INTERMEDIATE CAPITAL GROUP PLC

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PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JANUARY 2005

Intermediate Capital Group PLC ("ICG"), the leading specialist European provider of mezzanine finance, announces its results for the year ended 31 January 2005.

Financial highlights:

- Core income* up 21% to £75.1m
- Capital gains reach a record level of £62.9m
- Pre-tax profits up 48% to £95.5m
- Earnings per share up 27% to 89.4p
- Proposed final dividend of 28.2p making 40.0p per share for the year, a 16% increase
- Loan book increased by 8% to a record £1.18bn

Operational highlights:

- A record £778m of financings arranged or provided during the year
- Funds under management rise to £2.4bn
- A substantial increase in debt facilities to fund the future growth of the business

Commenting on the results, John Manser, Chairman of ICG, said:

"It gives me great pleasure to report excellent results from ICG.

Core income, capital gains and pre-tax profits all reached record levels. Additionally, in what was a very active but competitive mezzanine market, we produced a further increase in our loan book, despite higher levels of repayments.

Our fund management division grew further with the raising of a new fund and continues to have good growth potential.

I am particularly pleased that we have achieved these record results in the financial year prior to Tom Bartlam's retirement as Managing Director."

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Note to the Editors

A brief explanation of Intermediate Capital Group PLC's lending activities is attached.

* The composition of core income can be found as part of the analysis of profit before taxation.

Results

Pre-tax profits for the year ended 31 January 2005 increased by 48% to £95.5m as a result of strong growth in core income and record capital gains.

Core Income

The most important element of ICG's profits, which is defined as net interest income plus fee income less related administrative expenses, increased by 21% to £75.1m. Net interest income rose by 17% to £75.1m as a result of the further growth in the loan portfolio and the continuing use of rolled-up interest in many of the mezzanine loans in our portfolio. Our arrangement and agency fees increased slightly to £10.1m and fund management fees increased by 56% to £17.3m on the back of the significant increase in funds under management over the last 18 months. Administrative expenses increased by 21% to £27.4m.

Capital Gains and Provisions

Gross capital gains increased by 140% to £62.9m, a new record, and were derived from the realisation of 19 different investments of which five were from IPOs and fourteen from trade sales and secondary buyouts. Gross provisions for the year amounted to £30.0m compared with £25.9m the previous year, primarily as a result of new provisions against three of our portfolio companies. Taking into account the release of a £1.8m provision no longer required, net provisions amounted to £28.2m compared with £19.0m in the previous financial year.

Dividends

The Board is recommending a final dividend of 28.2p net per share to be paid on 27 May 2005, which, with the interim dividend of 11.8p net per share, brings the total for the year to 40.0p net per share, an increase of 16% over last year's dividend.

Our policy remains to provide double-digit dividend growth on the back of continuing growth in core income.

The dividend will be paid to shareholders on the register on 6 May 2005.

The year's dividend is covered 2.2 times by post tax earnings.

The Loan Portfolio

We had an excellent year for new lending. We arranged or provided a record total of £778m of new investments, up 19% on the previous year, of which £409m (2004 - £354m) was invested on our balance sheet, £283m (2004 - £202m) taken by fund management clients with the balance being syndicated to third parties.

Most of the investments we made during the year were in medium sized transactions in the middle market, but in addition we participated in four large mezzanine financings (two of which were in the UK and two in France). These two countries represented our largest markets for new investments, with £166m invested in the UK in 11 new loans and £147m invested in France in 9 new loans. We also made two investments in both Germany and Sweden and one each in Denmark, the Netherlands, Italy and Switzerland.

Loan repayment levels were particularly high last year with 23 mezzanine investments totalling £315m being repaid, which was nearly double the level of repayments experienced in the previous year. £215m was repaid as a result of the realisation of investments in what was a good year for exits and, in addition, there was an unusually high level of prepayments amounting to £100m, arising principally because of the strong debt markets, which encouraged banks to offer refinancing of mezzanine with cheaper bank debt.

The overall performance of the portfolio continued to be satisfactory. However, we did see underperformance on three of our loans, against which we have taken significant provisions for the first time, and further underperformance on two of our loans where we had already taken some provisions.

As a result of the levels of new lending, repayments and provisioning as well as the increase in the sterling value of the portfolio by £8m due to currency movements, our portfolio grew by 8% to £1.18bn in the year to 31 January 2005.

At the year end our portfolio comprised loans to 86 companies in 26 different sectors across 10 different countries.

At 31 January 2005 our portfolio of warrants and quoted shares was valued at £146m in excess of their nominal Balance Sheet cost compared with £82m in the previous year.

Funding

At 31 January 2005 we had borrowings outstanding of £830m, which represented a conservative gearing ratio of 2.3:1.

During the course of the year we undertook a number of initiatives on the funding side in order to take advantage of attractive borrowing conditions. We went back to the US private placement market, raising £140m, and undertook a tap issue under the previous year's securitisation, raising £40m. In addition, we have, since the year end, refinanced all of our existing revolving credit bank facilities of £372m on more attractive terms with a new five year revolving credit facility of £845m.

Following these fund raising initiatives we have in place total borrowing facilities of over £1.5bn, leaving us currently with over £600m of unutilised facilities. We therefore have substantial spare capacity enabling us to grow our loan book in the future.

Fund Management

Last year we made a further advance in the development of our fund management business with the closing in November 2004 of a new €350m Loan Fund. We now manage six CDOs/Loan Funds, and have €2.2bn (£1.5m) under management in this area. All of these funds were in compliance with their covenants at 31 January 2005. Growing this sub-investment grade fund management business is, however, becoming increasingly challenging despite a benign fund-raising environment, as competition for attractive higher yielding assets is now very strong. We have therefore recently committed to purchase a €450m (£310m) portfolio of leveraged loans from a bank exiting the London market, which will be transferred to our current and future fund management clients, thus facilitating the raising of further funds in the current year.

Our €1.5bn (£1bn) 2003 Mezzanine Fund has made good progress and is now over 45% invested. We are pleased with the quality of the portfolio in terms of credit worthiness and diversification.

We expect further growth in our fund management business in the year ahead.

The European Mezzanine Market

2004 was an active year for buyouts in Western Europe with recorded transactions totalling £53bn over the period compared with £43bn in 2003. This was because of the large cash resources in the hands of the private equity investors and the ever increasing amounts of debt available to finance buyouts as a result of the very high levels of liquidity in the debt markets. Senior bank debt was being offered aggressively across the market and the high yield bond market became active again with a continued reduction in pricing. In addition, mezzanine was again much in demand with the use of mezzanine in European buyouts in 2004 reaching approximately £3bn, compared to £2.3bn in 2003.

The increased demand for mezzanine was more than matched by increased supply, not only from traditional sources such as banks and independent mezzanine funds, of which there were some new entrants in the market last year, but also from new sources in the form of hedge funds and other structured debt funds. This led to increased competition for mezzanine assets, particularly at the larger end of the market, which often resulted in increased leverage levels and thus more risk and in some cases reduced pricing. Consequently, while we have invested in a number of large mezzanine transactions, we turned down more mezzanine opportunities last year than we have done in previous years.

In the middle market, which is where ICG does most of its business, the competitive pressures, although increased, were not as acute and consequently the adverse affect on leverage levels and pricing has not been as great. In this market ICG continues to benefit from its large experienced pan-European team of investment professionals and its local presence in most of the principal financial centres in Europe.

Another trend that we saw during the year was an increase in prepayment levels resulting from the exceptional level of liquidity in the debt markets, which has produced a higher level of risk appetite from senior and subordinated debt lenders who are prepared to refinance mezzanine with cheaper debt. This has the effect of shortening the life of mezzanine assets.

The Asia Pacific Mezzanine Market

Because of the size and quality of the deal flow we have been seeing in recent months in the Asia Pacific region, together with the growing interest in the use of mezzanine, we increasingly believe that there is real potential for ICG to develop a good mezzanine business in the region in the years to come.

Of our first two investments in the region one has been successfully exited through an IPO and the other was fully repaid with the potential to generate a significant capital gain. While we completed no new transactions in the Asia Pacific market last year, we expect to be more active in the region in the coming year.

Offices, Management and Staff

In recent months we have opened a new office in Frankfurt, to add to our offices in London, Paris, Madrid, Stockholm and Hong Kong. The purpose of these offices is to get closer to our key providers of business in these countries and further differentiate us from our competition.

The performance of our staff during this extremely busy year has been exceptional. I would once again like to take this opportunity to thank them all on your behalf.

The Board

In January we announced that Tom Bartlam will be retiring as Managing Director at the end of April, but will be remaining on the Board as a non-executive director. Tom was a founder of ICG in 1989 and a key factor in its very profitable growth since then, and I know his fellow Directors and executives will miss him greatly. We are all grateful for his willingness to continue in a non-executive capacity.

Outlook

Like all markets the debt markets are cyclical. The benign global economic conditions of recent years, together with increasing liquidity in the debt markets, has pushed these markets near to what we consider to be a cyclical peak. Interest spreads across the whole spectrum of the global debt market have shrunk and lenders have become prepared to take more risk for the same or even lower returns. The high availability of debt in such a market, together with the large amounts of cash in the hands of private equity investors, should continue to sustain a strong buyout market in the year ahead.

This cyclical trend in the debt markets is also leading to an increased supply of mezzanine and other forms of subordinated debt, in some cases from new less experienced investors, and thus to increased competition. This in turn is now often resulting in increased leveraged and reduced pricing which we believe sometimes gives the wrong balance of risk and reward within the mezzanine and subordinated debt markets, particularly in the larger transactions. We will therefore continue to be particularly selective in our choice of investments in the year ahead, seeking to maintain our credit discipline.

We believe our market position and reputation, size and local infrastructure will, in the current year, enable us to continue to source and execute a good number of sensibly priced and structured mezzanine investments, particularly in the middle market, where we are traditionally strong. However, taking into account the high expected level of repayments in the year ahead, it will be a challenge to grow our loan book.

In the year-to-date we have invested approximately £50m on our balance sheet in 4 different companies and we have had repayments of £55m.

As a result of last year's loan book growth the prospects for net interest income this year are good as are the prospects for fund management income, with further good growth in funds under management expected. We have had a strong start to the year for capital gains and expect this to continue for the rest of the year, as a result of where we now are in the market cycle. In addition the portfolio continues to perform satisfactorily. We are therefore pleased to be able to look to the year ahead with confidence.

INTERMEDIATE CAPITAL GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 January 2005

	Year to Jan 05 £m	Year to Jan 04 £m Restated
Interest and dividend income	**101.6**	91.8
Gain on disposals	**62.9**	26.2
Fee and other operating income	**27.4**	20.9
	191.9	138.9
Interest payable and similar charges	**(26.5)**	(27.8)
Provisions against loans and investments	**(28.2)**	(19.0)
Administrative expenses	**(41.7)**	(27.5)
Profit on ordinary activities before taxation	**95.5**	64.6
Tax on profit	**(33.5)**	(21.0)
Profit on ordinary activities after taxation	**62.0**	43.6
Dividend proposed	**(27.9)**	(23.0)
Retained profit transferred to reserves	**34.1**	20.6
Earnings per share	**89.4p**	70.4p

All activities represent continuing operations

Analysis of profit before tax:

	Year to Jan 05 £m	Year to Jan 04 £m Restated
Income		
Interest and dividend income	**101.6**	91.8
Fee and other operating income	**27.4**	20.9
	129.0	112.7
Less: Related expenses		
Interest payable and similar charges	**(26.5)**	(27.8)
Administrative expenses-Salaries and benefits	**(12.8)**	(10.9)
Operating expenses	**(8.3)**	(6.8)
Medium term incentive scheme	**(6.3)**	(5.0)
Core Income	**75.1**	62.2
Capital Gains	**62.9**	26.2
Medium term incentive scheme	**(14.3)**	(4.8)
Net Capital Gains	**48.6**	21.4
Provisions against loans and investments	**(28.2)**	(19.0)
Profit on ordinary activities before taxation	**95.5**	64.6

INTERMEDIATE CAPITAL GROUP PLC
CONSOLIDATED BALANCE SHEET
31 January 2005

	Jan-05 £m	Jan-04 £m Restated
Fixed assets		
Tangible assets	**1.3**	1.4
Loans and Investments	**1,182.8**	1,093.9
Current assets		
Debtors	**20.2**	19.2
Loans and investments	**40.9**	27.5
Cash at bank	**55.6**	38.6
	116.7	85.3
Total assets	**1,300.8**	1,180.6
Capital and reserves		
Called up share capital	**13.9**	13.8
Share premium account	**172.5**	170.0
Capital redemption reserve	**1.4**	1.4
Profit and loss and other reserves	**171.7**	137.6
Equity shareholders' funds	**359.5**	322.8
Creditors: amounts falling due after more than one year	**728.5**	730.0
Creditors: amounts falling due within one year	**212.8**	127.8
Total capital and liabilities	**1,300.8**	1,180.6

INTERMEDIATE CAPITAL GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 January 2005

	Year to Jan 05 £m	Year to Jan 04 £m
Operating activities		
Interest and dividends received	**93.8**	81.6
Gain on disposals	**62.9**	26.2
Fee and other operating income	**24.0**	19.4
Administrative expenses	**(28.9)**	(25.8)
	151.8	101.4
Interest paid	**(24.4)**	(25.6)
Net cash inflow from operating activities	**127.4**	75.8
Taxation paid	**(26.5)**	(20.8)
Capital expenditure and financial investment		
Loans and investments made	**(398.6)**	(353.7)
Realisations of loans and investments	**311.7**	160.9
Loans for syndication	**(14.2)**	25.7
	(101.1)	(167.1)
Purchase of tangible fixed assets	**(0.3)**	(0.1)
	(101.4)	(167.2)
Equity dividends paid	**(24.9)**	(19.1)
Net cash outflow before financing	**(25.4)**	(131.3)
Financing		
Increase in share capital	**2.6**	86.0
Increase in debt	**39.8**	82.0
Increase in cash and cash equivalents	**17.0**	36.7

This announcement is prepared on the basis of the accounting policies as stated in the previous year's financial statements except as noted below.

Restatement of prior year

As a result of the increasing prominence of rolled-up interest in mezzanine, the directors believe that it is now appropriate to modify the accounting presentation of the amount payable under the medium term incentive scheme with respect to rolled-up interest. It is now shown in full separately under administrative expenses in the profit and loss account and creditors in the balance sheet, whereas previously, it was shown as a reduction to interest income and investments.

As a result, both interest income and administrative expenses have increased by £2.7m for the year ending 31 January 2004 and by £1.1m for the year ending 31 January 2005. Investments and creditors have both increased by £8.4m at 31 January 2004 and £9.5m at 31 January 2005.

Core income, profit before tax and net assets are unaffected in all periods.

The financial information set out in the announcement does not constitute the group's statutory accounts for the years ended 31 January 2005 or 2004. The financial information for the year ended 31 January 2004 is derived from the statutory accounts for that year, as amended by the restatement on the previous page, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) Companies Act 1985. The statutory accounts for the year ended 31 January 2005 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

NOTE TO THE EDITORS

ICG was founded in 1989 and was floated in 1994. Its principal business is to arrange and provide mezzanine capital for companies in Europe and the Asia Pacific Region. ICG has offices in London, Paris, Stockholm, Madrid, Frankfurt and Hong Kong. ICG also has a specialist fund management business relating to higher yielding European debt

ICG makes mezzanine loans from both its own resources and from third party funds under its management. Mezzanine finance ranks in terms of risk and reward between bank debt and equity capital. In return for providing finance, ICG seeks a strong cash yield and an additional return related to the success of the investee company. Mezzanine finance has been principally used to finance management buyouts but is also used as acquisition and refinancing capital.

In the year ended 31 January 2005 ICG and its mezzanine funds invested in the following companies:

Ist Credit, a U.K. company, provides debt purchase and outsourced debt collection services. In October 2004 ICG arranged and provided a mezzanine facility of £20m to assist in the secondary buyout.

The A.A. is a U.K. provider of roadside breakdown services and insurance brokerage. In November 2004 ICG took a participation of £85m in the mezzanine facility provided to assist in the buyout. ICG also took a participation of £5m in the equity.

Accantia is a U.K. brand owner and manufacturer, operating in feminine hygiene and health & beauty. In March 2004 ICG took a participation of £23m in the mezzanine facility provided to assist in the secondary buyout.

Comptage Immobilier Services is the French leader in water and heat metering services. In July 2004 ICG arranged and provided a mezzanine facility of €20m to assist in the secondary buyout.

Condor Ferries, a U.K. company, provides ferry and catamaran services to the Channel Islands. In December 2004 ICG took a participation of £42.5m in the mezzanine and subordinated shareholder loan facilities used to assist in the secondary buyout.

D V Holding, a French company, is a leading operator in the nursing homes and elderly care market. In December 2004 ICG arranged and provided a €16m PIK facility to assist in the buyout of a minority shareholding. ICG also provided €10m of equity.

DSV Miljo is an environmental services business based in Denmark. In February 2004 ICG arranged and provided a mezzanine facility of DKK 200m to assist in the buyout.

Elmville, an existing borrower in the UK, is a hotel operating company. In March 2004 ICG arranged and provided a facility of £8m to refinance the portion of the mezzanine loan not held by ICG.

Eurodatacar is a French company that provides services to complement traditional insurance policies covering theft of vehicles. In January 2005 ICG took a participation of €9m in the mezzanine facility arranged to assist in the secondary buyout.

Eurofarad is the French leader of customised and small batch high-end passive components. In June 2004 ICG arranged and provided a mezzanine facility of €20m to assist in the buyout. ICG also took a participation of €2m in the equity.

Gealan, a German company, is a manufacturer of PVC window systems. In January 2005 ICG provided a mezzanine facility of €25m to assist in the secondary buyout.

Global Garden Products is the European powered garden equipment market leader with particularly strong positions in Italy, Scandinavia, France and the UK. In February 2004 ICG took a participation of €23m in the mezzanine facility arranged to assist in the secondary buyout.

Groupe Moniteur, a French company**,** is a leading magazine group. In April 2004 ICG arranged and provided a mezzanine facility of €47m to assist in the buyout. ICG also took a participation of €4m in the equity.

Homann is a German company that produces chilled food and delicacies. In November 2004 ICG arranged and provided a €30 mezzanine facility to assist in the secondary buyout.

IMO Car Wash, a U.K. company, operates the largest standalone car wash business in Europe. In March 2004 ICG took a participation of £6m in the mezzanine bond provided to assist in the secondary buyout.

Keolis is France's leading private passenger transport company. In September 2004 ICG arranged and provided a mezzanine facility of €130m to assist in the buyout.

Leisure Link, an existing borrower, is a U.K. company that manages a wide range of gaming and other entertainment machines. In July 2004 ICG arranged and provided an additional mezzanine facility of £2.5m for business development.

Picard, is the leading French company in the distribution of frozen food. In December 2004 ICG jointly arranged mezzanine facilities totalling €270m to assist in the secondary buyout. ICG also took a participation of €15m in the equity.

Red Funnel is a U.K. company operating ferry services between Southampton and the Isle of Wight. In December 2004 ICG took a participation of £20m in the subordinated loan stock provided to assist in the secondary buyout.

Regent Medical, a U.K. company, manufactures and distributes surgical gloves. In September 2004 ICG took a participation of €20m in the mezzanine facility provided to assist in the buyout.

Remeha is a leading boiler manufacturer based in The Netherlands. In July 2004 ICG arranged and provided a mezzanine facility of €33m to assist in the acquisition of a French heating company.

Saga is a U.K. company providing products and services to people aged 50 and over. In December 2004 ICG took a participation of £85m in the mezzanine facility provided to assist in the buyout.

Score is a French company in the contract catering market. In October 2004 ICG arranged and provided a mezzanine facility of €7.5m to assist in the buyout.

Sia, an existing borrower, is a French company which designs and imports high quality decoration accessories. In June 2004 ICG provided €4.5m of additional financing for acquisition purposes.

SR Technics, an existing borrower, is a high quality global aircraft maintenance provider based in Switzerland. In June 2004 ICG arranged and provided an additional mezzanine facility of £9.4m to assist in financing an acquisition.

Team System is an Italian company providing software packages and related maintenance. In December 2004 ICG arranged and provided a mezzanine facility of €25m to assist in the secondary buyout. ICG also took a participation of €5m in the equity.

Thule is a Swedish based leading global sports utility transportation company. In December 2004 ICG took a participation of €33.6m in the mezzanine facility arranged to assist in the secondary buyout.

Vetco International is a U.K. company supplying products, systems and services to upstream oil and gas companies. In July 2004 ICG took a $31m participation in the mezzanine facility arranged to assist in the buyout.