Embargoed until 7.00am on Tuesday 2nd June 2009

Preliminary results
for the year ended 31 March 2009

Intermediate Capital Group PLC ("ICG" or "The Company"), a leading investor in and manager of buyout debt, announces its preliminary results for the year ended 31 March 2009.

Financial highlights:

	12 months to 31 March 2009	12 months to 31 March 2008
Core income*	**£168m**	£136m
Gains on investments	**£31m**	£135m
Net provisions	**£273m**	£46m
(Loss) / profit before tax	**£(67)m**	£230m
(Loss) / profit after tax	**£(73)m**	£155m
Total dividend per share	**41.0p**	65.0p
Investment portfolio	**£2.9bn**	£2.3bn
Funds under management	**£8.5bn**	£7.3bn

*The definition of core income can be found in the Financial Review

Highlights:

- Core income increased by 23% to £168m
- Loss before tax of £67m due to net provisions of £273m (£266m of gross provisions for portfolio companies, £36m of provisions for equity stakes in CDOs, £29m recoveries)
- Gains on investments of £31m, substantially below the gains of £135m last year due to very low level of early repayments
- Funds under management at £8.5 billion, up 16%, due to positive currency impact and additional funds raised
- Liquid balance sheet with £312m of undrawn debt facilities at year end
- Extension of £150m tranche of existing debt facility for two years to March 2013, showing the support of lenders
- Proposed final dividend of 20.5p net per share (41.0p for the full year)

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

"There has been extraordinary turbulence in the financial markets this year, which has created a challenging environment for our business, our private equity partners, and the companies in which we invest. Nevertheless, the majority of the companies in our portfolio continue to perform satisfactorily, reflecting their defensive bias. Furthermore, our fund management franchise remains strong and as a consequence we have been able to raise €1 billion of new funds.

ICG has had a long track record of creating shareholder value, and so in this context we are disappointed to report a loss. It is our objective to come out of this recession as the leading fund manager of buyout debt in Europe and so once more deliver value to our shareholders. Certainly the competitive landscape is moving in our favour.

Our priorities are to manage our existing portfolio, to maximise recoveries and to take advantage of the many attractive opportunities arising from the extraordinary state of the credit markets. We expect, in a market which increasingly favours lenders, there to be a transfer of value from equity to debt, and a significant opportunity for ICG to refinance good businesses by improving their capital structure for the long term. The principal risk is that this recession is even longer and deeper than anyone expects and consequently early repayments by our portfolio companies remain limited. In the medium term, we expect to be able to capitalise on the revival and expanded use of mezzanine finance in mid market private equity transactions, sourced by our local network."

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Results videos:

Interviews with Tom Attwood, Christophe Evain and Philip Keller, in video, audio and text format are available at www.icgplc.com and www.cantos.com.

About ICG

Founded in 1989 and quoted on the London Stock Exchange, Intermediate Capital Group PLC (ICG) is a leading independent investor in and manager of buyout debt. ICG has a large and experienced investment team with 58 investment executives operating from its head office in London and offices in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney and New York. Since its inception, ICG has invested more than £10 billion in mezzanine and equity in over 340 transactions. ICG has a £2.9 billion investment portfolio and, in addition, manages over £8 billion in mezzanine and credit funds on behalf of third parties. Further information can be found at: www.icgplc.com

Chairman’s statement

For the first time in our 20 year history ICG is reporting a loss, which is a matter of great regret to me and my fellow Directors. While we were certainly as bearish, if not more, than anyone else in the run up to the bursting of the credit bubble, we did not anticipate the severity of the impact on financial markets, and consequently the effect on the level of early repayments we receive on our mezzanine loans. Our caution in early 2007, however, was matched with early decisive action. We reduced our investment rate in our core European mezzanine market and increased the monitoring and management of our portfolio, which has a defensive bias. As a result, ICG has delivered a resilient performance relative to our peers, in a challenging environment. Nonetheless, relative performance does not pay for increased dividends.

Results overview

There has been a strong increase in core income, up 23% to £168 million (2008: £136 million). At the same time, however, and reflecting our conservative policy, we have increased our provisions charge to £273 million net of recoveries. In aggregate, this has resulted in a loss before tax of £67 million (2008: £230 million profit before tax).

Throughout our 20 years of operation, we have taken a cautious approach to impairments and will continue to do so. This year we felt it prudent to increase our provisions to £273 million net of recoveries. This, however, does not reflect a significant rise in the number of underperforming assets, rather, a much higher level of impairments on our weakest assets. This reflects our expectation that, in the current economic climate, recovery rates for these assets may prove to be much lower than we have historically achieved.

We have provided £103 million, representing 90% of the principal, against assets for companies that defaulted in the financial year. This impairment level assumes a much lower recovery rate on defaulted assets than our 20 year average of 64%. In addition, we have made a provision of £163 million for assets that had not defaulted during the reported financial year, but are considered to be impaired. We have now impaired, on average, approximately 50% of the initial carrying value of these assets. In addition we have also provided £36 million for the equity stakes in ICG managed Collateralised Debt Obligations (CDOs) and consequently no longer have any material equity exposure to these. Write backs on provisions previously charged through the income statement were £29 million.

On the whole our portfolio is performing satisfactorily and in particular our Top 20 assets. Cyclical sectors represent only 13% of the total portfolio, reflecting its defensive bias.

We had spare balance sheet capacity of £312 million at 31 March 2009 and do not face any material debt repayments in the financial year ending 31 March 2010. At year end, the first such payment was due March 2011 when our £450 million bank facility was due to expire. In this respect, I am delighted to announce that our banks have now agreed to extend £150 million of this loan for an additional period of two years. We believe that securing a four year banking line in such turbulent times is a significant achievement and underlines the continued support of our main lenders. In exchange we have agreed to reduce this facility by £65 million, leaving us with £247 million of undrawn facilities.

We are actively managing exits in order to free up further capital, thereby funding future debt repayments and increasing our investment capacity for new vintage transactions.

In total, we have approximately €1.7 billion available to invest through our third party funds, with the potential for more via continued fundraising. We are pleased to be able to report a great deal of interest in our new Recovery Fund, despite the challenging fundraising environment.

Dividend

The Board has proposed a final dividend of 20.5 pence per share making a total of 41.0 pence for the year, a decrease of 37% on the last financial year. We have reduced our dividend to a level that is supported by our cash core income, as defined in the Financial Review. The rebased full year dividend of 41.0 pence is at a level that we believe can be maintained while the current market conditions prevail, and grow when our cash core income begins to increase again.

The dividend will be paid on 14 August 2009 to shareholders on the register at 17 July 2009.

Priorities

We positioned our business early, and aligned both our corporate and individual objectives to four priorities:

- Monitoring and managing the portfolio;
- Maintaining a strong balance sheet;
- Continuing to raise third party funds; and
- Selectively investing in secondary loans.

We believe this decisive early action has put us in a better position to weather current market conditions.

Market opportunity

We also believe that we will emerge from this recession as one of the foremost direct investors and third party fund managers of buyout debt in Europe, benefiting from a competitive landscape which is improving daily. The enormous levels of volatility in credit markets, the absence of liquidity in the banking sector, and the rout of CDOs and credit hedge fund investors, have left an opening for investors such as ICG to fill a vacuum and invest at attractive prices. There are a number of unusually attractive opportunities to invest in the debt of high quality businesses we know well and which are performing satisfactorily, at levels of return that have not been seen before. In addition, there will be increasing opportunities to refinance well run businesses with strong cash flows and good prospects but which simply have the wrong capital structure.

Outlook

We are clearly in a world of heightened risk and limited visibility. In the new financial year our principal priority will be to manage our existing portfolio and maximise recoveries. In light of the defensive nature of our portfolio, our conservative provisioning policy, and the strength of our larger investments, at this point in time we expect provisions to be lower in the current year than in the year to 31 March 2009.

We plan to invest the available capacity of our funds and our balance sheet in the outstanding opportunities that are emerging from the illiquid credit market. Our focus will be on businesses that we know well, with strong and defendable market positions, predictable cash flows and high quality management.

Over the past 10 years, the growth in ICG's third party funds under management has outstripped the growth of our balance sheet and we expect this trend to continue if not accelerate. As a result, a higher proportion of our capital is likely to be sourced from third party funds in the future.

The Board and Employees

In March, Paul Piper announced his decision to retire. In addition, Tom Bartlam will not stand for re-election at the AGM. On behalf of ICG, I wish to thank them both for their enormous contributions over the last 20 years. They retire with our very best wishes.

On behalf of the Directors of ICG, I would like to thank our shareholders, fund investors and business associates, for their continued support of ICG. I am confident that we will create long term value, by using our experience and investment skills to take advantage of the opportunities that are emerging.

I would also like to thank the management and employees for their continued dedication and contribution to ICG, especially in such challenging times.

Managing Directors' review

Strategic review

In last year's annual report, we warned of a heavy storm in the buyout and credit markets. Since then, credit markets have moved from bad to dreadful, very much worse than anyone could have anticipated. However, importantly, we started in a defensive position, having taken decisive steps early on to protect our business and preserve the value of our portfolio.

Prior to the onset of the credit crunch in 2007, we stated that there was too much money chasing a scarcity of high quality transactions. As a consequence, we chose to participate in a smaller number of investment opportunities in our core European mezzanine business, reducing our market share as we sought to preserve the credit quality of our portfolio. We also favoured investments in defensive industries. As a result, our portfolio has been relatively resilient, despite the severity and global scale of this financial and economic crisis. A detailed review of our portfolio and action taken to preserve its value can be found in the Business Review.

In addition, the decline and subsequent turbulence of credit equity markets has reduced exit activity from private equity portfolios to almost nothing. As a result, there was a significant decrease in the early repayments we received on our mezzanine loans and, in turn, the investment capacity of our balance sheet. A detailed review of our balance sheet and action taken to maintain its strength can be found in the Financial Review.

Looking forward, the competitive landscape has started to move sharply in our favour. Our unique local network, long term track record and history of maximising recoveries on poorly performing assets is allowing us to raise new funds even in this difficult climate. We remain confident that ICG will emerge from the credit crisis as a market leading investor and manager of buyout debt.

The Market

Europe

The dramatically discounted prices in the secondary market have created unprecedented investment opportunities. We expect to generate very attractive returns by investing in the debt of fundamentally solid businesses which we know well, where their debt is trading at a significant discount to par value.

We are also confident that local primary markets will eventually reopen. When they do, we expect conditions to resemble those of the mid-1990s; a market characterised by local mid market transactions executed by local private equity sponsors and financed by local banks at a reasonable level of gearing. Our local network is ideally positioned to take advantage of this.

Although Governments have seemingly stabilised the banking system, there is still limited liquidity. Banks remain significantly overgeared and will require a very long period of deleveraging, before any form of normality returns.

This is particularly true of Europe, where, unlike North America, bank debt dominates with virtually no institutional history of corporate credit investing. This means that for many years banks were the major provider of buyout debt. However, in the seven or eight years before the credit bubble burst, the aggregate amount invested by institutional investors in European buyout debt went from circa 5% to 60%. Of this new wave of managers of CDOs and credit hedge funds, most have no track record, little or no cash; nor prospect of raising any. The CDO market model, in particular, is broken. We expect a significant number of these firms to leave the market over the next few years, and indeed some have already done so.

Banks will have to step in to provide liquidity if the buyout market is to reopen. This is unlikely to happen in the immediate future. Banks that have been recipients of government bailouts are repatriating funds, creating enormous difficulties for corporates in general and buyouts in particular. The new bank shareholders have different priorities. It is highly unlikely they will finance leveraged transactions arranged by the global private equity community rather than local mortgages, consumer credit and local business loans. There is therefore little or no liquidity for buyouts, particularly large multinational buyouts which are now largely considered to be a thing of the past.

Nonetheless, there is estimated to be over €200 billion of buyout debt to be repaid in the next seven or so years. Most banks will want their money back and many of these companies will not be in a position to repay. This represents the biggest risk facing the private equity community. Gearing for private equity portfolios as a whole is likely to be close to six times EBITDA in 2012 even after early repayments; significantly above sustainable levels in the current debt climate. Thus, when much of the buyout debt comes due for repayment, between 2012 and 2016, there will be limited appetite to refinance. This is an enormous funding gap and an outstanding opportunity for ICG to refinance market leading, quality companies that are cash generative and well managed.

North America

While North American banks are suffering similar woes to their European counterparts, the North American market benefits from a more established sub investment grade credit market with long term minded institutional investors. As such, we expect the North American buyout market to be the first to reopen. We hope to consolidate our strong start in this region when market opportunities arise.

Asia Pacific

In Asia Pacific, the debt market was primarily driven by banks that lent for their own account rather than for the syndication market. As a result there were never the excesses seen in Europe and North America. In addition local banks have stronger balance sheets than their European and North American peers. As a result the buyout market, while less dynamic than before the crisis, is not entirely closed. We have a very strong competitive position in the region. Having successfully closed our second Asia Pacific fund, we are well placed to continue to grow our operation.

Our competitive advantage

Among private equity and credit fund managers, we believe that the winners in the long term will be those groups that have already established a long term track record, sold more assets than they bought in 2006 and 2007, invested in cash generative businesses in defensive sectors, have investment capabilities to take advantage of the opportunities that are emerging in these difficult times and who have properly planned for succession. There are few fund managers in either private equity or credit who qualify on all of these counts. Some mediocre managers of private equity funds may survive for some time as they continue to receive fees on their existing funds. However, we believe there is every prospect that a substantial number of credit fund managers will not exist in five years time. This gives us great confidence that ICG will benefit from the less competitive environment.

We have a unique network of credit professionals based in local markets throughout Europe. We have a strong 20 year track record of investment and recovery, and a disciplined regime and investment process which allows us to raise third party funds even in difficult markets. We have or have had investments in many hundreds of companies internationally on which we have extensive information and analysis. Indeed we are on the Boards of over 80 of these. All of this gives us a real advantage over competitors who are for the most part English speaking teams based in London.

Underpinned by a single credit process, our Mezzanine and Credit Fund Management (CFM) investment teams are well positioned to identify and analyse opportunities to invest across a company's capital structure, and to adapt to market conditions. This unique perspective provides ICG with the expertise and flexibility to make additional investments in companies where we believe further value can be realised, and to invest in opportunities that are generating significant returns in both the primary and secondary markets.

We rarely sell distressed assets and, over our lifetime, have developed the internal capabilities to help drive the recovery of businesses in difficulty and monetise the equity upside. Over our 20 year history, of the 42 fully exited defaulted assets, we have recovered 64% of the principal, on average. In addition we have received a further 58% of the principal by way of interest income and equity upside, achieving 1.2 times our initial investment.

Having established a reputation as a leading fund manager of intermediate and senior capital, ICG is well positioned to grow this franchise further. Since 1998, when we launched our first third party vehicle, funds under management have grown to £8.5 billion, fast outpacing the growth of our own investment portfolio, which stood at £2.9 billion at 31 March 2009. We expect to continue to grow this business. As a result, fee income is likely to contribute a higher proportion to our core income in the medium term, as a greater proportion of the capital we manage is sourced from third party funds.

We believe that ICG will emerge from the credit crisis as one of the strongest mezzanine investors, globally, and a market leading manager of European buyout debt.

Business review

In the first six months of our 2009 financial year, we invested £312 million in 11 companies. Average pricing was more than 200 bps higher than achieved in the two previous years.

The second half, in sharp contrast, was defined by the near meltdown of the global financial system that tipped the world into recession. As a result of these drastic changes, the volume of private equity transactions was significantly reduced. While we had expected a recession in the US, the UK and Spain, we had not anticipated the speed, severity and global scale of the economic downturn. Therefore, our priorities were:

- Monitoring and managing the portfolio;
- Maintaining a strong balance sheet;
- Continuing to raise third party funds; and
- Selectively investing in secondary loans.

Monitoring and managing the portfolio

Given the current economic environment, the number one priority across the organisation is to preserve the value of our portfolio through continued monitoring and active management. This is reflected in both corporate and individual objectives.

Highly diversified portfolio with a defensive bias

Our mezzanine portfolio is highly diversified both by of geography and by sector. It comprises 114 portfolio companies spread over 17 countries across Europe, Asia Pacific and North America. France represents our highest country exposure with 33% of our assets by value located there.

The sector split illustrates the relatively defensive nature of our portfolio. Our largest sector is business services, accounting for 18%, followed by healthcare at 16%. Cyclical sectors such as automobiles, auto supplies, media, construction, building materials, chemicals, retail and restaurants represent only 13% of the total portfolio.

The mezzanine and senior debt portfolio totals £2,422 million and is well diversified with an average loan size of £25 million. Our largest asset, Médi-Partenaires, is a leading operator of private hospitals in France and accounts for 3.3% of our investment portfolio.

Our equity portfolio totals £501 million with an average investment size of £6 million. Intelsat, our largest equity investment, is the leading provider of fixed satellite services worldwide and accounts for 7% of our equity portfolio (and 1.2% of our total investment portfolio).

Our 10 largest equity investments and our top 20 assets, as listed at the end of this statement, account for 45% of our portfolio. Amongst these largest assets, there is strong bias towards healthcare related businesses.

Resilient portfolio performing satisfactorily despite challenging environment

As mentioned in our April trading update, the end of March quarterly portfolio review confirmed that the majority of our portfolio companies continued to perform satisfactorily despite challenging economic conditions across all of our key markets.

The greater resilience of our largest assets was evidenced by the fact that 17 of our top 20 assets were performing at, or above, last year's level at our end of March quarterly portfolio review. In addition, all of our 10 largest equity investments were performing at, or above, last year's level. Together with our top 20 mezzanine assets, and adjusted for overlap, these account for close to half of our portfolio.

For the portfolio as a whole, there had been little change in the last six to nine months, with 71% of the companies performing at, or above, the prior year level.

Weak assets identified and provisioned for

While our largest assets held up well, the performance of our weakest assets has deteriorated rapidly since the end of September. Reassuringly we have not seen a contagion of concerning performances across the portfolio.

In light of the economic outlook, a deterioration in the performances of our weakest assets since the end of September and our expectation for lower recoveries on those assets, we have taken gross provisions relating to our portfolio companies of £266 million (£237million net following recoveries of £29 million in the first half). The level of provisions also reflects the weakness of Sterling, which has increased the cost of provisioning for Euro and US Dollar denominated assets by some £25 million.

We have provided £103 million against assets where the companies defaulted during the 12 months to 31 March 2009, which represents 90% of underlying principal. In addition, we have made a provision of an additional £163 million for assets that had not defaulted during the reported financial year, but are considered to be impaired based on conservative assumptions for recoveries.

Given the limited visibility on the economic outlook, we believe that the prudent assumptions that underpin our provisioning policy are appropriate. Nonetheless we are committed to upholding our strong track record in maximising recoveries of troubled assets. This remains unchanged. With this in mind, we have established a dedicated team of some of our most experienced investment executives, who are solely focused in achieving this goal. The team proactively addresses assets particularly affected by the economic downturn. Based on their collective experience, they determine and implement the most effective restructuring plan to protect the value of our investments.

Maintaining a strong balance sheet

An analysis of our balance sheet, and action taken to maintain its strength, is outlined in the Financial Review of this statement.

Raising third party funds

Funds under management have increased to £8.5 billion, up 16% compared to 31 March 2008, primarily due to the appreciation of the Euro and US Dollar versus Sterling. Adjusted for currency movements, funds under management were broadly flat.

Mezzanine and Related Funds

Funds under management at 31 March 2009 were £3.9 billion, up 31%. Adjusted for currency movements, they were up 13%, as a result of the inclusion of the funds raised during the financial year. The strength of ICG's fund management franchise is demonstrated by the progress of our successful fundraising efforts in what is widely acknowledged as an acutely challenging environment.

In October 2008, we closed our second Intermediate Capital Asia Pacific Fund 2008 which, with US$600 million of third party commitments, is twice the size of our first fund.

In addition we raised €157 million of third party commitments for our new ICG Minority Partners Fund 2008. This fund makes minority investments to support European management teams in acquiring control of their business.

In November 2008, we held a first close of ICG Recovery Fund 2008, which raised €275 million of third party commitment, and subsequently raised €200 million of debt financing for this fund. We expect to reach a second close in the first half of this financial year. This fund is testament to our ability to swiftly respond to changes in market conditions, and to take advantage of the investment opportunities that arise. The fund, along with our ICG European Fund 2006, is able to invest across the capital structure of European companies that have been adversely impacted by external liquidity or credit issues.

Our existing mezzanine funds continued to perform satisfactorily and benefit from sector and vintage diversification.

CFM Funds

Funds under management were £4.6 billion, up 8% in Sterling terms but down 7% adjusted for currency movements, primarily due to a reduction in the size of our Eurocredit Opportunities Fund.

While the underlying portfolio companies of our cash flow CDOs are not immune to the impact of the recession, relative to their peers most of these funds have shown resilience and continued to perform satisfactorily during the financial year, with all junior fees payments maintained. Our credit discipline was again evidenced by a default rate of 3.2% across the CFM funds for the 12 months to 31 March 2009, which we believe is far better than the market. While we expect this outperformance to continue, default rates are likely to rise and put pressure on junior fees in the financial year ending 31 March 2010.

Our Eurocredit Opportunities Fund is a market value CDO, and is one of the last CDOs of this type to remain active in the European market. Our CFM team had anticipated further pressure on pricing in the autumn of 2008, and proactively sold large positions in specific assets ahead of the summer, repaying a large proportion of the fund’s debt and reducing the overall size of the fund. This fund has been subsequently restructured into a cash flow structure, post 31 March 2009, which has enabled equity holders to retain some upside.

We do not believe that there will be significant appetite for structured funds and in particular CDOs in the near future. There is, however, evidence of growing interest from yield seeking institutions to invest in the leveraged loan market. As one of the most established managers in this asset class, we are well positioned to benefit from the changes in the competitive landscape. We therefore expect to grow our funds under management in this area over time.

Financial Review

Summary

Despite continued strong growth in core income for the 12 months to 31 March 2009, up 23% to £168.2 million, a higher level of provisions for our portfolio companies in the face of the difficult economic conditions led to a loss before tax of £66.7 million. However, our balance sheet remains liquid with £312 million of unused debt facilities at year end. Since then £65 million of the £450 million bank facility has been cancelled in exchange for a two year extension of a £150 million tranche of this facility. As a result, this facility now amounts to £385 million. We continue to operate within our banking agreements. The strength of our core income, combined with operating cash flow of £46.1 million, shows the resilience of our business model in difficult market conditions.

Going concern statement

ICG's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Managing Directors' Review and Business Review.

The risk profile and related uncertainty of ICG has increased with the global recession impacting our borrowers' ability to meet their obligations as well as significantly reducing the level of early repayments and recoveries on impaired assets. Our portfolio as a whole is performing satisfactorily in light of the worsening economic conditions and the majority of our top twenty debt and top ten equity investment exposures are performing strongly. The capital position of ICG is reviewed below.

Having reviewed ICG’s budget and business plans and taking into account reasonable downside sensitivity, the Directors believe that ICG has adequate financial resources to continue in operational existence for the foreseeable future despite the current uncertain economic climate and accordingly they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Balance Sheet

Investment portfolio

Our investment portfolio comprises £1,932 million of senior mezzanine investments (66%), £490 million of junior mezzanine investments (17%) and £501 million of equity investments (17%), including £2 million of equity stakes in ICG managed CDOs.

Our investment portfolio grew by £617 million or 27% to £2,923 million. This increase was principally due to currency movements which added £412 million. Of our assets, 65% are Euro denominated and 13% are US Dollar denominated, with both currencies having appreciated by 14% and 28% respectively against Sterling over the 12 months to 31 March 2009.

New investments for the year totalled £775 million, of which £411 million was retained on our balance sheet. Early repayments were £84 million, leading to net lending of £327 million. The majority of this new lending occurred in the 6 months to September 2008.

Rolled up interest contributed £155 million. Impairments had a negative impact of £302 million.

Capital position

Shareholders’ funds at 31 March 2009 stood at £776 million, 13% lower compared to 31 March 2008 (£896 million) due to the level of provisions we took against our portfolio and the impact of the dividend.

Net debt was at £2,095 million, up £721 million compared to the end of last year, primarily due to the weakening of Sterling versus the Euro and moderate net new lending during the period. Our policy is to match assets and liabilities in currency terms, and therefore the currency split of our debt facilities reflects the composition of our investment portfolio, either by being drawn directly in or swapped into these currencies.

Our balance sheet remains liquid with £312 million of undrawn debt capacity at 31 March 2009 and only approximately £20 million of debt repayment scheduled in the year to March 2010. This was £344 million lower than at the end of September 2008 (£656 million) primarily due to a negative impact of currency movement of £208 million.

In aggregate, at year end 31 March 2009, we had total debt facilities of £2.4 billion. This comprises our two banking facilities totalling £1.5 billion, a securitisation vehicle totalling £452 million and private placements amounting to £469 million.

We have negotiated with the two main lenders a two year extension for the repayment of £150 million of the original three year £450 million debt facility, arranged at the end of March 2008. As a result this £150 million tranche is now not due to be repaid until March 2013.

Following this agreement, we are negotiating with the other members of the banking syndicate, which hold £100 million of this original £450 million facility, with a view to reaching a similar agreement.

In exchange for this extension we have agreed to reduce this facility by £65 million to £385 million.

We closely monitor the headroom on our banking covenants and continued to operate comfortably within these at 31 March 2009. Our gearing ratio at 31 March 2009 was 270%, significantly below our covenant limit of 400%. With shareholders' funds of £776 million we had £396 million of headroom on our minimum net worth covenant. Interest cover at 31 March was 2.0 times comfortably above the 1.6 times minimum coverage.

We expect to remain within our lending agreements for the foreseeable future based on conservative forecasting assumptions which anticipate a moderate level of realisations over the next two years.

Investment capacity

While we do not have any liquidity issues, with undrawn debt facilities of £312 million at year end and limited repayments expected in the next 12 months, the investment capacity of our balance sheet is limited.

Since year end, our investment capacity was reduced by £65 million to £247 million following the extension of our bank facility. On the other hand, recent gains in the Sterling against the Euro have positively contributed to our investment capacity.

Income Statement

Net interest income

Interest and dividend income was £303.7 million, up 28% compared to the previous year's £236.9 million, which was derived from an increase in the investment portfolio. The average portfolio for the year to 31 March 2009 was £2,665 million (based on month end values), up 42% compared to last year's £1,878 million, driven by both new investments and favourable currency movements. Over the 12 months to 31 March 2009 the average 3 month EURIBOR was 4.04%, 40 basis points lower compared to the previous 12 months.

Included within interest income is £9.5 million of interest income arising following a change in assumptions used to calculate interest income on interest bearing equity. £5.1 million of this relates to prior years and hence has not been included in core income.

Cash interest accounted for 47% of total interest, and rolled up interest for the remainder.

Interest expense, excluding the £8.3 million positive adjustment to the fair value of financial instruments held for hedging purposes, was £103.8 million, up 39% on the back of higher average net debt as well as a higher cost of debt for the £450 million bank debt facility, £225 million of which was drawn in September 2008.

As a result net interest income increased by 23% to £199.9 million over the period, excluding the £8.3 million positive adjustment to the fair value of financial instruments held for hedging purposes.

Fund management fees

Fund management fee income derived from our mezzanine funds was £31.8 million, broadly flat compared to last year at £31.2 million. Excluding performance carried interest on the ICG Mezzanine Fund 2000, which contributed £1.2 million in the year just ended, compared to £8.1 million in the last year, mezzanine funds fee income was up 32% as Intermediate Capital Asia Pacific Fund 2008 and ICG Minority Partners Fund 2008 started contributing in the second half of the year. Fee income also benefitted from positive currency impact as fees are denominated in Euro and US Dollar.

Fund management fee income derived from CFM was £21.7 million, up 17% compared to £18.6 million last year, having benefitted from the strength of the Euro against the Sterling. All CFM funds, except private mandates, are Euro denominated. This £21.7 million includes £12.6 million of junior fees from our CFM funds, part of which could be at risk in the next twelve months. Further details are available in the Business Review.

Expenses

Operating expenses before the cost of the Medium Term Incentive Scheme (MTIS) were flat at £62.7 million despite a higher average headcount. As a result of our changed business priorities, we have reduced our headcount by 10% to 130, to align the skills and experience of our staff with our priorities for this environment. This has led to a one off cost of £2 million for severance pay.

MTIS costs on rolled up interest were £23.4 million, up from £20.3 million in the previous year, reflecting the growth of our portfolio. Accrued MTIS costs on rolled up interest are included in core income. Rolled up interest accrues on loans, loan stock and preference shares. These incentive expenses accrue when returns on rolled up interest exceed a contractual hurdle rate, giving rise to bonuses for our investment executives. These are paid only when the rolled up interest and principal have been repaid to ICG and provided that that the earnings per share (eps) growth hurdle rate is met. MTIS on rolled up interest for the year to 31 March 2009 is accrued but will not be paid as we have not met our eps growth hurdle rate.

Including MTIS costs on rolled up interest, total operating expenses for the 12 months to 31 March 2009 were £86.1 million (2008: £83.0 million). This represents 51% of core income, materially below last year's level of 61%. We are committed to continuously improving our efficiency and to reducing costs as a percentage of core income.

We will continue to focus on costs, and our recently implemented technology platform will enable us to further drive efficiencies across the business.

Adjusted for the one off severance cost and before the cost of the MTIS on rolled up interest, operating expenses were 14% lower in the second half of the year than in the first half.

Core income

Core income is the underlying profit derived from our investment portfolio and fund management activities. It is made up of net interest income and fund management fees, less related operating expenses, and is therefore driven by pricing and the growth in our investment portfolio and third party funds under management. It does not include the impact of capital gains on investments, provisions for impairments and other cyclical elements.

As a result of higher income and our focus on cost, core income for the 12 months to 31 March 2009 was £168 million, up 23%. Core income benefitted by £13.9 million from the strengthening of the Euro and US Dollar versus Sterling. Allowing for this currency movement, core income was up 13% from last year.

The resilience of core income, despite the challenging market environment, illustrates the strength of our business model.

Gains on investments

Gains on investments for the 12 months to 31 March 2009, at £30.9 million (£24.8 million net of MTIS contribution), were materially below the high level achieved in the 12 months to 31 March 2008 at £135.2 million (£102.9 million net of MTIS contribution) due to the change in market conditions. MTIS on capital gains for the year to 31 March 2009 is accrued but will not be paid as we have not met our eps growth hurdle rate.

Impairments

Gross impairments for our portfolio companies were £266.3 million reflecting the impact of the global recession on our weakest assets. Following the realisation of previously impaired assets, recoveries were at £28.7 million, with net provisions for portfolio companies amounting to £237.6 million.

We have also taken a further provision of £35.6 million against the value of the equity invested in ICG managed CDOs, reflecting the likely impact of rising defaults on the value of the equity tranche. At 31 March 2009, the post provision value of the equity in our CDOs carried on the balance sheet was £2.2 million. We use market assumptions provided by third parties to determine the likely cash flow to be received from these assets. Market assumptions, particularly defaults and return assumptions, have been revised across the asset class following changes in economic conditions, resulting in a lower valuation of our equity in the CDOs.

As a result total net provisions for the year amounted to £273.2 million.

Loss before tax

Loss before tax for the 12 months to 31 March 2009 was £66.7 million despite the strong growth in core income. This benefitted from a £8.3 million positive adjustment of the fair value of the financial instruments we hold for hedging purposes.

Earnings and dividend per share

Earnings per share for the 12 months to 31 March 2009 was a loss of 84.8p.

The Board has recommended a final dividend of 20.5p per share. This would result in a full year dividend of 41.0p per share. The rebased full year dividend of 41.0p is at a level that we believe we can maintain while the current market conditions prevail and grow when our cash core income begins to increase again.

Cash core income is defined as core income plus rolled interest realised minus rolled up interest accrued.

Cash Flow Statement

Operating cash flow

Dividend and interest income received during the reported financial year was £161.5 million for the 12 months to 31 March 2009, down 7% from £174.4 million last year as a much lower level of realisation of rolled up interest more than offset the growth of our portfolio. Over the period, realisation of rolled up interest was £18.0 million compared to £55.6 million in the previous 12 months.

At the same time cash interest expense was up 77% to £119.8 million (2008: £67.6 million), due to a higher level of net debt over the period, the higher cost of our latest banking facility and related set up fees.

Operating cash flow for the year of £46.1 million illustrates the resilience of our business model.

Cash flow relating to capital gains

Capital gains of £30.9 million net of cash MTIS payments for the previous year of £32.3 million contributed a negative £1.4 million. MTIS cash expenses for the 12 months to 31 March 2009, relate to the high level of capital gains achieved in the previous 12 months. There will be no MTIS cash outflow in the year to 31 March 2010 as we have not met our eps growth hurdle rate in the year ending 31 March 2009.

Free cash flow

Tax expense for the 12 months to 31 March 2009 was £50.7 million.

Following repayments, syndication proceeds and recoveries of £196.3 million, free cash flow prior to investment and dividend was £190.3 million.

Movement in net debt and cash balances

These, together with an increase in net debt and the use of cash balances of £282.7 million, financed investments for the period of £410.6 million, net purchases of fixed assets of £5.4 million and a dividend payment of £56.9 million.

Financial Outlook

Net interest income is likely to continue to benefit from exchange rate movements given the weakness of Sterling compared to the average rate for the year ending 31 March 2009. However, this is likely to be more than offset by the loss of revenue on impaired assets.

With regards to fund management fees, we do not expect the contribution from our most recent funds to compensate for the likely loss of some junior fees on some of our CFM funds.

We will continue to manage our operating expenses closely to reflect the challenging operating environment.

We expect capital gains to remain at a low level until there is an increase in the level of private equity exits.

While visibility on the economic outlook is very limited, the defensive bias of our portfolio and the prudent assumptions underlying provisions taken to date mean that at this stage, we expect at this point in time the total provisions charge for the year to March 2010 to be lower than that taken in the prior 12 months.

Consolidated Income Statement
for the Year Ended 31 March 2009

	(unaudited) Year ended 31 Mar 2009 £m	Year ended 31 Mar 2008 £m
Interest and dividend income	**303.7**	236.9
Gains on investments	**30.9**	135.2
Fee and other operating income	**59.5**	57.0
	394.1	429.1
Interest payable and other related financing costs	**(95.5)**	(38.3)
Provisions for impairment of assets	**(273.1)**	(46.0)
Administrative expenses	**(92.2)**	(115.3)
(Loss)/profit before tax	**(66.7)**	229.5
Tax expense	**(6.5)**	(74.7)
(Loss)/profit for the year attributable to the equity holders of the parent	**(73.2)**	154.8
Earnings per share	**(84.8)p**	213.4p
Diluted earnings per share	**(84.8)p**	210.8p

All activities represent continuing operations.

Statement of Recognised Income and Expenses
for the Year Ended 31 March 2009

	(unaudited) Year ended 31 Mar 2009 £m	Year ended 31 Mar 2008 £m
Available for sale investments:		
Valuation (losses) / gains taken to entity	**(47.4)**	48.0
Transferred to profit or loss sale/disposal	**44.3**	(42.5)
Tax on items taken directly to or transferred from equity	**(0.8)**	(2.5)
Net (loss)/ income recognised directly in equity	**(3.9)**	3.0
(Loss)/profit for the year	**(73.2)**	154.8
Total recognised expense and income for the year attributable to the equity holders of the parent	**(77.1)**	157.8

Analysis of profit before tax

	(unaudited) Year ended 31 Mar 2009 £m	Year ended 31 Mar 2008 £m
Income:		
Interest and dividend income**	**303.7**	236.9
Fee and other operating income	**59.5**	57.0
	363.2	293.9
Less: related expenses		
Interest payable and other related financing costs	**(95.5)**	(38.3)
Add back: net income on derivatives held for hedging purposes*	**(8.3)**	(36.2)
Deduct: additional income recognised on interest bearing equity**	**(5.1)**	–
Administrative expenses – salaries and benefits	**(42.4)**	(43.2)
Operating expenses	**(20.3)**	(19.5)
Medium Term Incentive Scheme – interest income	**(23.4)**	(20.3)
Core income	**168.2**	136.4
Gains on investments	**30.9**	135.2
Medium Term Incentive Scheme – capital gains	**(6.1)**	(32.3)
Net gains on investments	**24.8**	102.9
Provisions for impairment of assets	**(273.1)**	(46.0)
Net income on derivatives held for hedging purposes*	**8.3**	36.2
Additional income recognised on interest bearing equity**	**5.1**	–
(Loss)/profit before tax	**(66.7)**	229.5

The costs of the Medium Term Incentive Scheme included under core income relate to rolled up interest.

* Net income relating to the fair value of derivatives, which are held to economically hedge certain liabilities of the Group excluding any interest accruals and spot F/X translation movements on these derivatives, are not considered part of core income.

**Interest income includes £5.1m of income which relates to prior years arising following a change in the assumptions used to calculate interest income on interest bearing equity. The Directors do not believe that it should be included in current year core income.

Balance Sheets
31 March 2009

	(unaudited) 31 Mar 2009 Group £m	31 Mar 2008 Group £m
Non-current assets		
Property, plant and equipment	**9.7**	6.1
Financial assets: loans, investments and warrants	**2,922.6**	2,306.0
Derivative financial instruments	**33.5**	1.8
	2,965.8	2,313.9
Current assets		
Trade and other receivables	**50.7**	39.6
Financial assets: loans and investments	**19.9**	151.8
Derivative financial instruments	**2.1**	–
Cash and cash equivalents	**23.7**	50.9
	96.4	242.3
Total assets	**3,062.2**	2,556.2
Equity and reserves		
Called up share capital	**17.3**	17.2
Share premium account	**348.5**	348.5
Capital redemption reserve	**1.4**	1.4
Other reserves	**23.7**	17.9
Retained earnings	**384.6**	511.2
Shareholders' funds	**775.5**	896.2
Non current liabilities		
Financial liabilities	**2,057.7**	1,357.0
Derivative financial instruments	**31.7**	–
Deferred tax liabilities	**6.2**	12.9
	2,095.6	1,369.9
Current liabilities		
Trade and other payables	**127.9**	132.7
Financial liabilities	**19.2**	111.3
Liabilities for current tax	**9.4**	46.1
Derivative financial instruments	**34.6**	–
	191.1	290.1
Total liabilities	**2,286.7**	1,660.0
Total equity and liabilities	**3,062.2**	2,556.2

Cash Flow Statements
for the Year Ended 31 March 2009

	(unaudited) 31 Mar 2009 Group £m	31 Mar 2008 Group £m
Net cash from operating activities		
Interest and fee receipts	**219.9**	223.7
Dividends received	**10.0**	6.2
Gain on disposals	**30.9**	141.8
Interest payments	**(119.8)**	(67.6)
Cash payments to suppliers and employees	**(96.4)**	(107.6)
Proceeds from (purchase)/sale of current financial assets	**87.4**	(115.7)
Purchase of loans and investments	**(410.6)**	(939.8)
Proceeds from sale of loans and investments	**108.9**	609.4
Cash generated (used in)/by operations	**(169.7)**	(249.6)
Taxes paid	**(50.7)**	(60.0)
Net cash (used in)/from operating activities	**(220.4)**	(309.6)
Investing activities		
Proceeds from subsidiary undertakings	**–**	–
Purchase of property, plant and equipment	**(5.4)**	(4.6)
Net cash (used in)/from investing activities	**(5.4)**	(4.6)
Financing activities		
Dividends paid	**(56.9)**	(43.0)
Increase in long term borrowings	**255.5**	65.7
Decrease in bank overdrafts	**–**	(5.6)
Proceeds on issue of shares	**–**	176.0
Net cash from financing activities	**198.6**	193.1
Net (decrease)/increase in cash	**(27.2)**	(121.1)
Cash and cash equivalents at beginning of year	**50.9**	172.0
Cash and cash equivalents at end of year	**23.7**	50.9

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 March 2009 or 2008. The financial information for the year ended 31 March 2008 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s237(2) or (3) Companies Act 1985. The audit of the statutory accounts for the year ended 31 March 2009 is not yet complete. These accounts 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.

Top 20 assets at 31 March 2009

Company	Country	Industry	Investment year	£m*
Medi Partenaires	France	Healthcare	2007	95.5
Elis	France	Business services	2007	92.4
Marken	UK	Shipping and transportation	2007	91.4
Bureau Van Dijk	Belgium	Publishing and printing	2007	88.5
Taiwan Broadcasting Communications	Taiwan	Cable operator	2007	82.5
Applus+	Spain	Business services	2007	81.6
Biffa	UK	Waste management	2008	79.7
BAA	UK	Shipping and transportation	2006	77.5
Sebia	France	Healthcare	2006	62.2
Attendo	Sweden	Healthcare	2007	61.0
Orizonia	Spain	Leisure and entertainment	2006	58.1
Materis	France	Building materials	2006	57.1
Behavioral Interventions	US	Government services	2008	54.6
Gala	UK	Leisure and entertainment	2003	51.2
LabCo	France	Healthcare	2008	48.4
Minimax	Germany	Electronics	2006	46.5
Visma	Norway	Business services	2006	45.1
Medica	France	Healthcare	2006	43.0
Ethypharm	France	Pharmaceutical	2007	43.0
SAG	Germany	Business services	2008	42.8
Total assets				**1302.4**

Top 10 equity assets at 31 March 2009

Company	Country	Industry	Investment year	£m*
Intelsat	US	Satellites	2008	35.6
Taiwan Broadband Communications	Taiwan	Cable operator	2007	33.0
All Flex	France	Electronics	1998	26.3
Eismann	Germany	Food retailing	2007	22.3
Marken	UK	Shipping and transportation	2006, 2007	20.9
Sebia	France	Health	2001	19.6
Applus+	Spain	Business services	2007	19.4
Acromas Holdings Ltd (AA/SAGA)	UK	Leisure	2004, 2007	17.0
Biffa	UK	Waste management	2008	16.7
Van Gansewinkel (formerly AVR)	The Netherlands	Waste management	2006, 2007	16.0
Total assets				**226.8**

* carrying value on ICG balance sheet at 31 March 2009

New investments

In the 12 month period to 31 March 2009 ICG's balance sheet and funds managed by ICG ("ICG") invested in the following 14 companies:

Europe

Biffa is a leading UK waste management company. In April 2008 ICG invested £100 million in the mezzanine provided to support taking the company private. ICG also invested £25 million in the equity.

Casa Reha is a German care home operator. In June 2008 ICG invested €30 million in the mezzanine provided to support the secondary buyout. ICG also invested €15 million in the equity.

CEPL is the leading French logistics provider specialising in the outsourcing of automated multiproduct order preparation. In September 2008 ICG invested €50 million to assist in the secondary buyout.

Labco, a French company, has the largest network of private clinical or routine laboratories in Europe. In July 2008 ICG invested €80 million in the mezzanine facilities provided to assist the buyout. ICG has also committed a further mezzanine facility to assist in future acquisitions.

Löwenplay, a previous investee company, is a German gaming arcade operator. In April 2008, ICG co-arranged the mezzanine facility provided to support the tertiary buyout. ICG invested €60 million.

N&W Global Vending is an Italian company that manufactures vending machines. In November 2008 ICG arranged a mezzanine facility of €130 million to support the tertiary buyout.

Sicurglobal is an Italian company that provides security services. In April 2008 ICG arranged and provided a mezzanine facility of €35 million to support the secondary buyout. ICG also invested €13 million in the equity.

Veinsur is a Spanish truck distributor that also provides maintenance, repair and after sales services. In June 2008 ICG arranged and provided mezzanine facilities of €36 million to support the buyout.

Secondaries

Bureau Van Dijk, an existing investee company, is an electronic publisher of comprehensive company information based in Belgium. In December 2008 ICG acquired £18.5 million of senior facilities with a further commitment of €9 million under the revolving credit facility.

Ista, an existing investee company based in Germany, is a global provider for consumption based billing in the metering and sub-metering industry. In November 2008 ICG acquired €5 million of the senior facilities. This has subsequently been transferred to the ICG Recovery Fund.

Asia Pacific

Veda is Australia and New Zealand's leading supplier of consumer and commercial credit reporting. In September 2008 ICG facilitated the restructuring of Veda's balance sheet by arranging a AUD$150 million mezzanine facility to refinance senior debt and to provide additional working capital. In September and October, ICG also acquired AUD$30 million of Veda's existing subordinated debt in the secondary market.

North America

AST is a U.S. company providing share registry services. In May 2008 ICG invested US$93 million in the mezzanine facility provided to support the buyout. ICG also invested US$44 million in the equity.

Behavioral Interventions is the leading U.S. provider of correctional products and services for government agencies. In August 2008 ICG arranged a mezzanine facility of US$100 million to support the tertiary buyout. ICG also invested US$2.5 million in the equity.

Hudson, a U.S. company, designs and manufactures air cooled heat exchangers and axial flow fans. In August 2008 ICG co-led the mezzanine facility provided to support the secondary buyout. ICG invested US$48 million in the mezzanine and US$5 million in the equity.

Other

ICG also provided additional funding of over £22 million for a further 13 existing investee companies.