,238,515
	=====	=====
Net (loss) income from continuing operations:		
Asset management segment	\$ (255,004)	(222,458)
Broker-dealer services segment	166,090	(1,387)
Corporate	(273,804)	(607,987)
	-----	-----
	\$ (362,718)	(831,832)
	=====	=====

The total assets for each of the reportable segments are summarized as follows as of December 31, 2001 and 2000. Non segment assets consist primarily of cash, certain investments and other assets, which are recorded at the parent company level.

	2001 -----	2000 -----
Assets:		
Asset management segment	\$4,719,199	131,655
Broker-dealer services segment	343,446	573,747
Discontinued operations	--	1,528,187
Other	1,130,510	530,295
	-----	-----
	\$6,193,155	2,763,884
	=====	=====

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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 Corp., Charles E. Harris, Synagen Capital Partners, Inc. and Arnold A. Heggestad

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- Exhibit 2 to the Registrant's Form 8-K filed August 18, 1999).
- 3.1 Certificate of Incorporation of the Registrant Amended and Restated.
 - 3.2 Bylaws of the Registrant (incorporated by reference to Exhibit 3.(B) to the Report on Form 8-K, 1998, Registration No. 333-66859).
 - 4.1 Form of Warrant Agreement dated as of December 31, 2001 by and between Intrepid Capital Corporation and the shareholders of ICC Investment Advisors, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002.)
 - 4.2 Option Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated December 31, 2001 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
 - 10.1 Incentive Stock Option Plan of Intrepid Capital Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Form S-4 filed November 6, 1998, Registration No. 333-66859).
 - 10.2 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).
 - 10.3 Form of Non-Negotiable Convertible Promissory Note between Intrepid Capital Corporation and Benjamin Thayer, Jr. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed August 18, 1999).
 - 10.4 Form of Employment Agreement between Intrepid Capital Corporation and Benjamin Thayer, Jr. (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed August 18, 1999).
 - 10.5 Non-Competition and Confidentiality Agreement dated as of December 31, 2001 by and between Intrepid Capital Corporation and A. Bronson Thayer (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed with the Commission on January 15, 2002).
 - 10.6 Form of Registration Rights Agreement dated as of December 31, 2001 by and between Intrepid Capital Corporation and each of Fred Shockley and David Brock (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
 - 10.7 Investment Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated December 31, 2001 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002) (certain of the schedules and Exhibits to the Report are omitted from the Report pursuant to Item 601(b)(20) of Regulation S-B, and the Commission has accepted such omitted exhibits and schedules supplementally to the Securities and Exchange Act of 1933).
 - 10.8 Convertible Note Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated December 31, 2001 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
 - 10.9 Registration Rights Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated December 31, 2001 (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
 - 10.10 Standstill Agreement between Intrepid Capital Corporation and AJG Financial Services, Inc. dated December 31, 2001 (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 15, 2002).
 - 21.1 List of Subsidiaries.
 - 24.1 Power of Attorney relating to this Form 10-KSB is set forth on the signature page.

