Intermediate Capital Group PLC

Annual Report and Accounts 2009

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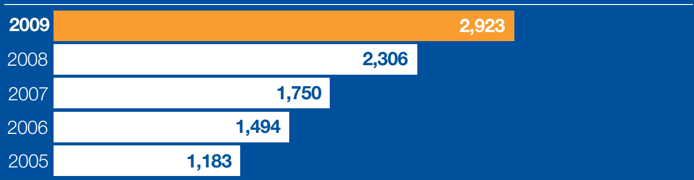
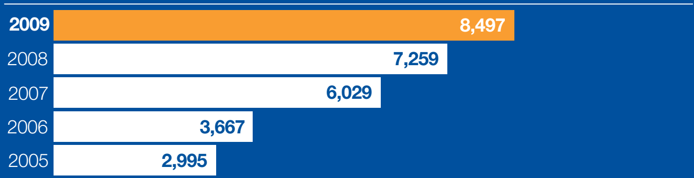
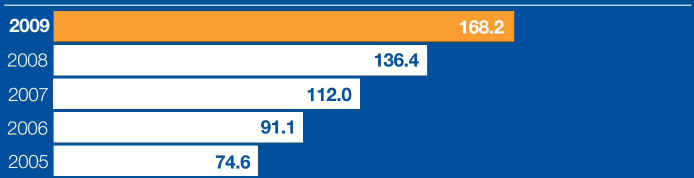
Balance sheet investments in £m



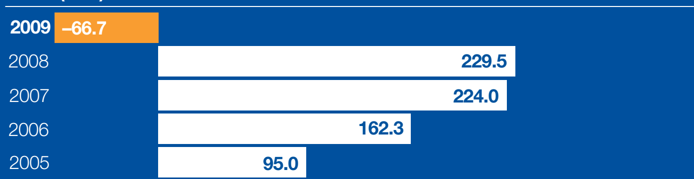
Third party funds under management in £m



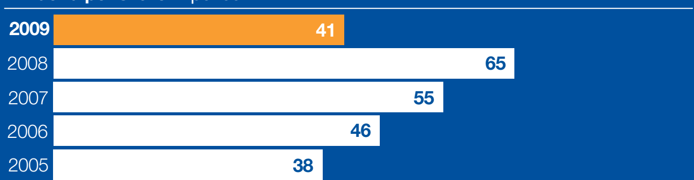
Core income* in £m



Profit/(loss) before tax in £m



Dividend per share in pence



*Adjusted for the February 2008 Rights Issue.

Balance sheet investments
£2.9bn 2009
£2.3bn 2008

Third party funds under management
£8.5bn 2009
£7.3bn 2008

Core income*
£168m 2009
£136m 2008
*as defined on page 18

Profit/(loss) before tax
£(67)m 2009
£230m 2008

Dividend per share
41p 2009
65p 2008

ICG is a listed investment firm and fund manager of buyout debt, serving institutional investors, financial sponsors and management teams of mid market companies. With offices in Europe, Asia Pacific and North America, our experienced investment professionals are committed to delivering tailored, flexible and intelligent capital solutions for our clients.

For over 20 years, **ICG has invested through various economic and debt cycles. We are committed to our:**

Credit culture
Maintaining our strict credit discipline

Strong local network
Managing our local portfolio and relationships

Fund management franchise
Expanding our fund management franchise

ICG at a glance

Overview

- FTSE 250 company with over £8bn of funds under management
- A leading investor in and manager of buyout debt
- Disciplined approach to credit
- Local network of 58 experienced investment executives to source and manage investments
- Focus on mid market, non cyclical, cash generative businesses with proven management teams
- Flexibility and experience to invest across the capital structure
- Scale and operational excellence
- Objective to once more deliver value to shareholders and investors

Established in 1989, Intermediate Capital Group ("ICG", "the Company" or "the Group") is a FTSE 250 listed investment firm and institutional fund manager of buyout debt, providing tailored capital solutions for financial sponsors and management teams in mid market companies. The Company manages over £8bn of assets in 22 funds for over 250 institutional investors, and a further £2.9bn of assets on its own balance sheet. With offices in Europe, Asia Pacific and North America, excellent local relationships, and partnerships with leading institutional investors via our fund management business, ICG is particularly well placed to take advantage of the emerging opportunities in the current economic environment. We believe the long term success of our business will centre on the following:

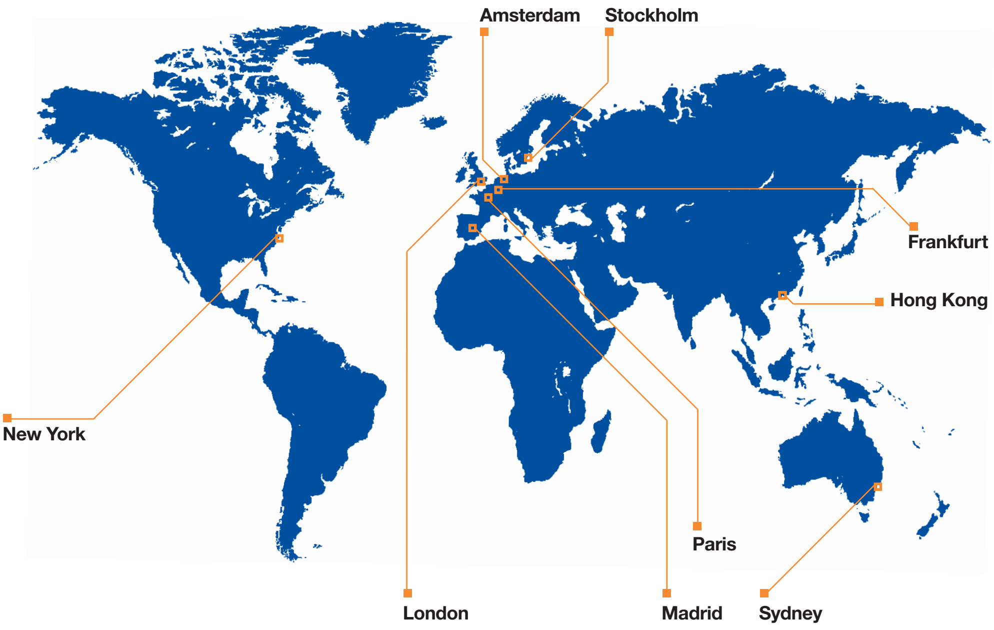
Disciplined investment approach

In more challenging markets, such as those we are currently experiencing, ICG's focused, disciplined approach to investment has been instrumental in enabling it to outperform the markets. ICG seeks to invest in cash generative, non cyclical mid market companies, with leading positions in their local markets, strong financial sponsors and proven management teams. Our investment executives are embedded in their local markets, with long standing relationships and specialist knowledge. They are incentivised not by the volume of investments they make but rather by the successful repayment of the investment. We believe in diversification, team work, flexibility and strong partnerships with investors and sponsors.

Strong local network

Our investment executives are based in nine countries, and their knowledge of their local environment is key to our success. Indeed, our local offices are at the heart of our business model and provide us with a powerful advantage throughout the life of an investment.

Investment executives
58
Local offices
9



Our global reach
ICG is a thriving multicultural organisation employing 130 people, who speak 29 different languages and manage investments in 17 countries.

Our network of over 58 investment executives represent 23 nationalities, speak 29 different languages and manage investments in 17 countries.

Deeply entrenched credit culture

While not immune to the current global economic downturn, we believe that our disciplined approach will enable ICG to continue to substantially outperform the market. Our credit culture is reflected in our 20 year investment track record, characterised by average returns of 20 per cent, low defaults and high recovery rates over several economic and debt cycles. We are committed to maintaining our credit culture and adhering to the discipline with which we identify, select and manage our investments.

Our success is measured not only by the companies we invest in, but also by those we choose to avoid. In over 20 years we have assessed many thousands of potential transactions and yet, in aggregate, have only invested in 341 transactions, highlighting our selective investment approach.

Active portfolio management

We apply the same rigour to our monitoring process as we do to reviewing and selecting investments. To ensure continuity, ultimate responsibility for monitoring over the life of an investment resides with the investment team which originated it.

We hold Board positions in 80 of our portfolio companies, acting either as an active Board member or as a Board observer. This, combined with a structured approach to monitoring, enables us to work closely with a company's management to identify and address problems early, a key driver of our strong track record.

Record of recoveries

By abiding to a stringent credit process throughout the life of an investment, from origination to exit, we have established a track record around defaults and recoveries which is considerably better than the industry average. Our annual default rate is approximately 3 per cent and our historical recovery rate on realised, defaulted assets is 64 per cent. As patient, long term investors, we are prepared to invest more money to support our investments and the talented management teams of good companies impeded by inflexible or burdensome financial structures.

Flexibility and experience to invest across the capital structure

Having invested through a number of economic cycles, ICG is adept at identifying investment opportunities that offer investors attractive returns, regardless of where that value may lie in a company's capital structure. This is particularly relevant in the current environment where we expect to see a transfer of value from equity to debt.

Operational excellence

ICG has completed a number of initiatives to further enhance operational excellence and efficiency across the Company. This includes a "best in class" technology platform to support our investment teams and fund managers in the monitoring and management of our investments and funds. The system is also a valuable internal resource, providing our teams with greater access to the market knowledge that the Company has accumulated over its 20 years of investing.

"It is our objective to emerge from this recession as the leading fund manager of buyout debt in Europe and so once more deliver value to our shareholders."

Chairman's statement

Overview

- Delivered substantial shareholder value over many years, and in that context these results are disappointing
- Priorities: manage our portfolio and maximise recoveries
- Attractive opportunities arising from the extraordinary state of the credit markets
- Proposed final dividend of 20.5p net per share (41.0p for the full year)

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, or more, bearish 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 the 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 per cent to £168m (2008: £136m). At the same time, however, and reflecting our conservative policy, we have increased our provisions charge to £273m net of recoveries. In aggregate, this has resulted in a loss before tax of £67m (2008: £230m 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 £273m 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 £103m, representing 90 per cent 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 per cent. In addition, we have made a provision of £163m 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 per cent of the initial carrying value of these assets. In addition we have also provided £36m 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 £29m.

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

We had spare balance sheet capacity of £312m at 31 March 2009 and do not have 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 £450m bank facility was due to expire. In this respect, I am delighted that our banks have now agreed to extend £150m 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 £65m, leaving us with £247m 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 €1.7bn available to invest through our third party funds, with the potential for more via continued fundraising. We are pleased to report a great deal of interest in our new Recovery Fund, despite the challenging fundraising environment.

Core income
£168m

(Loss) before tax
£(67)m

Full year dividend per share
41p

Dividend

The Board has proposed a final dividend of 20.5p per share making a total of 41.0p for the year, a decrease of 37 per cent 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 41.0p 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 21 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 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.

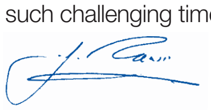
Over the past 10 years, the growth in ICG's third party funds under management has outstripped the growth of our balance sheet and we expect this trend to continue if not accelerate. As a result, a higher proportion of our capital is likely to be sourced from third party funds in the future.

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 Annual General Meeting (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.



John Manser
Chairman

Business review

Tom Attwood **Managing Director**

“This is an enormous funding gap and an outstanding opportunity for ICG to refinance market leading, quality companies.”

Managing Directors’ review
Strategic review

Overview

- Early decisive actions to protect and preserve the portfolio
- Dedicated team to maximise recoveries
- A national, mid market private equity market to reopen
- Enormous funding gap and opportunity to refinance good businesses
- Flexibility and expertise to invest across the capital structure
- Strong local network of investment professionals
- Competitive landscape moving in our favour

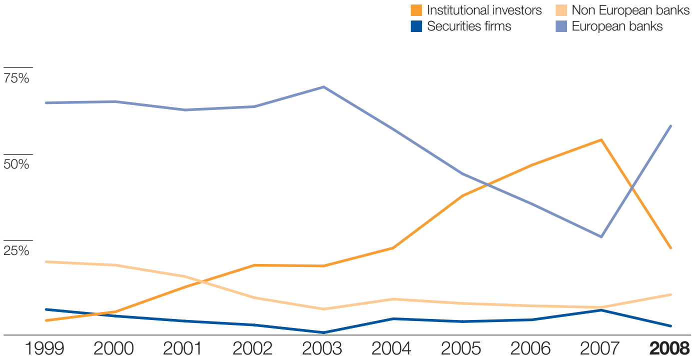
In last year’s annual report, we warned of a heavy storm in the buyout and credit markets. Since then, credit markets have moved from bad to dreadful, very much worse than anyone could have anticipated. However, importantly, we started in a defensive position, having taken decisive steps early on to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

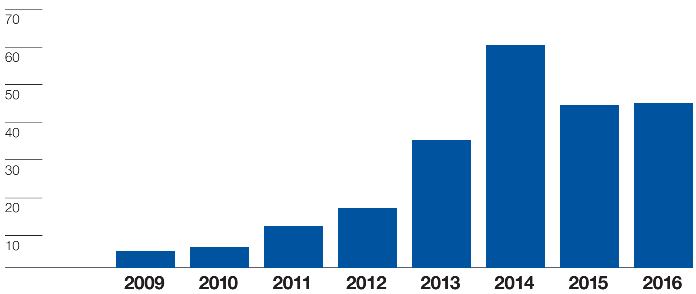
Looking forward, the competitive landscape has started to move sharply in our favour. Our unique local network, long term track record and history of maximising recoveries on poorly performing assets is allowing us to raise new funds even in this difficult climate. We remain confident that ICG will emerge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

Share of primary loan market



Source: S & P

Maturity profile of European LBO debt in €bn



Source: Fitch

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 per cent to 60 per cent. 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 €200bn 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 business in the region.

“Looking forward, the competitive landscape has started to move sharply in our favour.”

01 Christophe Evain **Managing Director**

02 François de Mitry **Managing Director**

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 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. Of the 42 fully exited defaulted assets over our 20 year history, we have recovered 64 per cent of the principal, on average. In addition we have received a further 58 per cent 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 £8.5bn, fast outpacing the growth of ICG’s balance sheet investment portfolio, which stood at £2.9bn 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.

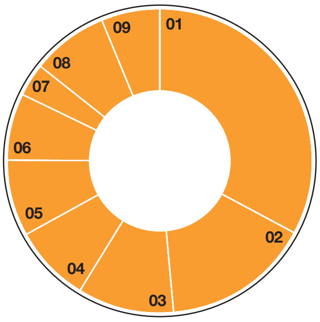
Tom Attwood

Tom Attwood
Managing Director

Portfolio by geography

01 France	32.8%
02 UK	15.7%
03 Germany	10.2%
04 Spain	8.2%
05 Nordic	8.1%
06 Benelux	7.1%
07 Other Europe	3.6%
08 North America	8.1%
09 Asia Pacific	6.2%

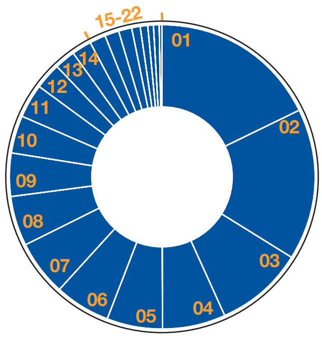
Source: ICG



Portfolio by sector

01 Business services	17.8%
02 Healthcare	16.1%
03 Shipping & transportation	9.4%
04 Telephone networks	6.7%
05 Metal forming	5.9%
06 Leisure	5.9%
07 Publishing & printing	5.9%
08 Financial services	5.3%
09 Electronics	4.6%
10 Waste management	4.0%
11 Drapery & stores	3.6%
12 Building materials	2.8%
13 Restaurants	2.1%
14 Consumer products	2.1%
15 Food retailing	1.7%
16 Pharmaceuticals	1.5%
17 Food manufacturing	1.4%
18 Insurance	0.9%
19 Chemicals & plastic	0.8%
20 Motors	0.6%
21 Hotels & caterer	0.6%
22 Utilities	0.3%

Source: ICG



Business review

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

In sharp contrast, the second half 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 are unchanged:

- 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 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 per cent of our assets by value located there.

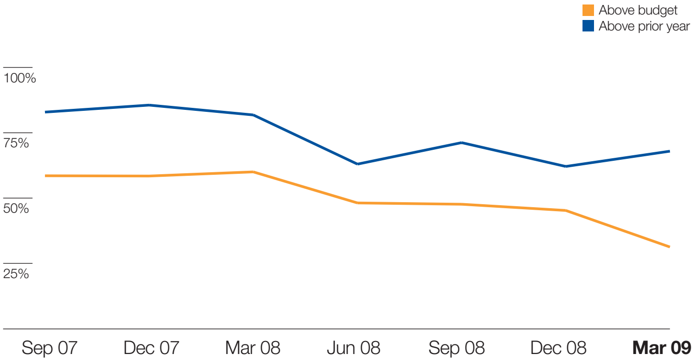
The sector split illustrates the relatively defensive nature of our portfolio. Our largest sector is business services, accounting for 18 per cent, followed by healthcare at 16 per cent. Cyclical sectors represent only 13 per cent of the total portfolio.

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

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

Our 10 largest equity investments and our top 20 assets, as listed in the Funds and Portfolio section, account for 45 per cent of our portfolio. Amongst these largest assets, there is strong bias towards healthcare related businesses.

Percentage of assets (by number) performing above prior year and above budget



Source: ICG

Business review continued

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 was little change in the last six to nine months, with 71 per cent 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 £266m (£237m net following recoveries of £29m 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 £25m.

We have provided £103m against assets where the companies defaulted during the 12 months to 31 March 2009, which represents 90 per cent of underlying principal. In addition, we have made a provision of an additional £163m 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.

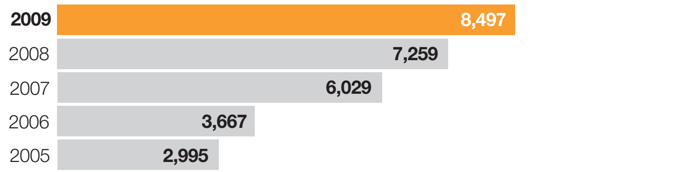
Maintaining a strong balance sheet

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

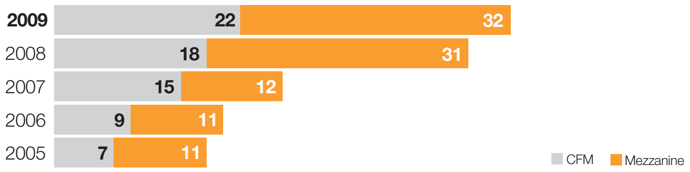
Funds under management have increased to £8.5bn, up 16 per cent compared to 31 March 2008, primarily due to the appreciation of the Euro and US Dollar versus Sterling. Adjusted for currency movements, funds under management were broadly flat.

Third party funds under management in £m



Source: ICG

Fund management fee income in £m



Source: ICG

Mezzanine and related funds

Funds under management at 31 March 2009 were £3.9bn, up 31 per cent. Adjusted for currency movements, they were up 13 per cent 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$600m of third party commitments, is twice the size of our first fund.

In addition we raised €157m 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 €275m of third party commitment, and subsequently raised €200m 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 £4.6bn, up 8 per cent in Sterling terms but down 7 per cent 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 fee payments maintained. Our credit discipline was again evidenced by a default rate of 3.2 per cent 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.

Our progress
Our priorities remain unchanged

Priorities	Market drivers and opportunities
Monitoring and managing the portfolio	► Although well diversified and with a defensive bias, our portfolio is not immune to the global economic downturn. The severity and duration of the recession has impacted the trading environment of our portfolio companies.
Maintaining a strong balance sheet	► The decline and subsequent turbulence of equity markets has significantly reduced exit activity from private equity portfolios. As a result, we received fewer early repayments, which will limit the investment capacity of the balance sheet.
Continuing to raise third party funds	► Given the reduced yield across other asset classes, fund investors are increasingly seeking alternative investment opportunities that offer a higher yield.
Further strengthening our fund management franchise	► As a listed investment firm and third party fund manager, we are committed to providing high quality service to our investors.
Investing cautiously in the secondary markets	► The dislocation in the credit markets has given rise to unprecedented investment opportunities in the secondary market for buyout debt. ► There has been a sharp reduction in the number of European credit fund managers who have the ability to raise new capital to take advantage of opportunities in the secondary market.
Enhancing operational excellence	► A company's scale, processes and operational efficiency may provide an important competitive advantage, given the complexities and challenges of the business environment.

Progress 2009	Priorities 2010
▸ Broadly resilient portfolio at the March 2009 quarterly portfolio review: 71 per cent of the companies, including most of our largest assets, were performing at, or above, the prior year level. ▸ Default rate of 4.8 per cent for the year; continuing to outperform the market in a challenging environment. ▸ Established a dedicated internal team of restructuring specialists to provide advice and support to our local investment teams. ▸ Protected the value of our portfolio, through the early identification and management of the weak assets. ▸ Introduced a technology platform to support our investment teams in the monitoring and management of the portfolio and funds. ▸ Continued alignment of corporate and employee objectives with the monitoring and management of our portfolio.	▸ Closely monitor and proactively manage the portfolio. ▸ Manage and restructure weak assets to maximise recovery. ▸ Support assets with a strong underlying business model but an inappropriate capital structure for the current economic climate. ▸ Outperform the market by maintaining low default rates and maximising recoveries.
▸ Extension of £150m tranche of existing debt facility for two years to April 2013, showing the support of lenders. ▸ Our balance sheet remains liquid with £312m of undrawn bank facilities and only £20m of debt repayment due in the year to 31 March 2010. ▸ Continued to operate well within our debt covenants.	▸ Maximise the liquidity of our balance sheet by extending the maturity of existing debt facilities, to maintain our financial strength through the current cycle and beyond. ▸ Maintain a satisfactory level of headroom for our debt covenants and free up capital by actively managing exits.
▸ Funds under management have increased to £8.5bn. ▸ Closed our second Intermediate Capital Asia Pacific mezzanine fund with US$600m of third party commitments, twice the size of first fund. ▸ Launched the ICG Recovery Fund 2008 and have received new third party fund commitments of €275m. ▸ Raised €157m of third party commitments on the first close of our new ICG Minority Partners Fund 2008. ▸ Established relationships with new and potential fund investors in Europe, the US and the Middle East. ▸ Established an Investor Management team, which will work closely with fund managers to coordinate and streamline information and activities with existing and potential investors.	▸ Reach final close on ICG Recovery Fund 2008. ▸ Further enhance the service we offer to our investors. ▸ Maintain dialogue and relationships with potential fund investors who have an interest in ICG and its fund offerings.
▸ Invested in the senior debt securities of some solid companies, at an attractive discount to par.	▸ Selectively invest in buyout debt in the secondary market.
▸ Introduced a technology platform to further enhance operational excellence, and to support our investment teams and portfolio managers.	▸ Optimise the use of the technology platform.

Philip Keller **Financial Director**

"We believe that securing a four year banking line in such turbulent times is a significant achievement."

Financial review

Overview

- Core income increased by 23 per cent 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 a very low level of realisations
- Liquid balance sheet with £312m of undrawn debt facilities at year end
- Extension of £150m tranche of existing debt facility for two years to April 2013, showing the support of lenders

Despite continued strong growth in core income for the 12 months to 31 March 2009, up 23 per cent to £168.2m, a higher level of provisions for our portfolio companies in the face of the difficult economic conditions led to a loss before tax of £66.7m. However, our balance sheet remains liquid with £312m of unused debt facilities at year end. Since then £65m of the £450m bank facility has been cancelled in exchange for a two year extension of a £150m tranche of this facility. As a result, this facility now amounts to £385m. We continue to operate within our financing agreements. The strength of our core income, combined with operating cash flow of £46.1m, 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. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Balance sheet

Investment portfolio

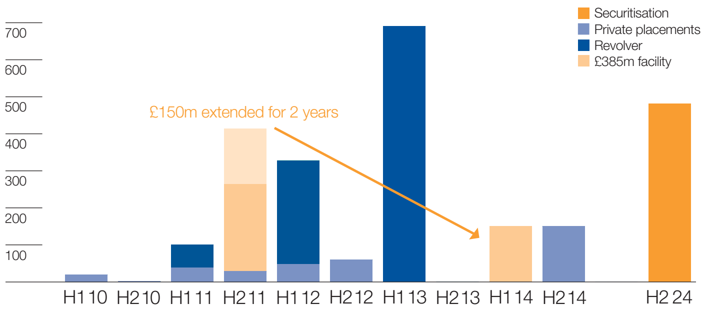
Our investment portfolio comprises £1,932m of senior mezzanine investments (66 per cent), £490m of junior mezzanine investments (17 per cent) and £501m of equity investments (17 per cent), including £2m of equity stakes in ICG managed CDOs. Our investment portfolio grew by £617m or 27 per cent to £2,923m. This increase was principally due to currency movements which added £412m. Of our assets, 65 per cent are Euro denominated and 13 per cent are US Dollar denominated, with those currencies having appreciated by 14 per cent and 28 per cent respectively against Sterling over the 12 months to 31 March 2009.

New investments for the year totalled £775m, of which £411m was retained on our balance sheet. Early repayments were £84m (excluding recoveries), leading to net lending of £327m. The majority of this new lending occurred in the six months to September 2008. Rolled up interest contributed £155m. Impairments had a negative impact of £302m.

Capital position

Shareholders' funds at 31 March 2009 stood at £776m, 13 per cent lower compared to 31 March 2008 (£896m) due to the level of provisions we took against our portfolio and the impact of the dividend. Net debt was at £2,095m, up £721m 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.

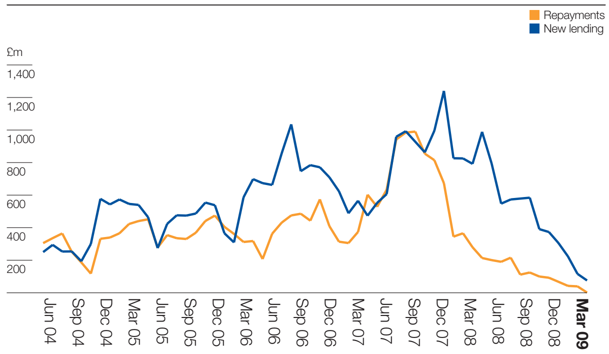
ICG debt repayment schedule in £m



Source: ICG

New lending vs repayments* in £m

* 3 month moving average



Source: ICG

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

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

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

Following this agreement, we are negotiating with the other members of the banking syndicate, which hold £100m of this original £450m facility, with a view to reaching a similar agreement. In exchange for this extension we have agreed to reduce this facility by £65m to £385m.

We closely monitor the headroom on our debt covenants and continued to operate comfortably within these at 31 March 2009. Our gearing ratio at 31 March 2009 was 270 per cent, significantly below our covenant limit of 400 per cent. With shareholders' funds of £776m we had £396m 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 financing agreements for the foreseeable future based on 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 £312m 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 £65m to £247m following the extension of our bank facility. On the other hand, recent gains in Sterling against the Euro have positively contributed to our investment capacity.

Income statement

Net interest income

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

Included within interest income is £9.5m of income arising following a change in assumptions used to calculate income on interest bearing equity. £5.1m of this relates to prior years and hence has not been included in core income. Cash interest accounted for 47 per cent of total interest, and rolled up interest for the remainder.

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

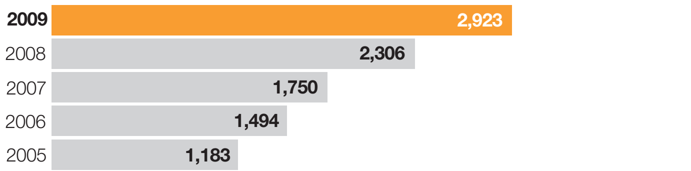
As a result net interest income increased by 23 per cent to £199.9m over the period, excluding the £8.3m positive adjustment to the fair value of financial instruments held for hedging purposes.

Fund management fees

Fund management fee income derived from our mezzanine funds was £31.8m, broadly flat compared to last year at £31.2m. Excluding performance carried interest on the ICG Mezzanine Fund 2000, which contributed £1.2m in the year just ended compared to £8.1m in the last year, mezzanine funds fee income was up 32 per cent 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 benefited from positive currency impact as fees are denominated in Euro and US Dollar.

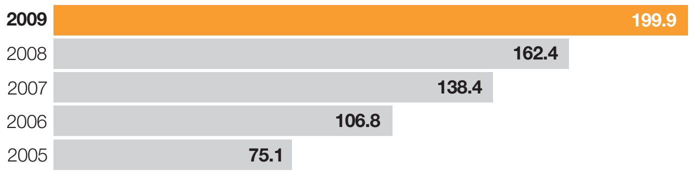
Fund management fee income derived from CFM was £21.7m, up 17 per cent compared to £18.6m last year, having benefited from the strength of the Euro against the Sterling. All CFM funds, except

Balance sheet investments in £m



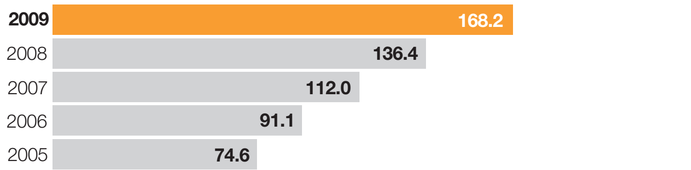
Source: ICG

Net interest income in £m



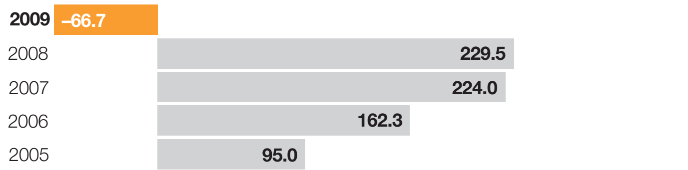
Source: ICG

Core income in £m



Source: ICG

Profit/(loss) before tax in £m



Source: ICG

Financial review continued

private mandates, are Euro denominated. This £21.7m includes £12.6m of junior fees from our CFM funds, part of which could be at risk in the next 12 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 £62.7m despite a higher average headcount. As a result of our changed business priorities, we have reduced our headcount by 10 per cent 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 £2m for severance pay.

MTIS costs on rolled up interest were £23.4m, up from £20.3m 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 that was repaid in the year to 31 March 2009 will not be paid as we have not met our minimum eps growth hurdle rate.

Including MTIS costs on rolled up interest, total operating expenses for the 12 months to 31 March 2009 were £86.1m (2008: £83.0m). This represents 51 per cent of core income, materially below last year's level of 61 per cent. 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 per cent 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 £168m, up 23 per cent. Core income benefited by £13.9m from the strengthening of the Euro and US Dollar versus Sterling. Allowing for this currency movement, core income was up 13 per cent 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 £30.9m (£24.8m net of MTIS contribution), were materially below the high level achieved in the 12 months to 31 March 2008 at £135.2m (£102.9m 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 minimum eps growth hurdle rate.

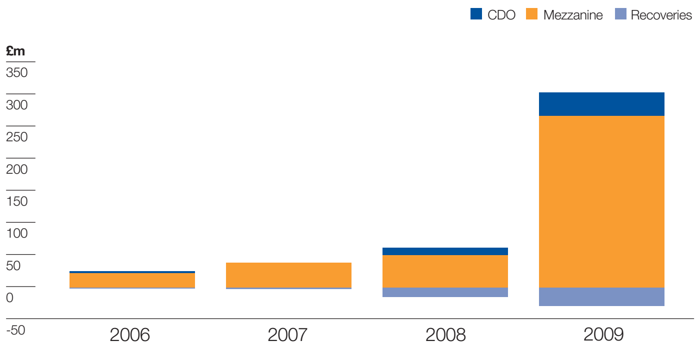
Impairments

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

We have also taken a further provision of £35.6m 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. As a result total net provisions for the year amounted to £273.2m.

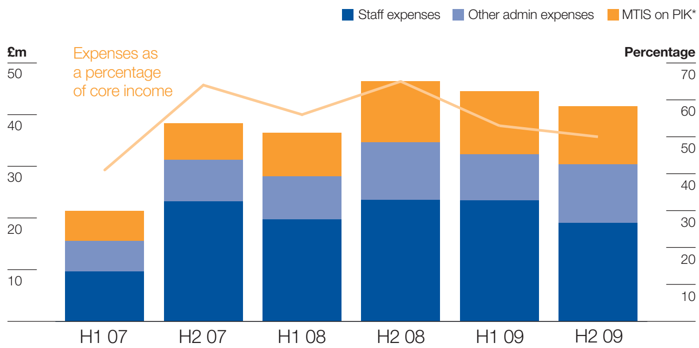
At 31 March 2009, the post provision value of the equity in our CDOs carried on the balance sheet was £2.2m. We use market assumptions provided by third parties to determine the likely cash flow to be received from these assets. Market assumptions, particularly defaults and return assumptions, have been revised across the asset class following changes in economic conditions, resulting in a lower valuation of our equity in the CDOs. The loan portfolio includes £90m of loans to ICG managed CDOs, the majority of which are rated

Breakdown of provision charge



Source: ICG

Operating expenses



*Payment-In-Kind
Source: ICG

instruments and are supported by sufficient collateral. As such, we do not expect any material impairments related to these assets to occur, under reasonable assumptions.

Loss before tax

Loss before tax for the 12 months to 31 March 2009 was £66.7m despite the strong growth in core income. This benefited from a £8.3m 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.

In order to give shareholders greater flexibility the Company intends to introduce a scrip dividend scheme which will allow shareholders to elect to receive future dividends in shares as opposed to cash. Subject to shareholders' approval at the Annual General Meeting, the scrip dividend scheme will commence with the final dividend for the reported year.

Cash flow statement

Operating cash flow

Dividend and interest income received during the reported financial year was £161.5m for the 12 months to 31 March 2009, down 7 per cent from £174.4m 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 £18.0m compared to £55.6m in the previous 12 months. At the same time cash interest expense was up 77 per cent to £119.8m (2008: £67.6m), 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 £46.1m illustrates the resilience of our business model.

Cash flow relating to capital gains

Capital gains of £30.9m net of cash MTIS payments for the previous year of £32.3m contributed a negative £1.4m. 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 £50.7m. Following repayments, syndication proceeds and recoveries of £196.3m, free cash flow prior to investment and dividend was £190.3m.

Movement in net debt and cash balances

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

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

Philip Keller
Finance Director

Operational review

Principal risks and uncertainties

Risk management is the responsibility of the ICG Board, which has put in place the following key risk management structures:

The Audit Committee comprises three independent Non-Executive Directors. Two Non-Executive Directors and the Executive Directors are not members of the Audit Committee but are invited to attend. The Company's auditors are also invited to attend and have direct access to committee members. The Committee is responsible for the selection, appointment, and review of the external auditors to the Board; reviewing accounts; the provisioning policy of the investment portfolio; and the effectiveness of the internal control environment of the Group.

The Executive Committee comprises the four Managing Directors of ICG, each of whom has a specific area of responsibility. The Executive Committee has general responsibility for ICG's resources, determining strategy, financial and operational control and managing the business worldwide.

The Global Investment Committee comprises our four Managing Directors, the Chief Investment Officer and two senior investment executives. It is responsible for reviewing and approving all investment proposals presented by investment executives in accordance with the Investment Policy set by the Board. The approval of the Board is required for large investments. The Global Investment Committee also reviews the quarterly performance reports on our portfolio companies and coordinates management plans for individual assets as necessary.

The Global Operating Board comprises our four Managing Directors and some of the heads of our business lines. It is responsible for management policy, and ensures ICG's implementation and compliance with company standards with regard to management, regulation, marketing and HR.

The Legal and Compliance Department is responsible for ensuring that business is conducted in accordance with relevant regulatory and legal frameworks.

Our key risks, and the ways in which we mitigate them are outlined on the following pages. In light of the severity and volatility of the economic downturn, we are particularly focused on managing credit, funding and liquidity risks as outlined in the Business Review.

Financial risks

Credit risk

Potential impact

Credit risk is the risk that unexpected losses may arise as a result of ICG's borrowers or market counterparties failing to meet their obligations to pay. Such risk is heightened during an economic downturn.

Mitigation

ICG limits the extent of credit risk by diversifying its portfolio. It uses disciplined credit procedures through the life of an investment to protect its portfolio. These have been intensified to reflect the current economic conditions. We have established a dedicated team to support investment teams in managing weakened assets, and when required, restructure these assets.

Each investment receives an internal credit rating based on performance and risk to capital. Lower rated assets are reviewed on a weekly basis by the relevant investment executive and regional head. Credit risk is limited by the Company's focus on high quality, third party relationships. All CFM counterparties are approved and regulated by the Financial Services Authority (FSA).

Liquidity and funding risk

Potential impact

Liquidity and funding risk is the risk that ICG will be unable to meet its financial obligations as they fall due because assets held cannot be realised.

ICG recognises that there may be times when the equity and/or credit markets are closed and it would not be possible to raise finance for what might be attractive investment opportunities. Such risk is heightened during a period of financial crisis.

Significant delays in the repayment of principal and realisation of rolled up interest and capital gains could have a negative impact on ICG's investment capacity, its ability to meet the financial covenants of its debt facilities and to make repayments as and when these become due.

Mitigation

ICG funds assets with a combination of permanent capital and medium term committed debt facilities. We are committed to maintaining diverse sources of medium and long term finance.

Despite not facing any immediate liquidity issues, we are proactively engaging with our banks to extend the duration of some of our debt facilities. We have agreed an extension of a £150m tranche of an existing facility for an additional two years to April 2013.

We operate prudent gearing and hedging policies, and aim to maintain headroom on our facilities based on future cash flow requirements and refinancing commitments.

We closely monitor the headroom on our banking covenants and have made repayments and realisations a corporate priority. However, as a minority investor, ICG is one of a number of parties who will have influence on the timing of a realisation.

We maintain a dialogue with our shareholders, banks and other potential capital providers.

Market risks

Foreign exchange risk

Potential impact

ICG is exposed to movements in exchange rates for the translation of net assets and liabilities, the most significant being the Euro and the US dollar.

Currency movement also impacts the size of undrawn debt facilities.

Mitigation

ICG mitigates foreign exchange risk by financing its loans and investments through borrowings or synthetic borrowings in the respective currency invested. Derivative instruments are used to reduce the Company's exposure to foreign currency movements on transactions. In addition, derivative instruments are used to hedge a proportion of unrealised income recognised on a fair value basis.

Interest rate risk

Potential impact

Interest rate risk is defined as the risk of loss through adverse movements in interest rates.

Mitigation

The Company seeks to match the interest profiles of assets and liabilities in order to reduce interest rate risk. ICG uses financial derivatives to achieve this. As a result, the Company does not have material financial exposure to interest rate movements.

Competition

Potential impact

When the supply of credit is readily available, competition increases, not only for mezzanine assets but also for all sub investment grade debt, at times leading to a deterioration of the risk/reward ratio.

Mitigation

ICG will be selective when making new investments and seek to maintain its credit discipline. When credit is not readily available in the broader market, ICG aims to take advantage of new opportunities that emerge at a better risk/reward ratio.

Business risks

Loss of staff

Potential impact

The loss of key employees could be detrimental to our growth.

Mitigation

We have in place a number of long term incentive schemes, aligned with our business strategy, which are designed to attract and retain high calibre executives. We are committed to providing competitive remuneration packages for our staff.

Regulatory risk

Potential impact

Our fund management business is the part of the business that is most exposed to regulatory risk. Enforcement action by the FSA could result in significant damage to the Company's reputation, while withdrawal of FSA approvals could result in the loss of its fund management activity.

Mitigation

ICG employs a full time legal and compliance director who reports to the Board, and whose role is to ensure that the business complies with all relevant regulations in the countries in which we operate.

IT failure, business interruption, human errors

Potential impact

The inability to conduct business normally could lead to losses and/or damage our reputation.

Mitigation

Internal policies set by the Board determine how operations should be executed.

We have a business continuity plan in place which ensures that our systems can be rebuilt in the event any of our premises suffer a disaster.

We employ high calibre employees who are trained to act in a professional manner and deal with third parties accordingly. We follow FSA guidelines and aim to adopt best practise whenever possible.

Internal checks and audits are designed to mitigate these risks.

ICG considers the use of appropriate insurance to be a mitigant against a number of operational risks such as fraud and third party claims.

Key performance indicators

We have identified a number of key financial and non financial performance indicators (KPIs) for our business. These KPIs and our performance in the year against them is summarised below, and, when relevant, discussed in greater detail in the Business Review.

KPIs 2009

Non Financial

- Staff retention and training

Financial

- Interest rate margins on mezzanine loans
- Default and loss rate
- Gearing level of portfolio companies
- New lending and repayments
- Third party assets under management
- Fee income
- Operating expenses as a percentage of core income

Non Financial

Staff retention and training

ICG recognises that the continued development and retention of exceptional staff enables us to reach our full potential as an organisation.

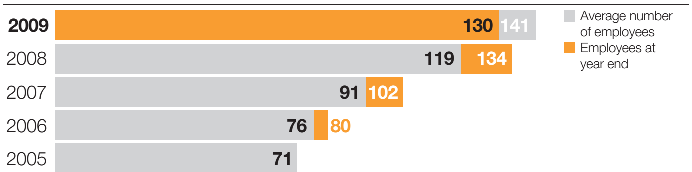
Headcount at 31 March 2009 was 130, slightly below last year's at 134. Over the past few years we have built a network of local offices and an infrastructure platform which underpins our investment strategy.

We believe that employee initiated turnover remains well below the average for the financial sector. Due to the recent changes in market conditions and reflecting our resulting corporate priorities detailed on page 5 we have aligned the skills and experience of our employees to ensure we are best placed to take advantage of the opportunities that emerge. This has resulted in a reduction of staff of approximately 10%. Our focus is now retaining and further developing our high calibre personnel.

ICG strives to provide and engender a positive and uplifting working environment so that our employees maintain high levels of engagement and motivation. Our appraisal system is transparent and encourages continuous feedback. We also regularly review our compensation, benefits schemes and structures to ensure they are market competitive, and continue to appropriately align the interests of both employees and investors.

ICG believes that the continued development of our employees is integral to our success. Our staff are encouraged to participate in a wide range of development programmes and courses to assist them to grow and apply their skills. With changing market conditions, we are developing the skills of our employees so we are best placed to take advantage of the new environment. Almost 500 training days were completed this year with an average of 4.2 days per employee, up from 1.9 days last year.

Employee headcount

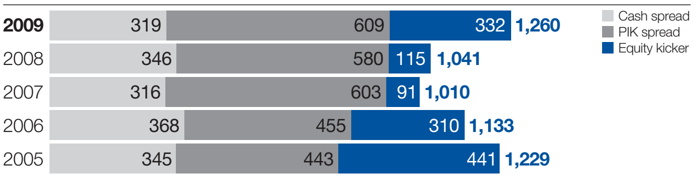


Financial KPIs

Interest rate margins on mezzanine loans

The margins on our mezzanine loans improved following the onset of the credit crunch in the summer 2008. At a spread of 1,260 basis points, the pricing achieved this year was the highest in the last five years and was materially above what we had achieved in the previous three years.

Mezzanine pricing (bps above LIBOR)



Default and loss rate

8 companies within our portfolio of 114 companies defaulted this year as the economic downturn took its toll on our weaker assets. The default rate for the year was 4.8 per cent up from 0 per cent last year. This brings our historical default rate since inception to 3.0 per cent up from 2.0 per cent last year. This default rate is well below the industry average and is testimony to the strength of our credit skills.

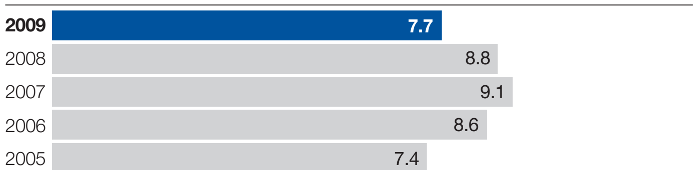
Since inception our recovery rate on defaults for our principal loan is close to 64 per cent, which we believe is well above the industry average. Our board representation and the close monitoring of our investments is significant in this continued outperformance.

Average default and recovery rate since inception

Gearing level of portfolio companies at funding

After 4 successive years of increase, leverage in new transactions continued the downward trend initiated last year. At 7.7 times EBIT it is materially lower than the previous year (2008: 8.8 times EBIT) and is well below the peak seen in 2007 (9.1 times EBIT).

Gearing at funding (total debt to EBIT)

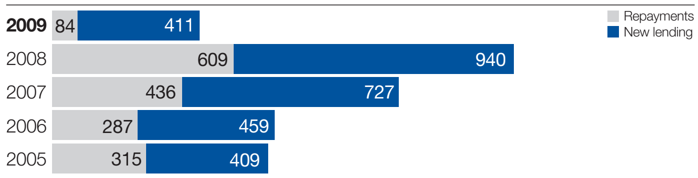


New lending and repayments

As market conditions for private equity exits deteriorated, repayments significantly decreased. At £84m (excluding recoveries), or 3.6 per cent of our opening portfolio, repayments for the year were at a historical low. This was in sharp contrast to the peak in the year to March 07, when repayments accounted for 49 per cent of the opening portfolio (2008: 35 per cent).

New lending was the lowest in the last five years and considerably below last year's level, as the primary market shut down in the second half and we slowed our investment rate. Whilst there are very attractive investment opportunities in the secondary market for senior loans, we believe that it is important we average in to this market.

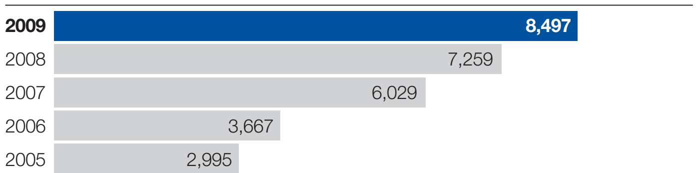
Repayments and new lending in £m



Third party funds under management

Third party funds under management increased to £8.5bn as we continued to raise new funds. This also benefited from the strength of the Euro and the US Dollar in which the majority of our funds are denominated. During the year we reached final close on the Intermediate Capital Asia Pacific Fund 2008 and first close on the ICG Minority Partners Fund 2008 and the the ICG Recovery Fund 2008.

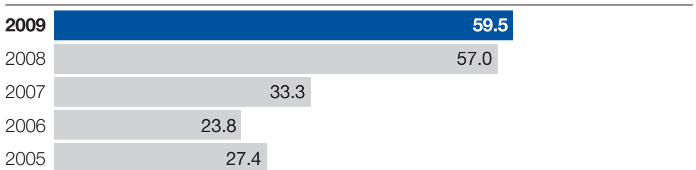
Third party funds under management in £m



Fee income

Fee income is up 5 per cent compared to last year. Fee income also benefited from currency movements.

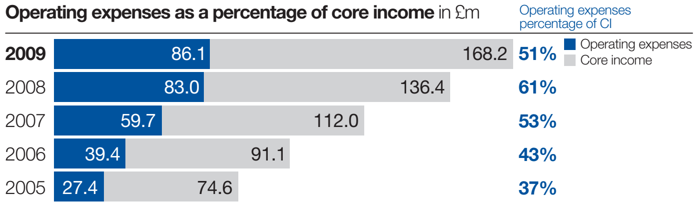
Fee income in £m



Operating expenses as a percentage of core income

We are committed to maximising the efficiency of our business and this is evidenced by the sharp reduction in the ratio of operating expenses to core income, at 51 per cent compared to 61 per cent the previous year.

Operating expenses as a percentage of core income in £m




01

01
ICG is a thriving multicultural organisation employing 130 people, who speak 29 different languages and manage investments in 17 countries.

Sustainability and Corporate Social Responsibility

Personal and corporate integrity have always been at the heart of ICG's activities, both in the way we work as a team and how we interact with our clients and the wider community. We are committed to ensuring that we meet our corporate social responsibility and transact business in a sustainable way.

The Board is responsible for ensuring that we meet and uphold high standards of corporate social responsibility in all our activities. Our approach focuses on:

- Our people;
- Our investors and financial partners;
- Our environment; and
- Our community.

Our people

ICG recognises that the continued attraction, development and retention of exceptional staff enables us to reach our full potential as an organisation. ICG strives to provide and engender a positive and uplifting working environment so that our employees maintain high levels of engagement and motivation. It remains a priority that our employees understand the strategic aims and objectives of the company, and understand their role in achieving them. We also ensure our employees are treated with fairness and respect. We strive to ensure that the talents of all our employees are fully developed and utilised and that no one receives less favourable treatment on the grounds of their gender, race, sexual orientation, religion, ethnic or national origin, disability, age, marital or health status.

The strength of our local network and diversity of employees is fundamental to our continued success. We are thriving as a multicultural organisation employing 130 people, who speak 29 different languages and have made investments in 17 countries.

All employees are of the highest calibre in their chosen field, and have been attracted by the sense of cultural belonging and purpose at work which ICG offers.

We regularly review our compensation and benefits schemes to ensure they are market competitive, and continue to align the interests of both employees, and investors. We help our employees participate in our success through a Save As You Earn Share Scheme. We regularly review the benefits offered to employees. Following employee feedback have recently introduced childcare vouchers and a bike to work scheme.

ICG believes that the continued development of our employees is integral to our success, not only in terms of the necessary professional or technical skills, but also their contribution to the Company's future. Our commitment to performance management and development is set out in our Employee Handbook and enforced through our annual staff appraisal process, with staff encouraged to participate in a wide range of development programs and courses to assist them to grow and apply their skills.

This year almost 500 training days were completed with an average of 4.2 days per employee. A total of 66 development programs and courses were held to meet the personal development needs of our employees, and to continually develop the commercial, personal, management, financial and technical skills within the Company. In addition, our employees receive regular compliance training, such as an annual anti money laundering course, so that they and the Company can meet our legal and regulatory obligations.

All our employees operate in an office environment and the Directors are committed to developing and maintaining a management culture that ensures the health, safety and welfare of employees and others while on Company premises. During the year no reportable accidents or incidents occurred either under UK Health and Safety regulations or similar regulations in our offices outside the UK.

Our investors and financial partners

We are committed to ensuring we are as transparent as possible with all our investors. This includes financial transparency, by continually improving the amount and timeliness of financial disclosure, and governance transparency, enabling our investors to understand, assess and hold accountable our Directors. In this way we believe we are able to cultivate mutual understanding and appreciation, which in turn reinforces our positive reputation and brand sustainability.

Our commitment to our investors extends to our actions as an investor ourselves. As such, we seek to invest in companies who act responsibly, and who comply with environmental, regulatory and

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02/03
A third of our employees donated their time to support projects as part of our CSR programme.

social legislation. As minority partners in virtually all our investments, we do not have direct operational control over the companies in which we invest, but nevertheless we do seek to influence their behaviour and to ensure that their ethos, corporate structures and policies are sustainable and in line with good corporate governance practice.

ICG works closely with a number of financial partners, including private equity firms, commercial banks and other financial institutions. We seek partners who operate based on an ethical, responsible approach to their business activities, and who are themselves following sustainable business practices.

ICG seeks to be the partner of choice in all our business activities. We recognise that we must offer a collaborative, solutions-based approach which allows us to serve our partners' specific needs. ICG actively promotes high ethical standards in all our business relationships, and undertakes to be open, honest and consistent in every transaction. We aim to be best in class when it comes to delivering the financing expertise and service necessary for our financial partners to be successful.

Our environment

As a corporate citizen, we regard climate change as an enormously important subject that will affect us individually and in the way we run our businesses. As a financial services company with 130 employees, the majority of the environmental risks associated with our business are indirect. Nonetheless, we believe it is our responsibility to manage and reduce our carbon footprint, while supporting charitable organisations that are promoting a low carbon economy.

We recently commissioned Environmental Resources Management (ERM), the environmental consultancy, to measure the company's carbon footprint, and to provide transparency within our business and to others about our progress. The report concluded that ICG was more carbon efficient, in terms of CO_2 emissions per pound revenue, than many other financial institutions in the UK, and that we are one of the first financial companies with under £1bn revenue to start reporting and disclosing our emissions through the Carbon Disclosure Project.

The carbon footprint study has enabled us to identify methods to further reduce emissions from our global network. We have also extended this initiative to raise awareness among our employees of carbon-reduction initiatives that they are able to adopt at home. In addition, we seek to influence the relationships we have with other companies, including suppliers, financial partners and portfolio companies, by driving debate and responsible investing through a number of educational initiatives.

In Autumn 2008, we hosted a seminar **ICG Climate Change: Investment Consequences Seminar** at Oxford University, where industry leaders were invited to discuss how best to take action to stem the advance of climate change. Over 50 people, including investors, employees and financial partners, participated in this event alongside leading climate change experts. The seminar highlighted the value of a coordinated business response to developments in climate change policy.

Further on the theme of climate change, we are pleased to be continuing our sponsorship of the ERM Foundation's Low Carbon Enterprise Fund, a registered charity which supports low carbon enterprises across the developing world.

Community participation

As a multi cultural organisation, with strong ties in the local communities in which we operate, we are keen to support the charitable interests of our staff and the communities in which we live. ICG operates a Corporate Give as You Earn scheme, and also manages a separate scheme for its staff. In addition to our charitable initiatives addressing Climate Change issues, such as our support for the charity Trees for Cities, we are equally supportive of a number of other charities in which our employees have direct involvement. These include: Connection at St Martins; The Children's Society; Richard House Children's Hospice; and Age Concern.

In addition, we are pleased to continue our support of the Private Equity Foundation, a foundation backed by the private equity industry which invests both money and expertise, to help charities achieve a step change in their impact.

The Company believes it is important for employees to not only give financial support but also their time, and to this end allows each employee to take two paid days a year for direct charity involvement.

Funds and portfolio


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Benoit Durteste is responsible for ICG's South European investment business. He is also the portfolio manager for the ICG Recovery Fund 2008, and is a member of the Global Investment Committee. He has over 16 years of investment experience, of which the last seven have been with ICG.

02
Rolf Nuijens is responsible for ICG's North European investment business and is the portfolio manager for the ICG European Fund 2006, ICG Mezzanine Fund 2003 and ICG Mezzanine Fund 2000. He has over 15 years of investment experience of which the last 11 have been with ICG.

Funds overview

Investment Funds

We offer institutional investors the opportunity to invest alongside ICG's balance sheet via a range of co investment funds. Funds under management at 31 March 2009 totalled £3.9bn.

European Investment Funds

Intermediate Capital Managers Limited ("ICML") acts as investment advisor to three of ICG's four European mezzanine funds with aggregate funds under management of €4bn. ICML's mezzanine funds are structured as limited partnerships and principally invest in mezzanine transactions alongside ICG.

ICG European Fund 2006

ICG European Fund 2006 is Europe's largest independent mezzanine and related finance fund, with a total size of €2.15bn. The fund comprises €1.25bn of equity commitments and leverage of €900m through a securitised debt facility. At 31 March 2009, 39 investments had been made and the fund was 50 per cent invested.

ICG Mezzanine Fund 2003

ICG Mezzanine Fund 2003 has a total size of €1.4bn comprising €668m of equity commitments and €750m leverage through a securitised debt facility. It commenced investing in 2003 and is now fully invested. At 31 March 2009, the fund had made a total of 79 investments of which 37 have been realised. It has returned €636m to Limited Partners, which represents 96 per cent of investor commitments. The fund has a remaining portfolio with cost of €692m. The fund is now closed for new investments.

ICG Mezzanine Fund 2000

ICG Mezzanine Fund 2000 has €307.5m of equity commitments and €80m of debt facilities. This fund invested in 50 mezzanine transactions between 2000 and 2003. At 31 March 2009, €14.6m mezzanine investments were still outstanding and the fund had returned more than 100 per cent of investor commitments. The fund is now closed for new investments.

ICG Mezzanine Fund 1998

ICG's first mezzanine fund had £57.5m of equity commitments. It invested in 25 transactions during 1998 and 1999. This fund is now almost fully realised. The fund is now closed for new investments.

Minority Partners

ICG Minority Partners Fund 2008

ICG raised €157m of third party commitments at the first close in May 2008. The fund makes minority investments to support European management teams in acquiring control of their businesses. As at 31 March 2009, three investments have been made, investing €75m from the fund.

Recovery Fund

ICG Recovery Fund 2008

ICG raised €275m of new third party commitments at the first close in October 2008 and is continuing to raise equity funds. It also secured a term debt facility of €200m. The fund seeks to exploit the current market dislocation in LBO debt in Europe by investing in secondary credit opportunities at discounted prices, and by supporting the restructuring of private equity backed companies that may benefit from a change in their capital structure.

Asia Pacific Mezzanine Funds

Intermediate Capital Asia Pacific Limited acts as investment advisor to ICG's Asia Pacific funds.

Intermediate Capital Asia Pacific Fund 2008

Intermediate Capital Asia Pacific Fund 2008 closed in October 2008. It is the largest dedicated Asia Pacific mezzanine fund with US$600m of third party equity commitments. As at 31 March 2009, US$153m mezzanine investments had been made and the fund was 25.5 per cent invested.

Intermediate Capital Asia Pacific Mezzanine Fund 2005

ICG closed Intermediate Capital Asia Pacific Mezzanine Fund 2005 in December 2005 with US$300m from third party investors. The fund was the largest dedicated pan Asian mezzanine fund in the region and focused on LBO and growth/expansion capital investment opportunities across the region. It has returned US$108m, 42 per cent of capital has been invested, and it remains invested in seven assets at a total cost of US$205m. The fund is now closed for new investments.

03
Dagmar Kent-Kershaw is responsible for ICG's Credit Fund Management business and its portfolio of credit funds. She has over 17 years of experience in the credit markets.

03

Credit Funds

The Credit Fund Management (CFM) team manages 14 credit funds, which includes 10 CLOs, several institutional mandates, and one Unit Trust. The CFM team specialises in investments in primary and secondary senior and subordinated debt in leveraged buyouts, often investing alongside the mezzanine team. Funds under management at 31 March 2009 totalled £4.6bn.

Eurocredit CDO I BV
Eurocredit CDO I closed in September 1999. It was originally a €417m fund and was the first arbitrage cashflow CDO to be based on European loan, bond and mezzanine collateral. The fund is a mix of high yield bonds and leveraged loans with a small mezzanine component. The reinvestment period for this fund expired in September 2004 and the transaction is now amortising. Eurocredit CDO I is rated by Moody's.

Eurocredit CDO II BV
This €370m fund was ICML's second cashflow CDO with a similar mix of high yield bonds, senior leveraged loans and mezzanine and closed in October 2000. The reinvestment period for this fund expired in October 2005 and the tranches are now amortising. Eurocredit CDO II is rated by Moody's.

Eurocredit CDO III BV
Eurocredit CDO III closed in September 2003. It is a €250m fund invested predominantly in senior loans, with a basket for mezzanine investments. The reinvestment period for this fund expired in October 2008 and the transaction is now amortising. Eurocredit CDO III is rated by S&P and Moody's.

Eurocredit CDO IV BV
Eurocredit CDO IV closed in November 2004. It is a €355m fund invested predominantly in senior loans, with some exposure to mezzanine and high yield bonds. Eurocredit CDO IV is rated by S&P and Moody's.

Eurocredit CDO V PLC
This transaction is the successor vehicle to Promus I BV. Closed in September 2006, it is a €600m fund invested predominantly in senior loans, with some exposure to mezzanine and high yield bonds. Eurocredit CDO V is rated by S&P and Moody's.

Eurocredit CDO VI PLC
Closed in December 2006, Eurocredit CDO VI is a €500m fund invested predominantly in senior loans, with some exposure to mezzanine and high yield bonds. Eurocredit CDO VI is rated by S&P and Moody's.

Eurocredit CDO VII PLC
Eurocredit CDO VII closed in April 2007. It is a €585m fund invested predominantly in senior loans, with some exposure to mezzanine and high yield bonds. Eurocredit CDO VII is rated by S&P and Moody's.

Eurocredit CDO VIII PLC
Eurocredit CDO VIII closed in December 2007. It is a €636m fund invested predominantly in senior loans, with some exposure to mezzanine. Eurocredit CDO VIII is rated by S&P and Moody's.

Market Value Funds

Eurocredit Opportunities Fund 1 PLC
Eurocredit Opportunities Fund 1 PLC closed in November 2005, with three subsequent tap issues. Originally a market value fund, Eurocredit Opportunities has now converted to a cashflow based fund (post March 2009 year end) holding a combination of senior loans, mezzanine investments and high yield bonds.

Eurocredit Opportunities Parallel Funding 1
Eurocredit Opportunities Parallel Funding 1 is a €450m fund investing in leveraged loans. The fund closed in April 2008.

In addition the CFM team manages dedicated institutional mandates on behalf of third party clients.

01
Chris Heine is responsible for ICG's Asia Pacific investment business and Intermediate Capital Asia Pacific funds. He has over 21 years of investment and finance experience of which the last three have been with ICG.

01

Portfolio overview

Top 20 Assets

Company	Country	Sector	Investment year	£m*
Médi-Partenaires	France	Healthcare	2005, 2007	95.5
Elis	France	Business services	1997, 2002, 2007	92.4
Marken	UK	Shipping & transportation	2006, 2007	91.4
Bureau Van Dijk	Belgium	Publishing & printing	2007	88.5
Taiwan Broadband Communications	Taiwan	Cable operator	2007	82.5
Applus+	Spain	Business services	2007	81.6
Biffa	UK	Waste management	2008	79.7
BAA	UK	Shipping & transportation	2006	77.5
Sebia	France	Healthcare	2001, 2006	62.2
Attendo	Sweden	Healthcare	2007	61.0
Orizonia	Spain	Leisure & entertainment	2006	58.1
Materis	France	Building materials	2003, 2006	57.1
Behavioral Interventions	US	Government services	2008	54.6
Gala Coral Group	UK	Leisure & entertainment	2003, 2005	51.2
LabCo	France	Healthcare	2008	48.4
Minimax	Germany	Electronics	2006	46.5
Visma	Norway	Business services	2006	45.1
Medica	France	Healthcare	2003, 2006	43.0
Ethypharm	France	Pharmaceutical	2007	43.0
SAG	Germany	Business services	2008	42.8
Total				**1,302.1**

* carrying value on ICG balance sheet at 31 March 2009

02
Piers Millar is responsible for ICG minority partners investments, leads the portfolio restructuring team and is a member of the Global Investment Committee. He has over 11 years of investment experience with ICG.

03
Jason Block is responsible for ICG's North American investment business and the Company's Investor Management function. He has over 12 years of investment experience of which the last two have been with ICG.

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Top 10 Equity Assets

Company	Country	Sector	Investment year	£m*
Intelsat	US	Satellites	2008	35.6
Taiwan Broadband Communications	Taiwan	Cable operator	2007	33.0
Allflex	UK	Electronics	1998, 2007	26.3
Eismann	Germany	Food retailing	2007	22.3
Marken	UK	Shipping & transportation	2006, 2007	20.9
Sebia	France	Healthcare	2001, 2006	19.6
Applus+	Spain	Business services	2007	19.4
Acromas Holdings Ltd	UK	Leisure & entertainment	2004, 2007	17.0
Biffa	UK	Waste management	2008	16.7
Van Gansewinkel	Netherlands	Waste management	2006, 2007	16.0
Total				**226.8**

* carrying value on ICG balance sheet at 31 March 2009

Repayments

During the year, repayments and partial repayments of loans and investments amounted to £109m including recoveries. Loans and/or investments to the following companies were repaid or prepaid:

Company	Country	Form of repayment	Investment year	Repayment
Condor	UK	Secondary buyout	2004	Full
GSL	UK	Trade sale	2007	Full
Lowenplay	Germany	Secondary buyout	2007	Full
N&W Global Vending	Italy	Tertiary buyout	2005	Full
Protection One	France	Trade sale	2005	Full
Score	France	Trade sale	2004	Full
Spring	UK	Final amortisation	1998	Full
Thornbury	UK	Secondary buyout	2002	Full
Tunstall	UK	Tertiary buyout	2000	Full
Acteon	France	Re-organisation	2005	Partial
Famosa	Spain	Refinance	2005	Partial
Meyn	Netherlands	Refinance	2005	Partial
Team Systems	Italy	Refinance	2004	Partial
Welzorg	Netherlands	Refinance	2002	Partial

MARKEN

Case study: **Marken**

Marken is a fast growing specialist logistics and support services company primarily serving the pharmaceutical industry. With established capabilities in most major markets in the world, Marken is focused on the growth potential of clinical trials in emerging markets.

ICG's relationship with Marken dates back to 2006 when it provided mezzanine finance to support the 3i led buyout from Exel. The following year, ICG supported the management led buyout of the business from 3i. Since partnering with ICG, the company has gained market share by moving into new regions, securing long term agreements with major customers, and strengthening the depth of the management team. In addition, the company has further developed its infrastructure to support its long term growth.

Portfolio overview continued

Europe

1st Credit UK

1st Credit provides outsourcing services to financial institutions. The company purchases third party debtor books and collects third party debts on a commission basis. Bridgepoint Capital acquired the business in a secondary buyout from Gresham.

Sector: **Financial services**
Year: **2004**
www.1stcreditltd.com

Albingia France

Albingia is a leading niche insurance company. The company provides specialised insurance products to SMEs in France. ICG provided mezzanine finance and equity to support the leveraged buyout led by Chevrillon & Associés and Groupe IDI.

Sector: **Insurance**
Year: **2006**
www.albingia.fr

Acromas (AA/Saga) UK

AA is the leading provider of roadside assistance and personal insurance in the UK. Saga provides insurance and travel services exclusively for the over 50s. ICG provided mezzanine finance to the buyouts of both the AA and Saga in 2004. It also provided equity to the buyout of the AA. When the companies merged in 2007, the mezzanine loans were repaid and ICG retained an equity position in the combined entity.

Sector: **Leisure & entertainment**
Year: **2004, 2007**
www.theaa.com
www.saga.co.uk

Allflex UK

Allflex is the world's leading designer, producer and distributor of animal identification tags. The company enjoys the leading positions in each of its markets. ICG provided a mezzanine loan and equity to support the management buyout led by Electra Fleming.

Sector: **Electronics**
Year: **1998, 2007**
www.allflex.co.uk

Acteon France

Acteon is a world leader in small equipment and consumables for dentists. Acteon is positioned in a growing market with an increased demand for cosmetic dental care and oral hygiene. ICG provided mezzanine finance and equity to support the secondary leveraged buyout led by Edmond de Rothschild Capital Partners.

Sector: **Consumer products**
Year: **2005**
www.acteongroup.com

Alma France

Alma is a French consulting company specialising in cost reduction consultancy. The company is a leader in a fast growing market. ICG provided mezzanine and equity in support of Candover's buyout.

Sector: **Business services**
Year: **2007**
www.almacg.com

A-Katsastus Finland

A-Katsastus Group is one of the leading European vehicle inspection, registration and drivers' examination companies. Other services include trade-in inspections, quality consultancy, research and training. A-Katsastus has expanded its activities internationally. ICG provided mezzanine finance to support the leveraged buyout led by Bridgepoint Capital.

Sector: **Business services**
Year: **2005**
www.a-katsastus.fi

Apem France

Apem is one of the world's largest manufacturers of professional switches and keyboards. The company designs, develops, manufactures and sells professional interface components dedicated to niche markets such as transportation, defence, security, interactive terminals and healthcare appliances. ICG provided a warranted mezzanine facility and also invested in equity to support Barclays Private Equity.

Sector: **Business services**
Year: **2006**
www.apem.fr

"ICG's creativity and flexibility enabled us to successfully structure a new transaction that worked for all parties involved."

Simon Mueller Finance Director, Marken

Applus+ Spain

Applus+ is a leading inspection, certification and technological services company. The company has a leading position in both the automotive and non destructive testing and inspection markets. ICG arranged and provided mezzanine finance and equity to support the Carlyle Group in the leveraged buyout.

Sector: **Business services**
Year: **2007**
www.applus.com

BAA UK

BAA operates and owns seven airports in the UK, including London Heathrow, and has interests in a number of other airports overseas. ICG participated in the subordinated debt arranged when BAA was acquired by Ferrovial.

Sector: **Shipping & transport**
Year: **2006**
www.baa.com

Aster Poland

Aster City Cable is a leading provider of cable television, internet and fixed line telephone services in Poland. It benefits from a very stable core customer base to whom it is broadening its product range. ICG provided mezzanine finance and equity to support the secondary buyout led by Mid Europa Partners. In 2007 ICG participated in the recapitalisation.

Sector: **Cable operator**
Year: **2006, 2007**
www.aster.pl

Biffa UK

Biffa is a leading UK waste management business with a principal focus on waste collection, recycling, treatment and disposal. ICG provided mezzanine finance and equity to support the leveraged buyout of Biffa led by Montagu and Global Infrastructure Partners.

Sector: **Waste management**
Year: **2008**
www.biffa.co.uk

Attendo Sweden

Attendo is a leading Nordic care and healthcare provider. Attendo Care provides elderly, disabled and specialist care in the Scandinavian market. Attendo MedOne operates outsourced primary, specialist and dental healthcare units, and healthcare staffing services and elderly care units in Finland. ICG provided mezzanine finance and equity to support Industri Kapital.

Sector: **Healthcare**
Year: **2007**
www.attendo.se

Bodybell Spain

Bodybell is a leading perfumery retail chain in Spain. The company is consolidating its leadership position through acquisitions. ICG provided mezzanine finance to support Nmàs1 in the recapitalisation of Bodybell and in the acquisition of Juteco.

Sector: **Retail**
Year: **2007**
www.bodybell.com

Aviapartner Belgium

Aviapartner is a leading European ground handling business. The company serves airlines in over 30 European airports. ICG provided mezzanine finance to support the leveraged buyout by 3i.

Sector: **Shipping & transport**
Year: **2005**
www.aviapartner.aero

Bureau van Dijk Belgium

Bureau van Dijk is a leading provider of customised business information. The company provides detailed company, executive and industry intelligence on over 50 million companies worldwide. ICG provided mezzanine finance to support the secondary buyout. ICG also recently invested in the senior debt.

Sector: **Publishing & printing**
Year: **2007**
www.bvdep.com

BUREAU VAN DIJK
ELECTRONIC PUBLISHING

Case study: **Bureau van Dijk**

Bureau van Dijk (BvD) is a leading provider of customised business information through sophisticated proprietary software. The company's core competency lies in the aggregation, integration and analysis of financial information on over 50 million companies worldwide.

BvD enjoys a clear leadership position in a niche market, with no competing solutions that match BvD's breadth and coverage of information on private companies. The business has grown through sales development on core products and the launch of new bundled products.

ICG provided mezzanine finance in 2007 to support the secondary buyout.

Portfolio overview continued

Europe continued

Casa Reha Germany

Casa Reha is the leading provider of elderly and inpatient care in Germany. ICG provided mezzanine finance and equity to support the secondary buyout led by HG Capital.

Sector: **Healthcare**
Year: **2008**
www.casa-reha.de

Dometic Sweden

Dometic is the global leader in the supply of specialist appliances mainly for recreational vehicles and boats. ICG provided mezzanine finance to support the acquisition of the company by EQT in 2002, in addition to the secondary buyout led by BC Partners in 2005.

Sector: **Manufacturing**
Year: **2002, 2005**
www.dometic.com

CEPL France

Compagnie Européenne de Prestations Logistiques (CEPL) is a contract logistics company. The company specialises in the high growth, detailed picking segment of the warehouse logistics industry with a focus on high end consumer product segments. ICG provided mezzanine finance to support the secondary buyout led by Arcapita.

Sector: **Business services**
Year: **2008**

DSV Miljø Denmark

DSV Miljø is a leading Nordic supplier of soil remediation, raw materials and recycling products and services. The company also provides related transport services. ICG provided mezzanine finance to support the management buyout led by Triton.

Sector: **Waste management**
Year: **2004**
www.dsvmiljo.dk

Courtepaille France

Courtepaille is a chain of grill restaurants across France that follow a uniform concept. ICG provided mezzanine finance to support Barclays Private Equity in 2001 and the secondary LBO led by ING Parcom in 2005.

Sector: **Restaurants**
Year: **2001, 2005**
www.courtepaille.com

easycash Germany

easycash is the leading card payment network service provider in Germany. The company provides merchants with transaction processing services, Point of Sales card reading terminals and payment services (factoring, risk management). ICG provided mezzanine finance to support Warburg Pincus.

Sector: **Financial services**
Year: **2008**
www.easycash.de

Dako Denmark

Dako is a global leader in tissue based cancer diagnostics. Dako provides reagents, instruments and software for high quality cancer diagnosis and efficient laboratory processes. ICG provided mezzanine finance and equity to support EQT in the buyout.

Sector: **Healthcare**
Year: **2007**
www.dako.com

Eismann Germany

Eismann is a leading European frozen food home delivery company. Over the last few years, the management team has successfully expanded its model into France, Spain and Italy. ICG provided minority equity and mezzanine finance to support the management led buyout from ECM and Parcom.

Sector: **Food retailing**
Year: **2007**
www.eismann.de

“ICG has proven to be a strong partner.”

BC Partners

Elior France

Elior is a leading European contract and concession catering and facilities management group. In 2007 ICG provided mezzanine and equity to support the acquisition of the Group by its management alongside Charterhouse.

Sector: **Hotels & catering**
Year: **1997, 1999, 2007**
www.elior.com

Eurofarad France

Eurofarad provides customised products and technology to the military, aerospace and medical industries. ICG provided mezzanine finance and equity to support CDC Ixis Private Equity.

Sector: **Electronics**
Year: **2004**
www.eurofarad.com

Elis France

Elis is the European leader in the rental and cleaning of textiles hygiene services. The Company serves a wide range of customers, including businesses, hotels, restaurants and healthcare facilities. Following a tertiary buyout in 2007, ICG supported Eurazeo in restructuring the capital structure by taking a majority stake in the resulting senior mezzanine tranche.

Sector: **Business services**
Year: **1997, 2002, 2007**
www.elis.com

Feu Vert France

Feu Vert is the largest auto centre operator in France and in Spain. The company is also a European leader in the design and distribution of car and cycling products to mass and specialised retailers. ICG provided mezzanine finance and equity to support CDC Capital Investissement.

Sector: **Retail**
Year: **2007**
www.feuvert.fr

Ethypharm France

Ethypharm is a leading Drug Delivery System (DDS) company. The company develops and manufactures medicinal products specialising in controlled release products. ICG provided mezzanine finance and equity in support of Astorg’s acquisition of Ethypharm.

Sector: **Pharmaceuticals**
Year: **2007**
www.ethypharm.com

Firth Rixson UK

Firth Rixson is a leading manufacturer of complex metal components. The company serves the aerospace, power generation and commercial automotive markets. ICG provided mezzanine and equity in the secondary buyout led by Oak Hill Capital Partners.

Sector: **Manufacturing**
Year: **2007**
www.firthrixson.com

Eurodatacar France

The company provides services that complement traditional vehicle theft insurance. In 2002, ICG provided a mezzanine bond to support the acquisition of the company by AtriA Capital Partners. In 2005, ICG supported management in the acquisition of the company with mezzanine finance.

Sector: **Insurance**
Year: **2002, 2005**
www.eurodatacar.fr

FlaktWoods France

FlaktWoods is a global company providing energy efficient indoor air solutions. ICG provided mezzanine and equity to support the acquisition led by Sagard and Barclays Private Equity in 2007.

Sector: **Manufacturing**
Year: **2007**
www.flaktwoods.com

Portfolio overview continued

Europe continued

Fraikin France

Fraikin is one of the largest commercial vehicle fleet services providers in Europe. ICG provided mezzanine finance and equity to support the secondary management buyout led by CVC Capital Partners.

Sector: **Shipping & transport**
Year: **2007**
www.fraikin.co.uk

HMY France

HMY is the leading French and Spanish manufacturer of retail shelving and checkouts. In 2000, ICG provided mezzanine financing for secondary buyout to support Bridgepoint. In 2005, ICG provided mezzanine finance to support the fourth buyout led by Sagard.

Sector: **Manufacturing**
Year: **2000, 2005**
www.hmy.fr

Gala Coral Group UK

Gala Coral Group is the only gambling company in the UK with significant businesses in the bookmaking, bingo and casino markets. ICG provided mezzanine finance and equity to support the tertiary buyout led by Candover and Cinven. In 2005 ICG provided mezzanine finance and equity to support the quartenary buyout led by Permira, followed by the merger with Coral.

Sector: **Leisure & entertainment**
Year: **2003, 2005**
www.galacoral.co.uk

Hune Spain

Hune is one of only two general equipment rental companies with a national presence in Spain. The group provides short term rental of small and medium sized equipment and machinery to construction companies. ICG provided senior and mezzanine facilities and equity to support Advent International and the management team in acquiring the company from Fides Capital and other family shareholders.

Sector: **Machinery**
Year: **2006**
www.hune.com

Gaucho UK

Gaucho is the leading UK based operator of Argentine restaurants. ICG provided minority equity to support the management led buyout from Phoenix Capital Partners in 2007.

Sector: **Restaurants**
Year: **2007**
www.gauchorestaurants.co.uk

Indas Spain

Indas manufactures dressings and hygiene products for hospitals and the retail market. It is the leader in the incontinence products market in Spain, and distributes its products in over 30 countries. ICG provided mezzanine finance and equity for the primary buyout by Vista Capital.

Sector: **Healthcare**
Year: **2007**
www.indas.es

Geoservices France

Geoservices is a leading provider in the upstream oil industry with a world leading position in mud logging. ICG provided mezzanine finance to support the management buyout led by Astorg.

Sector: **Oil & gas**
Year: **2005**
www.geoservices.com

Inspecta Finland

Inspecta is a leading provider of inspection, testing and certification services in the Nordic region. The company offers a wide range of business and health and safety services to a diversified client base across the construction, energy, infrastructure and manufacturing sectors. ICG provided mezzanine finance and equity to support the secondary buyout by 3i.

Sector: **Business services**
Year: **2007**
www.inspecta.com

Gerflor France

Gerflor is a leading independent manufacturer of PVC flooring. Gerflor sells most of its products to professionals for contract, sport and transport applications. In 2006, ICG provided mezzanine finance and equity to support Axa Private Equity.

Sector: **Building materials**
Year: **1998, 2006**
www.gerflor.fr

Interbest The Netherlands

Interbest is the leading provider of roadside advertising masts in The Netherlands. ICG provided mezzanine finance and equity to support Waterland and AlpInvest in the acquisition of the company.

Sector: **Advertising**
Year: **2007**
www.interbest.nl

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Damien Scaillierez is ICG's Chief Investment Officer and chairs the Global Investment Committee. He has over 15 years of credit experience of which the last 9 have been with ICG.

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Ista Germany

Ista is a global services provider for consumption based billing in the sub metering and metering industry. The company operates in more than 20 countries, serving more than 300,000 customers with medium and long term contracts. ICG provided mezzanine finance to support CVC Capital Partners.

Sector: **Utilities**
Year: **2003**
www.ista.de

MACH Luxembourg

MACH is the world market leader in clearing mobile telephony roaming billing records. The company has a significant proportion of the largest GSM operators as customers. In 2005, MACH acquired End2End, one of Europe's leading service providers for mobile data services. ICG provided mezzanine finance and equity in a leveraged buyout to support Warburg Pincus.

Sector: **Telephone networks**
Year: **2005**
www.mach.com

LabCo France

Labco is a leading medical diagnostics group with a unique pan European network of local and regional clinical laboratories. Labco operates in a growing private medical diagnostics market with a total size in Europe of approximately €10bn. ICG provided mezzanine finance to support the management team and 3i.

Sector: **Healthcare**
Year: **2008**
www.labco.eu

Marken UK

Marken is a fast growing specialist logistics and support services company. The company serves the pharmaceutical industry. ICG provided mezzanine and minority equity finance to support the management led buyout from 3i in 2007.

Sector: **Shipping & transportation**
Year: **2006, 2007**
www.marken.com

Le Moniteur France

Le Moniteur is a leading magazine group, which publishes two flagship titles: Le Moniteur des Travaux Publics and La Gazette. In 2006, ICG provided mezzanine finance and equity to support the leveraged buyout led by Bridgepoint Capital and the management team.

Sector: **Printing & publishing**
Year: **2004, 2006**
www.lemoniteur.fr

Materis France

Materis is the speciality building materials business formerly owned by Lafarge. It is divided into four divisions: aluminates, mortars, paints, and admixtures. ICG provided mezzanine finance to support the buyout led by LBO France in 2003, and the acquisition by Wendel Investissement in 2006.

Sector: **Building materials**
Year: **2003, 2006**
www.materis.com

Loewenplay Germany

Loewenplay is the second largest gaming arcade operator in Germany. The company operates around 240 amusement arcades that provide gaming, sports and amusement machines. The company was acquired by funds advised by AXA Private Equity with ICG providing the mezzanine facility.

Sector: **Leisure & entertainment**
Year: **2008**
www.loewenplay.de

Mayborn UK

Mayborn has a range of international brands in the baby feeding and hygiene markets, including Tommee Tippee and Sangenic. ICG provided mezzanine finance to support the public to private buyout of Mayborn by 3i in 2006.

Sector: **Consumer product**
Year: **2006**
www.mayborngroup.com

Loyalty Partner Germany

Loyalty Partner specialises in customer management and operates Germany's most successful multi-partner loyalty programme. ICG provided mezzanine finance in a leveraged buyout to support Palamon Capital Partners.

Sector: **Consumer product**
Year: **2006**
www.loyaltypartner.de

Médi-Partenaires France

Médi-Partenaires is a leading company in the French acute care private hospital sector. The Group currently manages hospitals across France, focusing on short stay acute care. ICG provided mezzanine finance to support the management led buyout from Barclays, Cobalt and Sagard in 2005, followed by a secondary buyout by management and LBO France in 2007.

Sector: **Healthcare**
Year: **2005, 2007**
www.medi-partenaires.com

Portfolio overview continued

Europe continued

Medica France

Medica is a leading company in the nursing homes and elderly care market in France. It runs a network of nursing homes in France and Italy, follow on care clinics and a psychiatric clinic. ICG provided mezzanine finance to support the management buyout led by Bridgepoint Capital in 2003 and BC Partners in 2006.

Sector: **Healthcare**
Year: **2003, 2006**
www.medica-france.fr

N&W Global Vending Italy

N&W Global Vending is a vending machine manufacturer, which operates in more than 80 countries worldwide through a network of selected dealers. ICG provided mezzanine finance to support Bank of America and Merrill Lynch in a secondary buyout in 2005, and the tertiary buyout led by InvestCorp and Barclays Capital in 2008.

Sector: **Manufacturing**
Year: **2005, 2008**
www.nwglobalvending.com

Menissez France

Menissez is a leading manufacturer of specialist part baked breads, which is one of the fastest growing product categories in this market. It operates in an industry with high barriers to entry. In 2006, ICG provided mezzanine and equity investment to support management's acquisition of the company.

Sector: **Food manufacturing**
Year: **2006**
www.menissez.fr

Nocibe France

Nocibe is a leading distributor of prestige cosmetic and perfume brands in France. ICG arranged mezzanine finance and equity to support the management buyout led by Bridgepoint Capital. In 2006, ICG invested in mezzanine finance and equity to support the leveraged buyout by Charterhouse.

Sector: **Retail**
Year: **2002, 2006**
www.nocibe.fr

Meyn The Netherlands

Meyn is the second largest manufacturer of poultry processing equipment in the world. ICG provided a mezzanine loan for the management buyout to support Talon in 1999. The Company was sold to Altor in 2005 and ICG provided a mezzanine loan for this leveraged buyout. In 2005 Meyn acquired Systemate and ICG provided equity to support this acquisition.

Sector: **Food manufacturing equipment**
Year: **1999, 2005**
www.meyn.com

Orizonia Spain

Orizonia is a tour operator in Spain. It benefits from preferential contracts with key suppliers in the airline and travel industry. ICG invested across the capital structure to support Carlyle and Vista Capital in the acquisition of Orizonia from the Fluxa family. ICG also has a minority equity stake in the company.

Sector: **Leisure & entertainment**
Year: **2006**
www.orizonia.com

Minimax Germany

Minimax is the third largest global supplier of fire protection systems and services, focused on solutions for industrial and special hazards. The business serves the international fire protection market, and also supplies portable fire extinguishers and services to the German market. ICG provided mezzanine finance and equity for the leveraged buyout to support Industri Kapital.

Sector: **Electronics**
Year: **2006**
www.minimax.de

PagesJaunes France

PagesJaunes Groupe is a leading provider of directories for the general public and business users. In 2007 ICG invested in the senior debt of the company.

Sector: **Publishing & printing**
Year: **2007**
www.bienvenue.pagesjaunes.fr

Motip Dupli The Netherlands

Motip is a leading European manufacturer of paints and putty. In 2003 ICG provided mezzanine finance to support the company's refinancing. In 2006, the company was acquired by management and ICG. In 2008, ICG supported management in a refinancing of the company.

Sector: **Chemicals & plastic**
Year: **2003, 2006, 2008**
www.motip.com

Parkeon France

Parkeon provides parking and transport management solutions. Parkeon is located in 40 countries and its innovative systems and products ease congested streets and facilitate mobility in more than 3000 cities. ICG provided mezzanine finance and equity in support of Barclays Private Equity.

Sector: **Manufacturing**
Year: **2007**
www.parkeon.com

Pasteur Cerba France

Pasteur Cerba is a specialty laboratory, with a leading position in the French market for esoteric clinical laboratory tests. These complex tests are performed for smaller independent clinical labs, hospitals and physicians. ICG provided mezzanine finance and equity for the management buyout to support Industri Kapital.

Sector: **Health**
Year: **2006**
www.pasteur-cerba.com

SAG Germany

SAG is a leading independent service and technical solutions provider for utilities in Europe. In 2008, ICG provided mezzanine finance and equity to support the secondary buyout.

Sector: **Business Services**
Year: **2008**
www.sag.de

Picard France

Picard is a leading distributor of gourmet frozen foods operating in France. The company specialises in the selection, process, storage, distribution and retail sales of high quality frozen food. In 2001 ICG provided mezzanine finance to support the buyout led by Candover, and in 2004 the mezzanine and equity to support BC Partners. The mezzanine facility was repaid in June 2006.

Sector: **Food retailing**
Year: **2001, 2004**
www.picard.fr

Sebia France

Sebia is a manufacturer of medical diagnosis equipment. The company sells innovative laboratory instruments and reagents. It has a dominant market position in France, Italy and Germany; with strong growth potential in the US and Japan. ICG provided mezzanine finance and equity to support the management buyout by Astorg in 2001, in addition to the secondary buyout led by Montagu in 2006.

Sector: **Healthcare**
Year: **2001, 2006**
www.sebia.com

Q-Matic Sweden

Q-Matic is the global market leader in queue management systems. The company manufacture a wide range of hardware and software products related to management of queues. ICG provided mezzanine finance and equity to support the management buyout led by Altor.

Sector: **Business services**
Year: **2007**
www.q-matic.com

Select Service Partner UK

Select Service Partner offers food services for the travel sector worldwide. It operates food and beverage facilities in railway stations, airports, motor service areas, roadside locations, shopping centres, and on trains. ICG provided mezzanine finance and equity for the leveraged buyout backed by EQT.

Sector: **Hotels & catering**
Year: **2006**
www.ssp-intl.com

Raet The Netherlands

Raet is the leading HR and payroll IT services company in the Netherlands. It also offers a range of related consultancy services. In 2003, ICG provided mezzanine finance for the management buyout to support AlpInvest and Advent International. In 2007, a refinancing took place in which ICG rolled over its mezzanine loan.

Sector: **Business services**
Year: **2003**
www.raet.nl

Sicurglobal Italy

Sicurglobal is the leading Italian provider of integrated security services. The company protects the tangible and intangible assets of businesses and private individuals, and safeguards corporate business integrity. ICG provided mezzanine finance and equity to support the secondary buyout led by Stirling Square Capital.

Sector: **Business services**
Year: **2008**
www.sicurglobal.it

Retif France

Retif is a leading cash and carry supplies and equipment specialist in Europe. The company's UK subsidiary is Morplan. ICG provided mezzanine finance and equity to support the management buyout led by Barclays Private Equity and ABN Amro in 2001, and mezzanine finance to support the management buyout led by Pragma Capital in 2007.

Sector: **Retail**
Year: **2001, 2007**
www.retif.eu

Sogetrel France

Sogetrel specialises in communication networks for cable, mobile, fixed and proprietary operators throughout France. Sogetrel has a well diversified portfolio of activities and holds a strong competitive position. ICG provided mezzanine finance and equity to support the acquisition by Barclays Private Equity.

Sector: **Telephone networks**
Year: **2006**
www.sogetrel.com

Portfolio overview continued

Europe continued

Souriau France

Souriau is a world leader in the design, manufacture and marketing of interconnection solutions to the industrial, military and aerospace markets. In 2003, ICG provided a mezzanine bond and equity to support the management buyout led by Axa Private Equity. In 2006, ICG provided mezzanine finance and equity to support the secondary management buyout led by Sagard Private Equity.

Sector: **Electronics**
Year: **2003, 2006**
www.souriau.com

Tractel France

Tractel is the world leader in lifting and access related products. This includes lifting, material handling, measurement of tension and loads, suspended working platforms, building maintenance installations and fall arrest safety equipment. ICG provided mezzanine bonds and equity to support the management buyout led by LBO France.

Sector: **Manufacturing**
Year: **2007**
www.tractel.com

Springer Germany

Springer is a publishing group formed from the merger of Kluwer Academic Publishing and Springer Science and Business Media. The company publishes academic journals and books, professional publications and B2B publications. In 2003, ICG provided mezzanine finance for the management buyout to support Cinven and Candover.

Sector: **Publishing & printing**
Year: **2003**
www.springer.com

V Ships UK

V Ships is the world's largest ship manager. The company provides technical and crewing services to more than 1,000 ships from the largest oil tankers and containerships to specialty exploration vessels. ICG provided equity to support the Exponent led buyout.

Sector: **Shipping & transportation**
Year: **2007**
www.vships.com

Swets The Netherlands

Swets is a leading global subscription services company. The company acts as an intermediary between publishers and institutional subscribers, by providing products and services to simplify the management of print and electronic subscriptions. In October 2007, ICG supported Gilde in the acquisition of the company with mezzanine finance and equity.

Sector: **Business Services**
Year: **2007**
www.swets.com

Van Gansewinkel (formerly AVR) The Netherlands

Van Gansewinkel is the leading waste management and environmental company in The Netherlands. ICG provided a senior shareholder loan and equity for the leveraged buyout to support CVC and KKR. As a result of the financing of the add on acquisition of Van Gansewinkel in 2007, ICG invested in additional equity while the senior shareholder loan was repaid.

Sector: **Waste Management**
Year: **2006, 2007**
www.vangansewinkel.com

TDF France

TDF operates radio relay networks and shared infrastructures. The company provides services across the entire value chain of audiovisual and telecommunications networks. ICG provided equity for the management buyout to support TPG and Axa Private Equity. ICG also recently invested in the senior debt.

Sector: **Telephone networks**
Year: **2007**
www.tdf.fr

Veinsur Spain

Veinsur is a truck distributor that also provides maintenance, repair and after sales services. ICG provided mezzanine finance in the buyout supporting Ibersuizas and the founding family that remained in the equity and management of the business.

Sector: **Shipping & transportation**
Year: **2008**
www.jcarrion.es

Teamsystem Italy

Teamsystem provides software solutions for payroll, tax, accounting, customer and human resources management. ICG invested in a mezzanine loan and equity to support the secondary buyout led by Bain Capital. In 2006 ICG supported Bain Capital in the add on acquisition of Lince, a leading business information company.

Sector: **Business services**
Year: **2004**
www.teamsystem.com

Via Location France

Via Location is France's second largest independent truck rental company. In 2004, ICG provided a mezzanine bond and equity to support the management buyout by Edmond de Rothschild Capital Partners. In 2007, ICG provided mezzanine bonds and equity to support the management buyout led by Weinberg Capital Partners.

Sector: **Shipping & transportation**
Year: **2004, 2007**
www.vialocation.fr

Viadom France

Viadom is the leading French provider of household, gardening, beauty and well-being services in the home environment. ICG provided mezzanine and equity finance to support the management buyout led by Edmond de Rothschild Capital Partners.

Sector: **Consumer product**
Year: **2006**
www.viadom-services.com

Visma Norway

Visma is a leading supplier in Northern Europe of accounting and administration software and services. ICG provided mezzanine and equity finance to support the public to private transaction led by Hg Capital.

Sector: **Business services**
Year: **2006**
www.visma.com

Vivarte France

Vivarte is a leading French apparel and footwear retail specialist. The company has a well established and diversified portfolio of stores and brands in Europe. ICG provided equity to support the management buyout led by Charterhouse. ICG also recently invested in the senior debt.

Sector: **Retail**
Year: **2007**
www.vivarte.fr

Welzorg The Netherlands

Welzorg is the leading distributor of mobility aids for the disabled and elderly in the Netherlands. The core business is the rental and sales of wheelchairs and scooters through a national network. ICG provided mezzanine finance to support the management buyout led by Industri Kapital in 2002. In 2008 ICG provided mezzanine finance as part of a refinancing of the company.

Sector: **Healthcare**
Year: **2002, 2008**
www.welzorg.nl

In addition, ICG has a small residual interest in the following companies:

- Ambea/Carema
- Accantia
- Asco
- Care Management Group
- Dynea
- Edscha
- IPT Group
- Geoxia
- Ideal Stelrad
- Lecta
- Sia
- Svenson
- Terreal

"ICG is truly a business partner, more than just a capital provider. ICG provides strategic and financial advice through its board participation and support whenever required."

Angie Tang **Chief Executive Officer, Franklin**

Case study: **Franklin**

Franklin is a leading integrated provider of quality mooring and rigging equipment and services to the offshore oil and gas industry. It operates in the rapidly growing offshore oilfield services sector in South East Asia, with increasing focus on high value deepwater exploration and development activity.

Headquartered in Singapore, Franklin is the largest company in the industry in the South East Asia region and also has a presence in Australia, Indonesia, South Korea, US, Europe and West Africa. In 2007, ICG provided mezzanine and equity to support 3i in the acquisition of Franklin.

Portfolio overview continued

Asia Pacific

Link Market Services Australia

Link is the second largest provider of shareholder registry services in Australia, New Zealand, India and South Africa. In 2006, Link combined with Australian Administration Services, one of the largest providers of superannuation funds administration in Australia. ICG provided mezzanine finance and equity to support the leveraged recapitalisation and acquisition finance in a transaction led by Pacific Equity Partners.

Sector: **Financial services**
Year: **2007**
www.linkmarket.services.com.au

Tegel Foods Ltd New Zealand

Tegel is the leading branded and fully integrated poultry producer in New Zealand. The company offers a broad range of poultry products from fresh and frozen whole birds and portions to value added main meal items. In 2006 ICG provided senior and junior mezzanine loans in addition to equity to support Pacific Equity Partners' acquistion from Heinz.

Sector: **Food manufacturing**
Year: **2006**
www.tegal.co.nz

Hoyts Australia

Hoyts is one of the world's leading entertainment corporations. The company owns and operates 45 cinemas with over 400 screens and approximately 75,000 seats in Australia and New Zealand. In both of these countries it is the largest independent film distributor and provider of cinema advertising. ICG provided mezzanine and equity to support the leveraged buyout led by Pacific Equity Partners.

Sector: **Leisure & entertainment**
Year: **2007**
www.hoyts.com.au

Franklin Offshore Holding Singapore

Franklin is the leading provider of rigging, lifting and mooring services to the offshore and marine industries in South East Asia. The company is increasingly involved in high value deepwater drilling and mooring operations, and has developed a strong, blue chip customer base. ICG provided mezzanine and equity finance to support 3i.

Sector: **Oil & gas services**
Year: **2007**
www.franklin.com.sg

Veda Advantage Australia

Veda Advantage is Australia and New Zealand's leading credit bureau and provides credit checks and references on individuals and corporations. In September 2008 ICG facilitated the restructuring of Veda's balance sheet by providing mezzanine finance to refinance senior debt and to provide additional working capital.

Sector: **Financial services**
Year: **2008**
www.vedaadvantage.com

Taiwan Broadband Communications Taiwan

TBC is the leading cable TV broadcaster in Taiwan. Established in 1999, TBC serves over 700,000 cable TV households across Taiwan with a range of video, broadband and communications products. TBC was acquired by funds advised by Macquarie Bank in 2006. The following year, ICG provided mezzanine and equity to support a dividend recapitalisation of the company.

Sector: **Cable operator**
Year: **2007**
www.tbcom.com.tw

Yellow Pages Group New Zealand

The Yellow Pages Group "YPG" is the provider of Yellow Pages, White Pages and Local Directories services in New Zealand. YPG's portfolio also includes online directory assistance and specialty directories. In 2007, ICG provided mezzanine finance and equity to support the acquisition by CCMP Capital Asia and Ontario Teachers's Pension Plan from Telecom New Zealand.

Sector: **Publishing & printing**
Year: **2007**
www.yellowpagesgroup.co.nz

"We chose to partner with ICG because the firm had a very strong understanding of Behavioral Interventions and was able to creatively design a financing structure that met our capital needs."

AEA Investors

Case study: **Behavioral Interventions**

Behavioral Interventions Incorporated (BI) is the leading US provider to government agencies in criminal justice of state of the art monitoring technology, treatment programmes, day reporting and re entry services for offenders released to community supervision.

For over 23 years, BI has worked with more than 2,700 government agencies in the US by providing responsible alternatives to incarceration through intensive community supervision services and technologies.

ICG supported the management team and AEA Investors in a tertiary buyout in 2008. Since this investment the business has continued to focus on enhancing its unique market position in monitoring technology and community based supervision and treatment programmes.

BI Behavioral Interventions

North America

American Stock Transfer & Trust Company US

AST is the largest independent share registry and corporate administration service provider in the United States by issuer number. ICG provided mezzanine finance and equity to support the buyout by Pacific Equity Partners.

Sector: **Financial services**
Year: **2008**
www.amstock.com

Helicon Cable US

Helicon Cable is a cable operator that operates in predominately rural areas. The company offers basic cable, digital cable, high speed data and VOIP telephony services. ICG provided mezzanine finance and equity to support an add on acquisition.

Sector: **Cable operator**
Year: **2007**
www.jetbroadband.com

Au Bon Pain US

Au Bon Pain is a fast casual restaurant chain founded in 1978. The company is based on a marketplace concept and targets high traffic locations such as urban locations, hospitals, universities, high-end shopping malls, and transportation centres. ICG provided mezzanine finance and equity to support LNK Partners and management in their buyout of the business.

Sector: **Restaurants**
Year: **2008**
www.aubonpain.com

Hudson Products US

Hudson Products is a global leader in the design and manufacture of air cooled heat exchangers and axial flow fans. The company serves the oil, gas and petrochemical processing industries. ICG provided mezzanine finance and equity to support Riverstone LLC and management in their buyout of the business.

Sector: **Manufacturing**
Year: **2008**
www.hudsonproducts.com

Behavioral Interventions US

Behavioral Interventions is the leading US provider to government agencies in criminal justice of related technology and services. ICG provided mezzanine finance and equity to support AEA Investors and management in their tertiary buyout of the business.

Sector: **Government services**
Year: **2008**
www.bi.com

Intelsat US

Intelsat is the leading provider of fixed satellite services worldwide. The company has one of the largest, most flexible and most reliable satellite fleets in the world, covering over 99 per cent of the world's population. ICG invested in equity alongside BC Partners.

Sector: **Telephone networks**
Year: **2008**
www.intelsat.com

CoActive US

CoActive is a leading global manufacturer of industrial switches. These are typically used in the automotive, medical and mobilecom markets. ICG provided a second lien facility and equity to support the buyout led by Littlejohn & Company.

Sector: **Electronics**
Year: **2007**
www.coactive-tech.com

Press Ganey Associates US

Press Ganey Associates is the largest US provider of healthcare quality improvement solutions. The company partners with 7,000 healthcare organisations, including 40 per cent of all US hospitals, to measure and enhance the quality of their care and their financial results. ICG provided mezzanine finance and equity to support Vestar Capital Partners and management in their secondary buyout of the business.

Sector: **Healthcare services**
Year: **2008**
www.pressganey.com

Governance


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Board of Directors

01 Tom Attwood
Managing Director Age 56
Tom is Chairman of ICG's Executive Committee. Prior to joining ICG in April 1996, Tom was a director of James Capel & Co where he worked for eight years.

02 Tom Bartlam
Non Executive Director Age 61
Tom co founded ICG in 1989 and was a Managing Director until his retirement in 2005, when he was appointed a Non Executive Director. He is Chairman of Pantheon International Participations PLC and Polar Capital Holdings PLC, and is a Non Executive Director of Numis Corporation plc and of F&C UK Select Trust plc. He is a Chartered Accountant.

03 Jean-Daniel Camus
Non Executive Director Age 63
Jean-Daniel was a Founding Partner of Orium, a proprietary investment firm and previously worked for LBO France. He started his career in the French civil service and served as a special adviser to the Department of the General Secretary to the French President.

04 Justin Dowley
Non Executive Director Age 53
Justin is Chairman of the ICG Audit Committee. He is currently a partner of Tricorn Partners LLP, the independent advisory firm which he co founded in 2003, and a Non Executive Director of Ascot Authority (Holdings) Ltd. He was previously head of investment banking at Merrill Lynch Europe and a Director of Morgan Grenfell, and is a Chartered Accountant.


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05 **Christophe Evain**
Managing Director Age 47
Christophe joined ICG in 1994. Prior to joining the Company he worked for Banque de Gestion Privée in Paris.

06 **Philip Keller**
Managing Director Age 43
Philip is Finance Director and responsible for finance, compliance and operations. Prior to joining ICG in 2006 he was Finance Director at ERM Holdings Ltd., one of the world's leading environmental consultancies. He has previously held a number of financial directorships in the GlaxoSmithKline and Johnson & Johnson groups, and is a Chartered Accountant.

07 **John Manser, CBE DL**
Non Executive Chairman Age 69
John is currently Chairman of Shaftesbury PLC, Deputy Chairman of Colliers CRE PLC and a Non Executive Director of SAB Miller PLC. He was formerly Chairman of Robert Fleming Holdings Limited. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

08 **François de Mitry**
Managing Director Age 43
François joined ICG in 1997. Prior to joining the Company he worked for Société Générale.

09 **James Nelson**
Non Executive Director Age 61
James is the Chairman of ICG's Remuneration Committee. He is a Non Executive Director of Henderson Smaller Companies Investment Trust plc. He was a founding partner of Graphite Capital Management LLP and formerly the Chairman of the BVCA

Paul Piper (not pictured)
Managing Director Age 51
Paul retired from main Board of ICG in March 2009. He joined ICG in 1989 and was Chairman of the Investment Committee, which he joined in 1996. He also performed a number of roles, predominantly in the UK mezzanine market.

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Directors' report

The Directors present their annual report and the audited financial statements for the 12 months ended 31 March 2009.

Principal activities and business review

The principal activities of the Group are those of providing mezzanine and equity finance to companies throughout Europe, Asia Pacific and North America along with the management of third party funds. Further details on the Group's activities are included on pages 2 and 3. The Directors expect the Group to continue with these activities while exploring opportunities for future geographic expansion. The Group's loss before taxation was £66.7m (year ended 31 March 2008: profit of £230m). The Directors consider the state of the Company's affairs to be satisfactory. The review of the Group's business (as required by section 234ZZB of the Companies Act 1985) is contained in the Overview, Business review, Operational review and Funds and portfolio review on pages 1 to 45, which are incorporated into this report by reference. The Pillar 3 disclosure is available on request and may be obtained from our registered office, details of which are on page 96.

Investment process

Investments are primarily sourced from private equity sponsors, banks, corporations and local professional advisers. Initially ICG assesses whether the opportunity meets ICG's investment criteria. The investment team will present to the Investment Committee details of pricing, leverage and structure together with the commercial background to the Company. The Investment Committee will guide the team regarding the focus for due diligence, structure and pricing. Extensive due diligence will then be undertaken either by advisers retained by the equity sponsor or appointed directly by ICG. This covers the management, the market, financial and legal review, sustainability and corporate social responsibility issues. The due diligence is focused on ensuring the safety of principal and interest and assessing the future value of the equity. At the conclusion of the due diligence process, a further Global Investment Committee meeting is held to discuss final structure and pricing at which unanimous approval is required before an investment is made.

All investments are reviewed by the Global Investment Committee, which is made up of the four Managing Directors, the Chief Investment Officer and two senior investment executives.

Key Performance Indicators (KPIs)

The Board reviews a range of financial and non financial KPIs.

The principal KPIs are: interest rate margins on mezzanine loans; default and loss rates; gearing level of portfolio companies; new lending and repayments; third party assets under management; fee income; operating expenses as a percentage of core income and staff retention and training.

Details of the KPIs are shown in the Operational review on pages 24 and 25.

Financial risk management

The financial management of the Group is detailed in the Corporate Governance Report on pages 54 to 57. Detailed financial risk management policies and disclosures are disclosed in note 28 to the accounts and in the Operational Review on page 22.

Principal risks and uncertainties

These are discussed in the Operational Review on pages 22 and 23.

Directors

The present membership of the Board is as set out below. All the Directors shown below served throughout the year. In accordance with the Articles of Association and best practice, John Manser and Tom Bartlam retire by rotation. Following 20 years on the Board of ICG, Tom Bartlam will not stand for re election. John Manser offers himself for re election at this year's Annual General Meeting. The interests of the Directors of the Company and their immediate families, as defined by the Companies Act, in the shares of the Company as at 31 March 2009 are as follows:

	31 Mar 2009 Number of 20p ordinary shares	31 Mar 2008 Number of 20p ordinary shares
Tom Attwood (Chief Executive Officer)	**298,374**	198,374
Tom Bartlam	**323,575**	323,575
Jean-Daniel Camus	**–**	–
Justin Dowley	**24,444**	24,444
Christophe Evain	**150,961**	150,961
Philip Keller	**10,000**	10,000
John Manser (Chairman)	**41,922**	41,922
Francois de Mitry	**98,062**	98,062
James Nelson	**8,929**	8,929

No changes to the Directors' interests in shares at 31 March 2009 as set out above had been notified up to 9 June 2009.

Directors' share options

Details of Directors' share options are provided in the Report of the Remuneration Committee on pages 58 to 64. The Directors had no interests in the shares of any subsidiary company. The Company issued 121,902 shares under its Executive Share Option Schemes during the year raising £0.02m of new equity.

Substantial shareholdings

As at 28 May 2009 the Company had been notified of the following interests pursuant to the Disclosure Rules and the Transparency Rules representing 3 per cent or more of the issued share capital of the Company:

Institution	Number of shares	Percentage of voting rights	Disclosed
Aviva Plc and its Subsidiaries	12,498,186	14.99	12/05/09
Ameriprise Financial Inc and its Group[1]	5,157,970	5.98	8/02/08
Mirabaud Investment Management Limited	3,758,962	5.34	21/06/07
Standard Life Investments Ltd	4,219,047	4.89	9/03/09
Jupiter Asset Management Limited	3,513,028	4.98	15/01/08
JP Morgan Chase & Co	3,274,979	4.65	16/08/07
Barclays Plc	2,998 ,977	4.26	21/08/07
Legal & General Group Plc	2,901,661	4.11	31/10/07
Lloyds TSB Group Plc[2]	3,270,608	3.79	28/05/09
Prudential Plc Group of Companies	3,328,169	3.86	13/02/09
Newton Investment Management Limited	2,737,815	3.18	10/10/08

1 Includes Threadneedle Asset Management.

2 Includes Scottish Widows Investment Partnership.

The Company has received no further notifications since 28 May 2009.

Dividend

The Directors recommend a final net dividend payment in respect of the ordinary shares of the Company at a rate of 20.5p per share (31 March 2008: 45.5p), which when added to the interim net dividend of 20.5p per share (31 March 2008: 19.5p), gives a total net dividend for the year of 41.0p per share (31 March 2008: 65.0p). The amount of dividend paid in the year was £56.9m (31 March 2008: £43.0m).

Trade creditors

It is Group policy to agree and clearly communicate terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms, based upon the timely receipt of an accurate invoice. The Group does not follow any code regarding terms of payment, and the average number of creditor days throughout the year was 36 (2008: 33).

Auditors

A resolution for the reappointment of the current auditors, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting. Details of auditors' remuneration for audit and non audit work are disclosed in note 10 to the accounts.

Disclosure of information to auditors

Each of the persons who are a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Executive Committee

The Executive Committee comprises the four Managing Directors of ICG, each of whom has a specific area of responsibility. The Executive Committee has general responsibility for ICG's resources, determining strategy, financial and operational control and managing the business worldwide.

Charitable and political contributions

During the year the Group made charitable donations of £20,800 (2008: £7,000) principally to local charities serving the communities in which the Group operates. The Group also made a donation of £50,000 (2008: £50,000) to the Private Equity Foundation, a foundation backed by the private equity industry which invests both money and expertise to help charities achieve a step change in their impact. The Group also allows employees to take two days paid leave a year to devote to charitable causes supported by the Group further to its Corporate Social Responsibility programme, further details of which are given on pages 26 and 27. No contributions were made during the year (2008: nil) for political purposes.

Directors' indemnity

The Company has entered into contractual indemnities with Directors pursuant to the amendment to the Articles authorised at the 2007 AGM. These were effective from November 2007.

Directors' report continued

Share capital and rights attaching to the Company's shares

Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise as the Company may from time to time by ordinary resolution determine or, in the absence of any such determination, as the Board may determine.

At a general meeting of the Company every member present in person and/or as a duly appointed proxy has one vote on a show of hands and on a poll one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

No shareholder is, unless the Board decide otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if he or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice. The Board may also decide that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier.

The Directors may refuse to register any transfer of any share which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Services Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Powers of Directors

The Company's Articles of Association give power to the Board to appoint Directors, but require Directors to submit themselves for election at the first Annual General Meeting following their appointment and for re election where they have been a Director at each of the preceding two Annual General Meetings and were not appointed or reappointed by the Company at, or since, either such meeting.

Subject to its Memorandum of Association, Articles of Association and relevant statutory law and to such direction as may be given by the Company by special resolution, the business of the Company shall be managed by the Board, who may exercise all powers of the Company whether relating to the management of the business or not.

Change of control agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group following a takeover bid, other than:

1) The multi currency revolving loan facility agreement of £1,067m dated 5 April 2005 as amended and restated on 8 December 2006 where a change of control in the Company gives rise to an event of default under the agreements. The loans are thereafter repayable on demand.
2) The four Private Placement arrangements totalling £434m dated between 27 April 2000 and 28 February 2007 where a change of control gives rise to a downgrade in the credit rating and the loans are thereafter repayable on demand.
3) The Private Placement arrangement totalling £35m dated 26 June 2008 where a change of control in the Company gives rise to an event of default under the agreements. The loans are thereafter repayable on demand.
4) The £450m loan facility agreement dated 31 March 2008 where a change of control in the Company gives rise to an event of default under the agreements. The loans are thereafter repayable on demand.
5) The employee share schemes referred to in the Report of the Remuneration Committee on page 59. Awards and options under those schemes will vest or become exercisable at the discretion of the Remuneration Committee upon change of control. There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid apart from the usual payment in lieu of notice.

Annual General Meeting

A number of resolutions will be proposed at the Annual General Meeting (AGM) as ordinary and special business as follows:

Ordinary business

Annual Report and Accounts – Resolution 1
The Directors are required to present to shareholders at the AGM the Annual Report and Accounts for the year ended 31 March 2009.

Report of the Remuneration Committee – Resolution 2
The Directors are required to seek approval of the shareholders for the Report of the Remuneration Committee for the year ended 31 March 2009. The resolution is an advisory vote, as permitted by law, and no entitlement to remuneration is made conditional on the resolution being passed. The Report of the Remuneration Committee is on pages 58 to 64.

Dividend – Resolution 3
The Directors recommend a dividend of 20.5p per share. The final dividend cannot exceed the amount recommended by the Directors. If approved by shareholders, the final dividend will be paid on 21 August 2009 to those shareholders on the register as at 17 July 2009.

The Auditors – Resolutions 4 and 5
The shareholders are asked every year to approve the appointment of the auditors, Deloitte LLP, and agree that the Directors may approve their remuneration.

Re-election of Directors – Resolution 6
John Manser is retiring by rotation under the Articles of Association of the Company and will be standing for re election. Biographies of all the Directors appear on pages 48 and 49.

Script Dividend Scheme – Resolution 7
In order to give shareholders greater flexibility, the company intends to propose a resolution at the forthcoming AGM to introduce a scrip dividend scheme which will allow shareholders to elect to receive future dividends in shares as opposed to cash. Subject to shareholders approval, the scrip dividend scheme will commence with the 2009 final dividend.

Special business

Resolution 8 will be proposed as an ordinary resolution and resolutions 9 to 11 will be proposed as special resolutions.

To pass special resolutions 75 per cent or more of the votes cast must be in favour.

Authority to allot shares – Resolutions 8 and 9
The Company's Articles of Association give the Directors general authority to allot (or issue) unissued shares. The Companies Act 1985 limits that power by requiring shareholders to give specific prior approval. At the 2008 AGM, the Directors were given authority to allot ordinary shares, which is due to expire at the end of this year's AGM. Resolution 8 seeks to renew this authority for a period until the date of the AGM to be held in July 2010. The authority is limited to the allotment of share capital up to a maximum of £5,756,070, being approximately one third of the ordinary issued share capital as at 31 March 2009.

If the Directors wish to allot unissued shares for cash, the Companies Act 1985 requires that these shares are offered first to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre emption rights. There may be occasions, however, when, in order to act in the best interests of the Company, the Directors need flexibility to finance business opportunities as they arise without offering securities on a pre emptive basis. Resolution 9 asks shareholders to renew the Directors' authority to allot shares for cash up to an aggregate nominal value of £863,411 (otherwise than in connection with a rights issue or share scheme) equivalent to approximately 5 per cent of the ordinary issued share capital as at 31 March 2009 without the shares being offered first to existing shareholders. The Directors intend that the authorisation conferred by Resolution 8 and Resolution 9 may be used for purposes of equity fundraising or other forms of fundraising during the year 2009/10.

Resolution 10
The Company may buy its own shares with the authority of shareholders. Resolution 10 seeks to renew the current authority given at the 2008 AGM. The resolution specifies the maximum number of shares that may be purchased (approximately 15 per cent) of the Company's issued share capital and the highest and lowest prices at which they may be bought. Any shares purchased under this authority will either be treated as cancelled or held as treasury shares. Listed companies, with authorisation from shareholders, may buy and hold their own shares instead of cancelling them immediately. Shares held as treasury shares can in the future be cancelled, resold or used to provide shares for employee share schemes.

For information, as at 31 March 2009, there were 4,378,099 options outstanding over the Company's shares representing 5.1 per cent of the issued share capital. If the full authority to buy shares is used, these options will represent 6.0 per cent of the then issued share capital of the Company. The authority given at the last AGM expires at the conclusion of the forthcoming AGM.

Resolution 11
Resolution 11 is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive, which will increase the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an AGM) on 14 clear days notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days notice. Resolution 11 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days notice.

By Order of the Board

Aneta Polk
Company Secretary

9 June 2009

Corporate governance

The Group recognises, and is committed to, the highest standards of corporate governance. Throughout the year ended 31 March 2009, the Group complied with the provisions of the 2006 Financial Reporting Council (FRC) Combined Code on Corporate Governance ("the Code") issued by the FRC in June 2006, except for provision A.3.2 (which provides that at least half the Board, excluding the Chairman, should comprise independent Non Executive Directors). The retirement of Paul Piper and the plans of the Group to appoint more Non Executive Directors during the year will bring the Group into full compliance with the Code. Any new appointments will be referred to the Nominations Committee. The composition of the Board is kept under regular review by the Nominations Committee.

The Board's responsibilities and processes

The Board is responsible to the shareholders for the overall management of the Group. The Board's main roles are to provide leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed and to ensure that the necessary financial and human resources are in place for the Company to meet its objectives and thus increase shareholder value.

There is a formal schedule of matters reserved for Board approval, which include:

- approval of the Group's overall business strategy, planning and annual budget; assessment of internal controls and risk management;
- approval of the Group's half year and annual financial statements and dividend policy;
- presenting a balanced and understandable assessment of the Company's position and prospects to the shareholders through the Chairman's statement, the Managing Directors' review, the Business review, the Financial review and the financial statements;
- appointments to the Board and Executive Committee;
- capital expenditure decisions; and
- changes in employee incentive schemes.

At each Board meeting there is a full financial and business review which includes the comparison of performance to date against the Board's previously approved annual budget.

Each Board member receives a comprehensive Board pack at least five days prior to each meeting which incorporates a formal agenda together with supporting papers for items to be discussed at the meeting. Further information is obtained by the Board from the Executive Directors and other relevant members of senior management, as the Board, particularly its Non Executive Directors, considers appropriate.

The principal matters considered by the Board during the year included:

- the Group strategic plan, budget and financial resources;
- review of the Compliance policies;
- regular review of the investment portfolio and any areas of concern;
- communication of our financial results for the interim and year end;
- review of current compensation structures;
- independence of Non Executive Directors; and
- corporate responsibility initiatives and performance.

The Board has delegated the following responsibilities to the Executive Directors:

- the development and recommendation of strategic plans for consideration by the Board that reflect the longer term;
- objectives and priorities established by the Board; and
- implementation of the strategies and policies of the Group as determined by the Board; monitoring of operating and financial results against plans and budgets; monitoring the quality of the investment process; and developing and implementing risk management systems.

The roles of the Chairman and Chief Executive

The Chairman of the Board, John Manser, leads the Board in the determination of its strategy and in achieving its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman has no involvement in the day to day business of the Group. The Chairman facilitates the effective contribution of Non Executive Directors and ensures that there is effective communication with the Group's shareholders.

The Chief Executive, Tom Attwood, has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group. The Chief Executive has formed a committee called the Executive Committee to enable him to carry out the responsibilities delegated to him by the Board. The Committee comprises the four Executive Directors. The Committee meets on a regular basis to consider operational matters and the implementation of the Group's strategy with no one Director being able to significantly affect the running of the Company without consulting his colleagues.

Senior Independent Director

The Board has appointed Justin Dowley as the Senior Independent Director, to whom, in accordance with the Combined Code, any shareholder concerns not resolved through the existing mechanisms for investor communication can be conveyed.

Board of Directors

As at 31 March 2009, the Board comprised five Executive Directors (Paul Piper resigned from the Board on 31 March 2009), an independent Non Executive Chairman and four Non Executive Directors of whom three are independent. The Non Executive Directors are as follows:

- John Manser was appointed a Non Executive Director in January 2001 and Non Executive Chairman in May 2001.
- Tom Bartlam was appointed a Non Executive Director in April 2005.
- Jean-Daniel Camus was appointed a Non Executive Director in March 2007.
- Justin Dowley was appointed a Non Executive Director in February 2006.
- James Nelson was appointed a Non Executive Director in May 2001.

The Non Executive Directors are considered to be of sufficient calibre and experience to bring significant influence to bear on the decision making process.

The Board meets at least six times a year with additional meetings being held as required.

The table below shows the number of Board and committee meetings held during the year and the attendance record of individual Directors.

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Total meetings held	7	2	5	–
Tom Attwood	6	–	2*	–
Tom Bartlam	7	–	3*	–
Jean-Daniel Camus	6	2	4	–
Justin Dowley	7	2	5	–
Christophe Evain	7	–	–	–
Philip Keller	6	–	4*	–
John Manser	7	2*	2*	–
Francois de Mitry	7	–	–	–
James Nelson	7	2	5	–
Paul Piper	7	–	–	–

* Attended these meetings but is not on the Committee.

Board performance

In line with the requirements of the Combined Code, the Board reviews its own performance annually using a predetermined template designed as a tool to facilitate the evaluation process. The assessment covers the functioning of the Board as a whole and includes a review of the effectiveness of the Board committees. The Board considers the results of the performance evaluation when making its recommendations regarding the re election of Directors. The Board does not consider it necessary to employ the services of an external third party to conduct the evaluation process. A review was performed in July 2008 and the Board concluded that its performance and that of its Committees, Chairman and Directors were satisfactory.

Election and re election of Directors

One third of the Directors retire by rotation each year in accordance with the Articles of Association and all Directors are re elected at least once every three years. Any Director appointed during the year must offer himself for election at the next Annual General Meeting. John Manser offers himself for re election at the forthcoming Annual General Meeting. The terms and conditions of appointment of the Directors and terms of reference for the Committees are available for inspection at the Company's registered office during normal business hours, until the close of the AGM.

The Board recommends that John Manser should be re elected to the Board because, based upon a formal performance evaluation during the year, his performance continues to be effective.

All Directors have access to the advice and services of the Company Secretary and may take independent professional advice at the Company's expense in the furtherance of their duties.

The Board is supported in its decisions by three principal committees, which are described below:

Audit Committee

The Audit Committee, chaired by Justin Dowley, consists of three (2008: three) independent Non Executive Directors, these being Jean-Daniel Camus, Justin Dowley and James Nelson. Two Non Executive Directors, Tom Bartlam and John Manser, are not members of the Audit Committee but are invited to attend the meetings. The Executive Directors are not members of the Audit Committee but are invited to attend. Deloitte LLP, the Company's auditor, is also invited to attend and has direct access to committee members. The Board is satisfied that the Chairman has recent and relevant financial experience as do other members of the Committee.

Corporate governance continued

The Committee meets regularly, at least twice a year, and is responsible for:

- selecting and recommending the appointment of the external auditors to the Board, approving their terms of reference and fees;
- reviewing the performance of the external auditors and ensuring appropriate rotation of audit partner;
- acting as a forum for discussion of internal control issues and giving input to the Board's review of the Company's internal control and risk management systems and procedures;
- reviewing the independence of the external auditors and the relationship between audit and non audit work performed by the external auditors. Procedures are in place to ensure that all significant non audit work performed by the auditors is approved in advance by the Committee and they assess whether such appointments impair, or appear to impair, the auditors' judgement or independence. The Audit Committee also undertakes an annual evaluation to assess the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. The results of the evaluation were last reported to the Board in May 2009. An analysis of fees paid to Deloitte LLP is shown in note 10 on page 79;
- reviewing the annual and interim accounts before they are presented to the Board, in particular any significant issues arising from the audit; accounting policies and clarity of disclosures; compliance with applicable accounting and legal standards; issues regarding a significant element of judgement; and the statements on internal controls and business risk assessment; and
- reviewing the provisioning policy for the investment portfolio on a six monthly basis; and reviewing and approving the Company's whistleblowing policy.

During the year the Audit Committee:

- reviewed and recommended to the Board the accounting disclosures comprised in the interim and annual financial statements of the Group and reviewed the scope of the external audit plan and audit findings; worked with the external auditors to identify a successor audit partner due to mandatory partner rotation;
- evaluated the independence and objectivity of the external auditors and the effectiveness of the audit process; met with the external auditors in the absence of management;
- reviewed the effectiveness of the internal control environment of the Group; and
- reviewed the policy on handling allegations from whistleblowers.

Remuneration Committee

The Committee, chaired by James Nelson, consists of three (2008: three) independent Non Executive Directors, these being Jean-Daniel Camus, Justin Dowley and James Nelson. Two Non Executive Directors, Tom Bartlam and John Manser, are not members of the Remuneration Committee but are invited to attend the meetings. The Committee supports the Board in determining the level of remuneration of the Chairman and reviews the remuneration policy applicable to senior management. Further details regarding remuneration policy and payments made can be found in the Report of the Remuneration Committee on pages 58 to 64.

Nominations Committee

The Committee, chaired by John Manser, consists of four (2008: four) independent Non Executive Directors, these being Jean-Daniel Camus, Justin Dowley, James Nelson and John Manser. The Committee is responsible for considering the composition of the Board to ensure that the balance of its membership as between executive and Non Executive Directors is appropriate. Appointments of Executive and Non Executive Directors are made as necessary as a result of discussions by the Committee and are subject to full Board approval and election or re election at a general meeting of the shareholders.

Relationships with shareholders

The Company recognises the importance of communication with its shareholders, which it achieves through interim and annual reports and the AGM. At the Meeting the Chief Executive, Finance Director, the Chairman of the Remuneration, Audit and Nominations Committees are available to answer shareholders' questions.

The Board is willing to enter into a dialogue with institutional shareholders based on a mutual understanding of objectives, subject to its duties regarding equal treatment of shareholders and the dissemination of inside information. The Board as a whole is kept fully informed of the views and concerns of the major shareholders. When requested to do so, Non Executive Directors will attend meetings with major shareholders.

Internal control

The Board has overall responsibility for the Company's internal control system and reviews its effectiveness at least annually. Such a system of control is in place to give reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are prevented or would be detected within a timely period.

Through the regular meetings of the Board and the schedule of matters reserved to the Board or its duly authorised Committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Board annually considers and approves a strategic plan and budget. In addition there are established procedures and processes in place for the making of investments and the planning and controlling of expenditure. The Board also receives regular reports from the Executive Committee on the Company's operational and financial performance, measured against the annual budget as well as regulatory and compliance matters. The Company has in place arrangements whereby employees may raise matters of concern in confidence about possible improprieties in matters of financial reporting or other matters.

The Board has considered the need for an internal audit function, but has decided that because of the nature of the current internal control system and size of the Company it cannot be justified at present. The Board will review this decision next year. The Board undertook a formal annual assessment of the risk management and control arrangements in March 2008 in order to form a view on the overall effectiveness of the system of internal control.

The rationale for the system of internal control is to maximise effectiveness for the commercial management of the business and to provide the Board with regular and effective reporting on the identified significant risk factors. The Board is responsible for determining strategies and policies for risk control, and management is responsible for implementing such strategies and policies.

The Board confirms that an ongoing process for identifying, evaluating and managing the Group's significant risks has operated throughout the year and that, up to the date of approval of the Directors' report and financial statements, the Board continues to apply the procedures necessary to comply with the requirements of the Turnbull Committee guidelines "Internal Control – Guidance for Directors on the Combined Code". The key elements of this process are:

- core values, Company standards and controls together comprise the Company's high level principles and controls, with which all staff are expected to comply;
- manuals of procedures, compliance and policies applicable to all business units;
- the identification of the major business risks facing the Company and the development of appropriate policies for the management of those risks. The Board recognises that the internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives;
- the employment of experienced and professional staff of the highest calibre both by recruitment and promotion to fulfil allotted responsibilities;
- strategic risks are considered by both the Board and the Executive Committee in the context of an agreed strategic framework. A strategy paper and plan are produced annually to address the strategic challenges of the Group and these are approved by the Board;
- a detailed financial plan is developed for the year ahead and comprehensive monthly reports covering actual and planned performance are provided to the Board by the Group's finance function;
- regular treasury reports are made to the Board which analyse the funding requirements of the Company, track liquidity and monitor the Company's compliance to its interest and exchange rate policies;
- a compliance and legal function whose role is to monitor and report to the Board on the Company's regulatory compliance;
- a well defined procedure governing the approval, monitoring and sale of investments incorporating appropriate levels of authority and post investment reviews; and
- regular reports are made on the Company's fund management activities including new fundraising, conflicts of interest and portfolio performance.

Going concern statement

Based upon the review of the Group's budgets and outline business plans for the next two years, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the accounts.

Report of the Remuneration Committee

This report has been prepared in accordance with Schedule 7A of the Companies Act 1985. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles of good governance relating to Directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company's members on certain parts of the Report of the Remuneration Committee and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations).

Remuneration Committee

Composition and operation

The Remuneration Committee is authorised by the Board to determine and agree the framework for the remuneration of the Chairman of the Company, the Executive Directors and such other members of the executive management as it is instructed by the Board to consider and is also responsible for determining the total individual remuneration package of each Executive Director, having given due regard to the contents of the Code as well as the Listing Rules. No Director is involved in any decisions as to their own remuneration. The Remuneration Committee is responsible for determining targets for any performance related pay schemes operated by the Company as well as the policy for pension arrangements for each Executive Director.

The Remuneration Committee, chaired by James Nelson, comprises three independent Non Executive Directors, Jean-Daniel Camus, Justin Dowley and James Nelson. Two Non Executive Directors, John Manser and Tom Bartlam, who are not members of the Committee, are invited to attend the meetings. None of the Committee members have any personal financial interests (other than as shareholders), conflicts of interest arising from cross directorships or day to day involvement in running the business. The Company therefore considers that it complies with the Code recommendations regarding the composition of the Remuneration Committee.

The Committee meets at least twice a year and more frequently if necessary. Two Executive Directors attend the meetings by invitation and the Committee consults the Executive Directors about its proposals and has access to professional advice from outside the Company. The Director of Human Resources also attends the meetings by invitation.

Activities during the year

The focus of the Committee during the year has been on the strategic design of compensation to ensure that the schemes align with business strategy. The project involved working with ICG management and PricewaterhouseCoopers (PwC). It was decided by the Board that this project would be delayed given the rapidly changing market. In addition to the above, the following topics were discussed and addressed as required:

- approval of compensation recommendations for 2007/08 and Awards for 2008/09;
- carry allocation approvals for ICG Minority Partners Fund 2008, ICG Recovery Fund 2008 and Intermediate Capital Asia Pacific Fund 2008; and
- review of Non Executive Director remuneration.

Remuneration policy on Executive Directors' remuneration

Executive remuneration packages are designed to attract, motivate and retain Executive Directors of the high calibre needed to maintain the Company's position as a market leader and to reward them for enhancing value to shareholders. In arriving at the Executive Directors' remuneration packages, the Committee relies on objective research from PwC and McLagan Partners, which contains up to date information from a comparative group of companies. The performance measurement of the Executive Directors and the determination of their annual remuneration package is undertaken by the Committee. This policy has been formulated having given full consideration to Schedule A annexed to the Code.

Whilst it is intended that the policy statement set out in this report should continue for future years, it is not certain that this policy will continue without amendment in subsequent financial years. This is because the Committee considers that an effective remuneration policy needs to be sufficiently flexible to take into account changes in the Group's business environment and remuneration practices.

The company's strategic priorities and targets are as set out on pages 8 to 10.

The main elements of the remuneration package for Executive Directors are as follows:

- basic annual salary;
- bonus payments;
- share option incentives, including a Key Employee Retention Share Plan (KERSP) scheme; and
- carried interest arrangements.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related. As described below, the majority of the expected value of their pay comes from bonus payments and carried interest arrangements, as well as from the benefits of participation in share option schemes.

Basic salary

An Executive Director's basic salary is determined by the Committee at the beginning of each year.

In deciding appropriate levels the Committee can rely on objective research, which gives up to date information on a comparator group of companies (which comprises companies engaged in private equity investment and related functions within investment banking). Executive Directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting. The Company also provides all Executive Directors, along with all other employees, with healthcare and prolonged disability and life assurance cover.

Bonus payments

In setting appropriate bonus parameters the Committee refers to the objective research on comparator groups of companies as noted above. The Committee believes that any incentive compensation awarded should be tied to the interests of the Company's shareholders and that the principal measure of those interests is shareholder value. The key element is the Medium Term Incentive Scheme (MTIS), reapproved by the shareholders in 2003, the payout of which is related to the cumulative growth in earnings per share and calculated by reference to the amount of realised gains on investments and rolled up interest. No payment is currently made if the cumulative growth in eps is less than 5 per cent per annum.

The amounts payable rise on a straight line basis from 4 per cent of realised gains to a maximum of 20 per cent of realised gains when cumulative growth in earnings per share reaches 10 per cent per annum. The extension and appropriateness of the scheme is considered by the Committee on an annual basis.

This year payments out of the MTIS have not been made as the minimum target has not been attained.

General remuneration policy

The Company also operates a short term bonus scheme under which bonuses are paid to individuals who do not participate or whose share in the MTIS is not, in management's opinion, sufficient to retain, reward or incentivise such individuals. These bonuses are also paid to executives who are not yet participating fully in the MTIS and may be paid to newly appointed Directors at the discretion of the Committee.

Share options

There are a number of share option schemes currently operated by the Company; all schemes are, insofar as Executive Directors are concerned, administered by the Committee. The schemes are:

- The ICG 2001 Approved Executive Share Option Scheme which was adopted on 21 May 2001 and approved by the Inland Revenue on 22 May 2001. The granting of options, the exercise price of which is based on the previous five days' closing share price, are phased and may be exercised between three and ten years after the date of grant only if performance targets are met. It is intended that options will not be exercisable unless, during a period of three consecutive years from the date of grant, the Company's earnings per share (since 1 February 2005, core income) increases.

i) in the case of Executives:

– by an average of at least 4 per cent per annum above the Retail Price Index

ii) in the case of Directors:

– by an average of at least 3 per cent per annum above the Retail Price Index in which case one third of options may be exercised;

– by an average of at least 4 per cent per annum above the Retail Price Index in which case two thirds of the options may be exercised; and

– by an average of at least 5 per cent per annum above the Retail Price Index in which case all options may be exercised.

The value of individual grants of options are restricted to an upper limit equivalent of 200 per cent of salary (400 per cent for the first grant to an individual) based upon the exercise price.

- The ICG 2001 Unapproved Executive Share Option Scheme which was adopted on 21 May 2001 and whose provisions are substantially similar to those of the ICG 2001 Approved Executive Share Option Scheme.
- The Key Employee Retention Share Plan (KERSP) which was adopted on 23 May 2005, under which an amount, up to 15 per cent of the value of the MTIS pool, may be distributed to key executives in the form of share options with an exercise price equal to nil. In order to exercise these options, the Company must achieve a growth in eps of 5 per cent per annum from the date of grant to the vesting date and the limit to any individual is 20 per cent of the value of their monetary remuneration in the year. This year, as mentioned above, no MTIS pool was created because no MTIS payments were made. Accordingly, no KERSP awards were given.

Report of the Remuneration Committee continued

Carried interest arrangements

The Company has established for its executives, including the Executive Directors, carried interest arrangements whereby between 60 per cent and 80 per cent of the carried interest negotiated by the Company in respect of managed funds raised since 21 January 1998 is available for allocation to its executives. Although these arrangements are not a long term incentive scheme as the costs of these arrangements are borne by the investors in such funds, the Company sought, and obtained, approval from its shareholders for such arrangements at an Extraordinary General Meeting on 21 January 1998. Reconfirmation of the carried interest arrangements was obtained from shareholders at the Annual General Meeting held on 27 May 2003.

It is not possible to put a monetary value on these interests, as they are dependent upon the performance of such funds over the next few years, and amounts will not be payable until the investors in the funds have had their capital returned, plus a minimum return. However, the allocation of carried interest entitlements as at 31 March 2009 was as follows:

	Mezzanine Fund 1998	Mezzanine Fund 2000	Mezzanine Fund 2003	Asia Pacific Mezzanine Fund	ICG European Fund 2006	Intermediate Capital Asia Pacific Fund 2008	ICG Minority Partners Fund 2008	ICG Recovery Fund 2008
Executive Directors	18.3%	17.2%	26.0%	27.0%	27.0%	22.3%	20.5%	28.0%
Former Executive Directors	22.6%	11.7%	3.2%	4.5%	1.3%	–	–	–
Other executives	19.1%	31.1%	42.6%	43.5%	51.7%	57.7%	59.5%	52.0%
ICG	40.0%	40.0%	28.2%	25.0%	20.0%	20.0%	20.0%	20.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Executive Directors' pension arrangements

Under their service agreements, each Executive Director is paid an additional gross annual amount to be paid into any one or more pension plans of his choice up to a maximum annual amount equal to 15 per cent of basic annual salary. There have been no changes in the terms of Executive Directors' pension entitlement during the year and there are no other arrangements in place concerning their pensions. In respect of all other employees either: (a) an additional gross annual amount is paid to them which they use to contribute to any one or more pension plans of their choice; or (b) the Company makes contributions into a designated Group pension plan.

Executive Directors' contracts

Executive Directors have one year "rolling" contracts which are deemed appropriate for the nature of the Company's business. The Company is obliged to pay damages for wrongful termination. No other payments are made for compensation for loss of office.

Non Executive Directors

The remuneration of the Non Executive Directors is determined by the Board within the limits set out in the Articles of Association, which currently limits the total amount paid to Non Executive Directors to £600,000. The annual fee paid to the current Non Executive Chairman in the year was £127,500, the Chairman of the Audit Committee and the Chairman of the Remuneration Committee was £52,500, the non independent Non Executive Director was £40,000 and the annual fees paid to the other independent Non Executive Director was £45,000. In arriving at these levels of fees, the Committee relies upon objective research from PwC and Deloitte LLP which contains up to date relevant information.

Included in these amounts are fees for additional work performed for the Company in respect of time spent working on the Remuneration and Audit Committees, which amounted to £2,500 for each Non Executive Director for each committee, with the exception of the Chairman. Non Executive Directors cannot participate in any of the Company's share option schemes. Non Executive Directors do not have a contract of service and are not eligible to join the designated Group pension plan.

Details of Non Executive Directors' letters of appointment are as follows:

Non-Executive Directors	Date appointed	Last re-elected
John Manser	January 2001	July 2006
Tom Bartlam	April 2005	July 2007
Jean-Daniel Camus	March 2007	July 2007
Justin Dowley	February 2006	July 2008
James Nelson	May 2001	July 2007

Re election of Directors

Tom Bartlam and John Manser are due to retire by rotation. Tom Bartlam, who has served on the Board of ICG for 20 years, will not stand for re election. John Manser offers himself for re election.

Directors' remuneration – audited

Details of Directors' remuneration for the year are as follows:

Executive Directors	Basic salaries £000	Employee benefit trust interests £000	Short and medium term scheme £000	Pension scheme contributions £000	Benefits in kind £000	**Total for year ending 31 March 2009 £000**	Total for year ending 31 March 2008 £000
Tom Attwood	315	–	–	47	4	**366**	3,349
Christophe Evain	315	–	–	47	4	**366**	3,349
Philip Keller	315	–	–	47	4	**366**	1,549
Francois de Mitry	315	–	–	47	4	**366**	3,349
Andrew Phillips	–	–	–	–	–	**–**	3,349
Paul Piper	315	–	–	47	4	**366**	3,349
	1,575	–	–	235	20	**1,830**	18,294

*Andrew Phillips resigned as a Director on 13 March 2008, Paul Piper resigned as a Director on 31 March 2009.

For the previous financial year, the emoluments paid to the Executive Directors included an amount of £13.2m which was contributed by Intermediate Capital Group PLC to the Intermediate Capital Group Employee Benefit Trust ("the Trust") with the recommendation that it was appointed for the benefit of the above Directors and their families in the amounts shown. It is understood that the trustees of the Trust followed that recommendation.

The emoluments paid to former Executive Directors amounted to nil. For the previous financial year £4.2m was contributed by Intermediate Capital Group PLC to the Intermediate Capital Group Employee Benefit Trust with the recommendation that it was appointed as follows: Tom Bartlam £2,191,000, Jean-Loup de Gersigny £1,116,000 and Andrew Jackson £913,000.

Fees paid to Non Executive Directors were:

Non-Executive Directors	**Total for year 2009 £000**	Total for year 2008 £000
John Manser	**127.5**	127.5
Tom Bartlam	**40.0**	40.0
Jean-Daniel Camus	**45.0**	43.7
Justin Dowley	**52.5**	52.5
James Nelson	**52.5**	52.5
	317.5	316.2

Report of the Remuneration Committee continued

Share option scheme – audited

At 31 March 2009, the following Directors had share options in the Company, which had not been exercised. The number of shares over which options are held is:

		Date granted	No. of shares	Exercise price	Earliest exercise date	Expiry date
Tom Attwood	Unapproved	April 2001	49,684	694p	April 2004	April 2011
	Unapproved	April 2002	37,749	786p	April 2005	April 2012
	Unapproved	April 2003	45,813	802p	June 2006	April 2013
	Unapproved	April 2004	44,202	1142p	June 2007	April 2014
	Unapproved	April 2005	52,175	1035p	June 2008	April 2015
	Unapproved	June 2006	46,162	1170p	June 2009	June 2016
	Unapproved	June 2007	35,023	1570p	June 2010	June 2017
	Approved	June 2007	1,909	1570p	June 2010	June 2017
	Unapproved	June 2008	42,134	1424p	June 2011	June 2018
Christophe Evain	Unapproved	April 2001	31,863	694p	April 2004	April 2011
	Unapproved	April 2002	30,518	786p	April 2005	April 2012
	Unapproved	April 2003	31,788	802p	June 2006	April 2013
	Unapproved	April 2004	30,635	1142p	June 2007	April 2014
	Unapproved	April 2005	46,377	1035p	June 2008	April 2015
	Unapproved	June 2006	41,032	1168p	June 2009	June 2016
	Unapproved	June 2007	32,795	1570p	June 2010	June 2017
	Approved	June 2007	1,909	1570p	June 2010	June 2017
	Unapproved	June 2008	42,134	1424p	June 2011	June 2018
Philip Keller	Approved	Dec 2006	2,067	1451p	Dec 2009	Dec 2016
	Unapproved	Dec 2006	73,065	1451p	Dec 2009	Dec 2016
	Unapproved	June 2007	34,705	1570p	June 2010	June 2017
	Unapproved	June 2008	42,134	1424p	June 2011	June 2018
Francois de Mitry	Unapproved	April 2003	34,905	802p	June 2006	April 2013
	Unapproved	April 2004	28,896	1142p	June 2007	April 2014
	Unapproved	April 2005	48,463	1035p	June 2008	April 2015
	Unapproved	June 2006	41,032	1170p	June 2009	June 2016
	Unapproved	June 2007	32,795	1570p	June 2010	June 2017
	Approved	June 2007	1,909	1570p	June 2010	June 2017
	Unapproved	June 2008	42,134	1424p	June 2011	June 2018
Paul Piper	Unapproved	April 2001	30,153	694p	April 2004	April 2011
	Unapproved	April 2002	27,815	786p	April 2005	April 2012
	Unapproved	April 2003	33,658	802p	June 2006	April 2013
	Unapproved	April 2004	33,261	1142p	June 2007	April 2014
	Unapproved	April 2005	46,377	1035p	June 2008	April 2015
	Unapproved	June 2006	41,032	1170p	June 2009	June 2016
	Unapproved	June 2007	32,795	1570p	June 2010	June 2017
	Approved	June 2007	1,909	1570p	June 2010	June 2017
	Unapproved*	June 2008	42,134	1424p	June 2011	June 2018

*Paul Piper's June 2008 awards lapsed with his retirement on the 31 March 2009.

KERSP option scheme – audited

At 31 March 2009, the following Directors had share options in the Company under the KERSP scheme, which had not been exercised. The number of shares over which options are held is:

	Date granted	No. of shares	No. of dividend equivalent shares awarded*	Exercise price	Earliest exercise date
Tom Attwood	May 2006	25,289	2,628	Nil	May 2010
	June 2007	30,898	2,222	Nil	June 2011
	June 2008	49,217	2,135	Nil	June 2012
Christophe Evain	May 2006	22,183	2,305	Nil	May 2010
	June 2007	27,559	1,982	Nil	June 2011
	June 2008	49,217	2,135	Nil	June 2012
Francois de Mitry	May 2006	22,183	2,305	Nil	May 2010
	June 2007	27,559	1,982	Nil	June 2011
	June 2008	49,217	2,135	Nil	June 2012
Philip Keller	June 2007	13,191	948	Nil	June 2011
	June 2008	22,371	970	Nil	June 2012
Paul Piper**	May 2006	22,183	2,305	Nil	May 2010
	June 2007	27,559	1,982	Nil	June 2011

* As part of the KERSP scheme, the number of KERSP shares awarded are increased every year by the number of dividend equivalent shares awarded.

** Paul Piper's KERSP awards lapsed following his retirement on 31 March 2009.

20 per cent of the options granted vest each successive year starting four years from the date granted. Options may be exercised only if the Company achieves a growth in eps of 5 per cent per annum from the date granted to the applicable vesting date.

The market price of each share at 31 March 2009 was £3.00 per share (31 March 2008: £15.63).

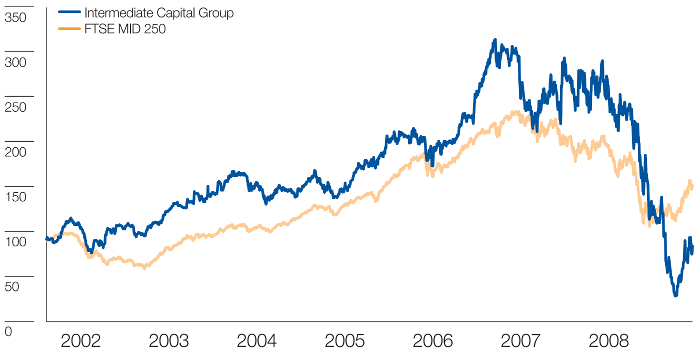
Directors' share options

There were no options exercised by Directors during the year.

Report of the Remuneration Committee continued

Performance graph

The graph below shows a comparison between the Company's total shareholder return performance and the companies in the FTSE 250 index. The graph compares the value, at 31 March 2009, of £100 invested in Intermediate Capital Group PLC on 1 February 2002 with the value of £100 invested in the FTSE 250 over the subsequent seven years. The FTSE 250 Group has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other major UK companies.



Source: Thomson Datastream

Audited information

The sections relating to Directors' remuneration, Share Option Scheme and KERSP Scheme are required to be, and have been, audited by the Company's auditors, Deloitte LLP.

The Chairman of the Committee will be available to answer questions on any aspect of the remuneration policy at the Annual General Meeting.

This report was approved by the Board of Directors on 9 June 2009.

Signed on behalf of the Board of Directors by:

James Nelson
Chairman of the Remuneration Committee

9 June 2009

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and Presentation of Financial Statements".

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to comply with the Companies Act 1985. They are also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Responsibility Statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

Tom Attwood
Chief Executive Officer

9 June 2009

Philip Keller
Finance Director

9 June 2009



Accounts

Independent Auditors' Report

to the members of Intermediate Capital Group PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Intermediate Capital Group PLC for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Group and Parent Company Statements of Recognised Income and Expense, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2009;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP.

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

9 June 2009

Consolidated Income Statement
for the Year Ended 31 March 2009

	Notes	**Year ended 31 March 2009 £m**	Year ended 31 March 2008 £m
Interest and dividend income	6	**303.7**	236.9
Gains on investments	8	**30.9**	135.2
Fee and other operating income		**59.5**	57.0
		394.1	429.1
Interest payable and other related financing costs	7	**(95.5)**	(38.3)
Provisions for impairment of assets	9	**(273.1)**	(46.0)
Administrative expenses	10	**(92.2)**	(115.3)
(Loss)/profit before tax	4	**(66.7)**	229.5
Tax expense	11	**(6.5)**	(74.7)
(Loss)/profit for the year attributable to the equity holders of the parent		**(73.2)**	154.8
Earnings per share	14	**(84.8)p**	213.4p
Diluted earnings per share	14	**(84.8)p**	210.8p

All activities represent continuing operations.

The accompanying notes are an integral part of these financial statements.

Statements of Recognised Income and Expense

for the Year Ended 31 March 2009

Group	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Available for sale investments:		
Valuation (losses)/gains taken to equity	**(47.4)**	48.0
Transferred to profit or loss on 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

Company	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Available for sale investments:		
Valuation (losses) taken to equity	**(36.4)**	(14.8)
Transferred to profit or loss on sale/disposal	**35.6**	10.6
Tax on items taken directly to or transferred from equity	**–**	–
Net (loss) recognised directly in equity	**(0.8)**	(4.2)
(Loss)/profit for the year	**(125.7)**	165.5
Total recognised expense and income for the year attributable to the equity holders of the Company	**(126.5)**	161.3

The accompanying notes are an integral part of these financial statements.

Balance Sheets

31 March 2009

	Notes	31 March 2009 Group £m	31 March 2009 Company £m	31 March 2008 Group £m	31 March 2008 Company £m
Non-current assets					
Property, plant and equipment	15	**9.7**	**8.5**	6.1	4.8
Financial assets: loans, investments and warrants	16	**2,922.6**	**2,151.6**	2,306.0	1,651.1
Derivative financial instruments	16	**33.5**	**33.5**	1.8	–
		2,965.8	**2,193.6**	2,313.9	1,655.9
Current assets					
Trade and other receivables	17	**50.7**	**407.9**	39.6	343.2
Financial assets: loans and investments	18	**19.9**	**19.9**	151.8	150.8
Derivative financial instruments		**2.1**	**2.1**	–	–
Cash and cash equivalents		**23.7**	**5.3**	50.9	7.2
		96.4	**435.2**	242.3	501.2
Total assets		**3,062.2**	**2,628.8**	2,556.2	2,157.1
Equity and reserves					
Called up share capital	19	**17.3**	**17.3**	17.2	17.2
Share premium account	20	**348.5**	**348.5**	348.5	348.5
Capital redemption reserve	20	**1.4**	**1.4**	1.4	1.4
Other reserves	20	**23.7**	**8.9**	17.9	5.0
Retained earnings	20	**384.6**	**203.8**	511.2	386.4
Shareholders' funds		**775.5**	**579.9**	896.2	758.5
Non current liabilities					
Financial liabilities	21	**2,057.7**	**1,605.4**	1,303.9	912.3
Derivative financial instruments	21	**31.7**	**30.5**	53.1	53.1
Deferred tax liabilities	23	**6.2**	**0.8**	12.9	9.5
		2,095.6	**1,636.7**	1,369.9	974.9
Current liabilities					
Trade and other payables	22	**127.9**	**358.4**	132.7	312.4
Financial liabilities	21	**19.2**	**19.2**	70.3	70.3
Liabilities for current tax	22	**9.4**	**–**	46.1	–
Derivative financial instruments	21	**34.6**	**34.6**	41.0	41.0
		191.1	**412.2**	290.1	423.7
Total liabilities		**2,286.7**	**2,048.9**	1,660.0	1,398.6
Total equity and liabilities		**3,062.2**	**2,628.8**	2,556.2	2157.1

These financial statements were approved and authorised for issue by the Board of Directors on 9 June 2009.

Signed on behalf of the Board of Directors by:

John Manser
Director

Philip Keller
Director

The accompanying notes are an integral part of these financial statements.

Cash Flow Statements

for the Year Ended 31 March 2009

	Notes	31 March 2009 Group £m	31 March 2009 Company £m	31 March 2008 Group £m	31 March 2008 Company £m
Net cash from operating activities					
Interest and fee receipts		**219.9**	**97.5**	223.7	178.7
Dividends received	6	**10.0**	**10.2**	6.2	6.1
Gain on disposals		**30.9**	**1.1**	141.8	0.2
Interest payments		**(119.8)**	**(101.6)**	(67.6)	(54.0)
Cash payments to suppliers and employees		**(96.4)**	**(81.7)**	(107.6)	(90.8)
Proceeds from sale/(purchase) of current financial assets		**87.4**	**89.6**	(115.7)	(116.6)
Purchase of loans and investments		**(410.6)**	**(347.3)**	(939.8)	(631.7)
Proceeds from sale of loans and investments		**108.9**	**80.3**	609.4	451.3
Cash used in operations		**(169.7)**	**(251.9)**	(249.6)	(256 .8)
Taxes paid		**(50.7)**	**0.8**	(60.0)	1.9
Net cash used in operating activities		**(220.4)**	**(251.1)**	(309.6)	(254.9)
Investing activities					
Proceeds from subsidiary undertakings		**–**	**58.2**	–	138.4
Purchase of property, plant and equipment		**(5.4)**	**(4.6)**	(4.6)	(3.6)
Net cash (used in)/from investing activities		**(5.4)**	**53.6**	(4.6)	134.8
Financing activities					
Dividends paid	13	**(56.9)**	**(56.9)**	(43.0)	(43.0)
Increase/(decrease) in long term borrowings		**255.5**	**252.5**	65.7	(22.8)
Decrease in bank overdrafts		**–**	**–**	(5.6)	–
Proceeds on issue of shares		**–**	**–**	176.0	177.0
Net cash from financing activities		**198.6**	**195.6**	193.1	111.2
Net (decrease)/increase in cash		**(27.2)**	**(1.9)**	(121.1)	(8.9)
Cash and cash equivalents at beginning of year		**50.9**	**7.2**	172.0	16.1
Cash and cash equivalents at end of year		**23.7**	**5.3**	50.9	7.2

The accompanying notes are an integral part of these financial statements.

Notes to the Accounts

for the Year Ended 31 March 2009

1 General information

Intermediate Capital Group PLC is a company incorporated in the United Kingdom under The Companies Act 1985 with Companies registration number 2234775. The address of the registered office is on page 96. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 50.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements were in issue but not yet effective:

		Accounting periods commencing after
International Financial Reporting Standards (IAS/IFRS)		
IFRS 8	Operating Segments	1 January 2009
IAS 23 (revised March 2007)	Borrowing Costs	1 January 2009

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, except for additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

2 Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis as modified to include the fair valuation of certain financial instruments.

Going Concern – The Financial review on pages 16 to 19 describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities together with its objectives, factors likely to affect its future development and policies and processes for managing its capital. The Group's financial risk management objectives and its exposure to credit risk and liquidity risk are described in the Principal risks and uncertainties section on pages 22 and 23 and details of its financial instruments and hedging activities are described in note 28.

Having reviewed ICG's budget and business plan 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.

The principal accounting policies are set out below:

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its principal subsidiaries made up to 31 March.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

All intra Group transactions, balances, income and expenses are eliminated on consolidation.

(c) Investment in subsidiaries

Investments in subsidiaries are recorded in the Company balance sheet at cost less provision for impairments.

(d) Investment in associates

An associate is an entity over which the Group has significant influence but not control, through participation in the financial and operating policy decisions. The results, assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting. A presumption of significant influence is made when the Group holds 20 per cent or more of the voting rights of an investee. IAS 28 Investment in Associates excludes from its scope certain investments of a greater than 20 per cent holding held by Venture Capital organisations. The Group therefore designates such investments, upon initial recognition, as fair value through the profit and loss and measures them at fair value.

(e) Interest income and expense

Interest income and expense on financial assets and liabilities held at amortised cost are measured using the effective interest rate method, which allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The expected life of an instrument is estimated by the relevant Investment Executive using knowledge gained from the close monitoring of the investment and their presence on the Board.

(f) Fee income and expense

Fees and commissions are generally recognised on an accruals basis when the service has been provided and include fund management fees. Fees integral to the loan yield, including underwriting and agency fees, are included within interest income as part of the effective interest rate calculation. Fees payable on the arrangement of balance sheet funding are included within interest expense as part of the effective interest rate calculation. Other fees are expensed as incurred.

(g) Dividend income

Dividend income from investments is recognised in the income statement when the shareholders' rights to receive payment have been established.

Notes to the Accounts continued

2 Significant accounting policies continued

(h) Share based payments
The Group has applied the requirements of IFRS 2 Share Based Payment.

The Group issues equity settled share options to certain employees. These are measured at fair value at the date of grant using a Black Scholes option pricing model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest.

(i) Pension costs
Pension liabilities are provided for by payments to insurance companies or to individuals for employees' private pension plans. The amount charged to the income statement represents a percentage of the current payroll cost paid to defined contribution schemes.

(j) Value added tax
Irrecoverable VAT is written off on items of expenditure relating to the income statement. VAT on tangible fixed assets is capitalised and written off over a similar period to the asset to which it relates.

(k) Foreign currencies
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling which is the presentation currency for the consolidated financial statements. The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing on the balance sheet date. The income and expense items are translated using the exchange rates at the date of the transactions.

Foreign currency monetary transactions are translated into pounds sterling using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated at the rates prevailing on the balance sheet date. Exchange differences on the translation of monetary items are recognised in the income statement for the year.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts. The treasury policies of the Group are described in more detail in note 28.

(l) Taxation
Provision is made for taxation at the currently enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

(m) Property, plant and equipment and depreciation
Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Furniture and equipment – 20 per cent to 33 per cent per annum
Leasehold improvements – 20 per cent per annum

(n) Financial assets
Financial assets are classified into the following categories, as determined at initial recognition:

(i) Financial assets at fair value through profit or loss
Derivatives, which includes warrants and other derivatives held for risk management purposes, and investments where the Group holds more than 20 per cent of the voting rights of an investee, are categorised as "at fair value through profit or loss". They are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value are immediately recognised in the income statement.

(ii) Loans and receivables
Loans and receivables, held at amortised cost, are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include loans made as part of the Group's operating activities as well as trade and other receivables, cash and cash equivalents.

2 Significant accounting policies continued

(iii) Available for sale
Available for sale assets are financial assets not classified in (i) or (ii) above and include listed bonds and listed and unlisted shares, see note 2(p) below.

Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value with gains or losses arising from changes in fair value recognised in the income statement.

Available for sale assets are initially recognised at fair value including direct and incremental transaction costs. They are subsequently measured at fair value with gains and losses arising from changes in fair value included as a separate component of equity until the sale or impairment, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Translation differences on monetary items are recognised in the income statement.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs and subsequently valued at amortised cost using the effective interest rate method, see note 2(e) above.

(o) Impairment of financial assets
A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of a fall in value of that asset as a result of events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate.

If there is objective evidence of impairment for financial assets classified as available for sale, the loss is removed from equity and recognised in the income statement.

(p) Shares and warrants
Shares and warrants are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis, applying the valuation policies of ICG.

(q) Financial liabilities
All financial liabilities, except for derivatives, are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Derivative liabilities are categorised as at fair value through profit or loss unless they are designated as hedges, see note 2(r) below.

(r) Derivative financial instruments and hedge accounting
Derivatives, including embedded derivatives which are not considered to be closely related to the host contract, are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at their fair value using an independent third party valuation. Changes in fair values of derivatives are recognised immediately in the income statement. The Group does not apply hedge accounting per IAS 32 "Financial Instruments – Presentation".

(s) Significant estimates/uncertainties
The significant accounting estimates in these financial statements are considered to relate to the valuations of impaired assets, equity investments, warrants, share based payment and the effective interest rate calculations.

The methodology for valuing impaired assets and for valuing warrants and equities is as detailed in note 16 on pages 82 and 83, for valuing share based payment is as detailed in note 24 on pages 87 to 89 and for deciding upon the maturity date for the effective interest rate on loans and investments in note 2(e) on page 73.

Notes to the Accounts continued

3 (Loss)/profit of parent company

As permitted by section 230 of the Companies Act 1985, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's loss for the year amounted to £125.7m (year ended 31 March 2008: £165.5m profit).

4 Analysis of (loss)/profit before tax

	Year ended 31 March 2009 £m	Year ended 31 March 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.

* 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.

** 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.

5 Business and geographical segments

For management purposes, the Group is currently organised into two distinct business groups, one of these being the provision of mezzanine finance and the other being fund management, which includes Mezzanine and Credit Fund Management.

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

(a) Business segments

For the year ended 31 March 2009	**Mezzanine finance £m**	**Fund management £m**	**Total £m**
Revenue – external	**340.6**	**53.5**	**394.1**
Depreciation on segment property, plant and equipment	**1.8**	**–**	**1.8**
Provisions for impairment of assets	**(273.1)**	**–**	**(273.1)**
Segment result	**(126.8)**	**60.1**	**(66.7)**
Segment property, plant and equipment acquisitions	**5.4**	**–**	**5.4**
Balance sheet as at 31 March 2009			
Segment assets	**3,039.4**	**23.2**	**3,062.6**
Segment liabilities	**2,285.8**	**0.9**	**2,286.7**

For the year ended 31 March 2008	Mezzanine finance £m	Fund management £m	Total £m
Revenue – external	379.2	49.9	429.1
Depreciation on segment property, plant and equipment	1.2	–	1.2
Provisions for impairment of assets	(46.0)	–	(46.0)
Segment result	191.8	37.7	229.5
Segment property, plant and equipment acquisitions	4.4	–	4.4
Balance sheet as at 31 March 2008			
Segment assets	2,514.4	41.8	2,556.2
Segment liabilities	1,599.9	1.1	1,601.0

(b) Geographical segments

For the year ended 31 March 2009	**Asia Pacific**	**Europe**	**US**	**Total**
Revenue – external	**24.2**	**354.2**	**15.7**	**394.1**
Segment assets	**176.5**	**2,655.5**	**230.2**	**3,062.2**
Segment property, plant and equipment acquisitions	**–**	**5.4**	**–**	**5.4**

For the year ended 31 March 2008	Asia Pacific	Europe	US	Total
Revenue – external	44.2	383.7	1.2	429.1
Segment assets	129.8	2,347.8	78.6	2,556.2
Segment property, plant and equipment acquisitions	–	4.4	–	4.4

Notes to the Accounts continued

6 Interest and dividend income

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Interest income on interest bearing loans and investments fair valued through the profit and loss	**0.2**	0.2
Interest income on other interest bearing loans and investments	**292.1**	225.8
Dividend income from equity investments	**10.0**	6.1
Interest on bank deposits	**1.4**	4.8
	303.7	236.9

Interest income on other interest bearing loans and investments includes £11.6m (2008: £4.5m) accrued on impaired loans.

7 Interest payable and other related financing costs

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Interest expense recognised under the EIR method	**94.0**	71.1
Fair value movements on assets held at fair value through the profit and loss	**(8.3)**	(36.2)
Other related financing costs	**9.8**	3.4
	95.5	38.3

8 Gains on investments

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Fair value movements in warrants	**25.2**	83.2
Gains recycled from equity reserves on available for sale assets	**5.7**	52.0
	30.9	135.2

9 Impairment of assets

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Impairment on loans and receivables:		
New and increased	**243.7**	49.9
Write off	**0.5**	–
Recoveries	**(28.2)**	(10.1)
Total impairment on loans and receivables:	**216.0**	39.8
Impairment on available for sale assets		
New and increased	**50.1**	10.9
Recoveries	**(0.6)**	(4.7)
Total impairment on available for sale assets	**49.5**	6.2
Impairment on fair value through the profit and loss assets	**7.6**	–
	273.1	46.0

Impairments arose on assets in our Mezzanine Investment business and on our investment in our Credit Fund Management business.

10 Administrative expenses

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Administrative expenses include:		
Amounts due under Medium Term Incentive Scheme	**29.5**	52.6
Directors' remuneration	**2.1**	18.7
Depreciation	**1.8**	1.2
Auditors' remuneration	**0.9**	1.1

The fees for audit and other services payable to the Company's auditor, Deloitte LLP, are analysed as follows:

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Audit fees:		
Fees payable to the Company's auditor for the audit of the Group's annual accounts	**0.3**	0.3
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.1**	0.1
Total audit fees	**0.4**	0.4
Non audit fees:		
– Tax services	**0.2**	0.4
– Remuneration services	**0.3**	0.1
– All other services	**–**	0.2
Total non audit fees	**0.5**	0.7
Total auditors' remuneration	**0.9**	1.1

11 Tax expense

Analysis of tax on ordinary activities	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Corporate tax at 28% (2008: 30%) based on the (loss)/profit for the year	**8.9**	71.7
Prior year adjustment	**5.1**	–
	14.0	71.7
Deferred taxation:		
Current period	**(9.7)**	5.1
Prior year adjustment	**2.2**	(2.1)
Tax on (loss)/profit on ordinary activities	**6.5**	74.7

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
(Loss)/profit on ordinary activities before tax	**(66.7)**	229.5
Tax at 28% (2008: 30%) thereon	**(18.7)**	68.9
Effects of:		
Adjustment in respect of share based payments	**1.8**	–
Changes in UK corporation tax rate	**–**	(0.5)
Non taxable income	**–**	(7.3)
Non deductible expenditure	**15.9**	16.4
Prior year adjustment	**7.3**	(2.1)
Overseas tax	**0.2**	(0.7)
Current tax charge for the year	**6.5**	74.7

Deferred tax has been accounted for at the current corporation tax rate of 28 per cent (2008: 28 per cent).

Notes to the Accounts continued

12 Information regarding Directors and employees

	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Directors' remuneration:		
Emoluments and benefits	**2.1**	18.7
	2.1	18.7
Employee costs during the year including Directors:		
Wages and salaries	**68.0**	89.8
Social security costs	**2.7**	5.2
Pension costs	**1.2**	0.8
	71.9	95.8

The average number of employees (including Executive Directors) employed by ICG was:

	Year ended 31 March 2009 No.	Year ended 31 March 2008 No.
Investment Executives	**66**	56
Support staff	**70**	57
Directors	**5**	6
	141	119

The performance related element included in wages and salaries is £29.5m (2008: £52.6m), which is derived as a result of the Medium Term Incentive Scheme and contributions to the Company's Employee Benefit Trust.

13 Dividends paid and proposed

	2009		2008	
	Per share pence	**£m**	Per share pence	£m
Ordinary dividend:				
Final dividend for the years ended 31 March 2008/07	**45.5**	**39.2**	41.5	29.2
Interim dividend for the periods to 30 September 2008/07	**20.5**	**17.7**	19.5	13.8
	66.0	**56.9**	61.0	43.0

The proposed final dividend for the year ended 31 March 2009 is 20.5p per share (2008: 45.5p per share) which will amount to £18m (2008: £39m).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

14 Earnings per share

Earnings	Year ended 31 March 2009 £m	Year ended 31 March 2008 £m
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**(73.2)**	154.8

Number of shares	2009	2008
Weighted average number of ordinary shares for the purposes of basic earnings per share	**86,310,434**	72,548,930
Effect of dilutive potential ordinary shares		
Share options	**–**	887,054
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**86,310,434**	73,435,984

15 Property, plant and equipment

Year ended 31 March 2009	Furniture and equipment £m	Short leasehold premises £m	Total £m
Group			
Cost			
At 31 March 2008	5.6	4.1	9.7
Additions	4.4	1.0	5.4
At 31 March 2009	**10.0**	**5.1**	**15.1**
Depreciation			
At 31 March 2008	2.1	1.5	3.6
Charge for the year	1.0	0.8	1.8
At 31 March 2009	**3.1**	**2.3**	**5.4**
Net book value			
At 31 March 2009	**6.9**	**2.8**	**9.7**
At 31 March 2008	3.5	2.6	6.1
Company			
Cost			
At 31 March 2008	4.3	3.5	7.8
Additions	4.1	0.9	5.0
At 31 March 2009	**8.4**	**4.4**	**12.8**
Depreciation			
At 31 March 2008	1.5	1.5	3.0
Charge for the year	0.7	0.6	1.3
At 31 March 2009	**2.2**	**2.1**	**4.3**
Net book value			
At 31 March 2009	**6.2**	**2.3**	**8.5**
At 31 March 2008	2.8	2.0	4.8

Notes to the Accounts continued

15 Property, plant and equipment continued

Year ended 31 March 2008	Furniture and equipment £m	Short leasehold premises £m	Total £m
Group			
Cost			
At 31 March 2007	3.3	2.0	5.3
Additions	2.3	2.1	4.4
At 31 March 2008	5.6	4.1	9.7
Depreciation			
At 31 March 2007	1.3	1.1	2.4
Charge for the year	0.8	0.4	1.2
At 31 March 2008	2.1	1.5	3.6
Net book value			
At 31 March 2008	3.5	2.6	6.1
At 31 March 2007	2.0	0.9	2.9
Company			
Cost			
At 31 March 2007	2.3	1.9	4.2
Additions	2.0	1.6	3.6
At 31 March 2008	4.3	3.5	7.8
Depreciation			
At 31 March 2007	1.0	1.1	2.1
Charge for the year	0.5	0.4	0.9
At 31 March 2008	1.5	1.5	3.0
Net book value			
At 31 March 2008	2.8	2.0	4.8
At 31 March 2007	1.3	0.8	2.1

16 Financial assets – non current

	Group		Company	
	2009 £m	2008 £m	**2009 £m**	2008 £m
Loans and receivables	**2,701.2**	2,102.6	**1,985.4**	1,486.8
Investment in subsidiaries	**–**	–	**129.8**	129.4
Available for sale assets	**220.6**	197.3	**35.9**	34.9
Financial assets at fair value through profit and loss – designated at initial recognition	**0.3**	4.8	**–**	–
Derivative financial instruments – warrants	**0.5**	1.3	**0.5**	–
Derivative financial instruments	**33.5**	1.8	**33.5**	–
	2,956.1	2,307.8	**2,185.1**	1,651.1

The available for sale investments include investments in unlisted equity securities that present the Group with the opportunity for return through dividend income and uplift in value on sale. As these instruments are all held in private companies with no ready market, the events to crystallise such a valuation include the sale of shares to a third party by a substantial shareholder or the approach of an exit to the transaction, either by way of a float or a sale. Therefore, the fair valuing of such unquoted shares has been restricted to those instruments whose value may be reliably measured for example by one of the above events. These instruments are otherwise held at cost.

16 Financial assets – non current continued

Available for sale assets	Group 2009 £m	Group 2008 £m	Company 2009 £m	Company 2008 £m
Additional information in respect of movements during the year is as follows:				
Balance at 31 March 2008/07	**197.3**	107.4	**34.9**	33.3
Additions	**38.3**	98.8	**21.5**	11.8
Change in fair value	**(52.0)**	6.2	**(35.6)**	(13.2)
Transferred from Group Companies	**–**	–	**7.3**	–
Realisations	**(7.0)**	(29.1)	**–**	(2.1)
Currency movement on non sterling denominated loans	**44.0**	14.0	**7.8**	5.1
Balance at 31 March 2009/08	**220.6**	197.3	**35.9**	34.9

Impairment	Group 2009 £m	Group 2008 £m	Company 2009 £m	Company 2008 £m
Additional information in respect of movements during the year is as follows:				
Balance at 31 March 2008/07	**134.5**	98.4	**90.8**	65.2
Charged to income statement	**273.6**	46.0	**190.6**	27.3
Recovery of written off assets	**14.1**	–	**3.7**	–
Assets impaired in prior years written off	**(50.8)**	–	**(41.2)**	–
Assets written off in year	**(0.5)**	–	**–**	–
Currency translation and other adjustments	**36.4**	(9.9)	**32.0**	(1.7)
Balance at 31 March 2009/08	**407.3**	134.5	**275.9**	90.8

Impairment losses are recognised as the difference between the carrying value of the investment and the discounted value of management's best estimates of future cash proceeds. These estimates take into account the level and quality of the investee's earnings, the amount and sources of cash flows, the industry in which the investee operates and the likelihood of cash recovery. Estimating the quantum and timing of these future proceeds involves significant judgement. The actual amount of future cash flows and the date that they are received may differ from these estimates and consequently actual losses incurred may differ from those recognised in the financial statements.

17 Trade and other receivables

	Group 2009 £m	Group 2008 £m	Company 2009 £m	Company 2008 £m
Other receivables	**49.0**	38.8	**29.3**	20.5
Current tax asset	**–**	–	**14.5**	16.6
Amount owed by Group companies	**–**	–	**362.8**	305.6
Prepayments	**1.7**	0.8	**1.3**	0.5
	50.7	39.6	**407.9**	343.2

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Notes to the Accounts continued

18 Financial assets – current

	Group 2009 £m	Group 2008 £m	Company 2009 £m	Company 2008 £m
Loans and investments	**19.9**	151.8	**19.9**	150.8

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

19 Called up share capital

	2009 £m	2008 £m
Authorised:		
90,000,000 (2008: 90,000,000) ordinary shares of 20p	**18.0**	18.0
Allotted, called up and fully paid:		
86,341,058 (2008: 86,219,156) ordinary shares of 20p	**17.3**	17.2

The Company issued 121,902 shares under its Approved and Unapproved Executive Share Option Schemes 2001 during the year, raising £0.02m of new equity.

20 Shareholders' funds

Year ended 31 March 2009	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale or reserve £m	Retained earnings £m	Total £m
Group							
Balance at 31 March 2008	17.2	348.5	1.4	5.3	12.6	511.2	896.2
Foreign exchange	–	–	–	–	5.4	3.5	8.9
Exercise of share options	0.1	–	–	–	–	–	0.1
Credit for share based payments	–	–	–	4.3	–	–	4.3
Revaluation of available for sale investments	–	–	–	–	(3.9)	–	(3.9)
Loss for the year	–	–	–	–	–	(73.2)	(73.2)
Dividends paid	–	–	–	–	–	(56.9)	(56.9)
Balance at 31 March 2009	**17.3**	**348.5**	**1.4**	**9.6**	**14.1**	**384.6**	**775.5**
Company							
Balance at 31 March 2008	17.2	348.5	1.4	5.0	–	386.4	758.5
Foreign exchange	–	–	–	–	–	–	–
Exercise of share options	0.1	–	–	–	–	–	0.1
Credit for share based payments	–	–	–	3.9	–	–	3.9
Loss for the year	–	–	–	–	–	(125.7)	(125.7)
Dividends paid	–	–	–		–	(56.9)	(56.9)
Balance at 31 March 2009	**17.3**	**348.5**	**1.4**	**8.9**	**–**	**203.8**	**579.9**

20 Shareholders' funds continued

Year ended 31 March 2008	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale or reserve £m	Retained earnings £m	Total £m
Group							
Balance at 31 March 2007	14.0	175.7	1.4	2.9	8.1	399.5	601.6
Foreign exchange	–	–	–	–	1.5	(0.1)	1.4
Exercise of share options	0.1	1.5	–	–	–	–	1.6
Proceeds from rights issue	3.1	171.3	–	–	–	–	174.4
Credit for share based payments	–	–	–	2.4	–	–	2.4
Revaluation of available for sale investments	–	–	–	–	3.0	–	3.0
Profit for the year	–	–	–	–	–	154.8	154.8
Dividends paid	–	–	–	–	–	(43.0)	(43.0)
Balance at 31 March 2008	17.2	348.5	1.4	5.3	12.6	511.2	896.2
Company							
Balance at 31 March 2007	14.0	175.7	1.4	2.9	4.0	263.9	461.9
Foreign exchange	–	–	–	–	0.2	–	0.2
Exercise of share options	0.1	1.5	–	–	–	–	1.6
Proceeds from rights issue	3.1	171.3	–	–	–	–	174.4
Credit for share based payments	–	–	–	2.1	–	–	2.1
Revaluation of available for sale investments	–	–	–	–	(4.2)	–	(4.2)
Profit for the year	–	–	–	–	–	165.5	165.5
Dividends paid	–	–	–	–	–	(43.0)	(43.0)
Balance at 31 March 2008	17.2	348.5	1.4	5.0	–	386.4	758.5

21 Financial liabilities

	2009		2008	
Group	**Current £m**	**Non current £m**	Current £m	Non current £m
Liabilities held at amortised cost				
Private placement	**19.2**	**449.8**	70.3	342.6
£1,032 Revolving credit facility	**–**	**942.5**	–	569.7
£450m Loan facility agreement	**–**	**213.1**	–	–
Floating rate secured notes	**–**	**452.3**	–	391.6
Derivative financial instruments held at fair value through the profit and loss	**34.6**	**31.7**	41.0	53.1
	53.8	**2,089.4**	111.3	1,357.0

The floating rate secured notes are secured on the debt portfolio of a subsidiary company Intermediate Finance II plc. The carrying value of the portfolio is £582.9m (2008: £487.5m).

	2009		2008	
Company	**Current £m**	**Non current £m**	Current £m	Non current £m
Liabilities held at amortised cost				
Private placement	**19.2**	**449.8**	70.3	342.6
£1,032m Revolving credit facility	**–**	**942.5**	–	569.7
£450m Loan facility agreement	**–**	**213.1**	–	–
Derivative financial instruments held at fair value through the profit and loss	**34.6**	**30.5**	41.0	53.1
	53.8	**1,635.9**	111.3	965.4

Notes to the Accounts continued

21 Financial liabilities continued

The maturity of the funding liabilities on an amortised cost basis are shown below:

As at 31 March 2009	Less than one year	One to two years	Two to five years	More than five years	Total
	Contractual maturity analysis				
$95m private placement	–	15.1	–	–	15.1
£25m private placement	–	26.2	–	–	26.2
$110m private placement	17.8	–	29.2	–	47.0
£25m private placement	–	–	20.8	–	20.8
$200m private placement	1.4	29.0	49.8	–	80.2
£30m private placement	–	–	10.0	–	10.0
$240m private placement	–	–	115.3	52.4	167.7
€39m private placement	–	–	36.2	–	36.2
£30m private placement	–	–	–	30.0	30.0
£20m private placement	–	–	–	20.3	20.3
$22m private placement	–	–	–	15.5	15.5
£1,032m revolving credit facility	–	–	942.5	–	942.5
£450m loan facility agreement	–	213.1	–	–	213.1
€325m class A secured notes	–	–	–	271.2	271.2
€78m class B secured notes	–	–	–	72.4	72.4
€78m class C secured notes	–	–	–	72.4	72.4
€39m class D secured notes	–	–	–	36.3	36.3
	19.2	283.4	1,203.8	570.5	2,076.9

Private placements of £20m and US$22m were issued in the year, repaying in 2015 and 2018 respectively.

As at 31 March 2008	Less than one year	One to two years	Two to five years	More than five years	Total
	Contractual maturity analysis				
$95m private placement	10.5	11.3	–	–	21.8
£25m private placement	–	26.5	–	–	26.5
$110m private placement	–	13.0	21.2	–	34.2
£25m private placement	–	–	21.0	–	21.0
$200m private placement	39.8	1.0	20.8	35.9	97.5
£30m private placement	20.0	–	–	10.0	30.0
$240m private placement	–	–	17.6	103.2	120.8
€39m private placement	–	–	31.1	–	31.1
£30m private placement	–	–	–	30.0	30.0
£1,032m revolving credit facility	–	–	569.7	–	569.7
€325m class A secured notes	–	–	–	235.8	235.8
€78m class B secured notes	–	–	–	62.3	62.3
€78m class C secured notes	–	–	–	62.3	62.3
€39m class D secured notes	–	–	–	31.2	31.2
	70.3	51.8	681.4	570.7	1,374.2

The maturity profile of the Company is the same as that of the Group, except for the class A, B, C, D secured notes which are issued by a subsidiary.

22 Trade, other payables and liabilities for current tax

	Group		Company	
	2009 £m	2008 £m	**2009 £m**	2008 £m
Trade payables	**17.3**	2.1	**11.3**	2.7
Accruals	**110.0**	129.7	**85.7**	108.2
Amounts owed to Group companies	**–**	–	**260.8**	200.6
Taxation – corporation tax	**9.4**	46.1	**–**	–
Taxation – social security	**0.6**	0.9	**0.6**	0.9
	137.3	178.8	**358.4**	312.4

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Share based payment £m	Other derivatives £m	Warrants and investments £m	Other temporary differences £m	Total £m
At 31 March 2007	(3.1)	4.5	6.1	(0.1)	7.4
Charge/(credit) to income	1.3	6.5	(5.4)	0.6	3.0
Credit to equity	–	–	2.5	–	2.5
At 31 March 2008	(1.8)	11.0	3.2	0.5	12.9
Prior year adjustment	–	0.2	1.5	0.5	2.2
Credit/(charge) to income	1.8	5.7	–	(17.2)	(9.7)
Credit to equity	–	–	0.8	–	0.8
At 31 March 2009	**–**	**16.9**	**5.5**	**(16.2)**	**6.2**

Deferred tax has been accounted for at the current corporation tax rate of 28 per cent.

24 Share based payments

Equity settled share option schemes

Intermediate Capital Group PLC 2001 Approved and Unapproved Executive Share Option Scheme

The Company has a number of share option schemes for certain employees of the Group. The terms of the Intermediate Capital Group PLC 2001 Approved Executive Share Option Scheme and the Intermediate Capital Group PLC 2001 Unapproved Executive Share Option Scheme are shown on page 59.

Analysis of movements in the number and weighted average exercise price of options is set out below:

	Number		Weighted average exercise price (£)	
	2009	2008	**2009**	2008
Outstanding at 1 April	**3,379,486**	2,872,565	**11.96**	10.93
Granted	**1,681,564**	908,855	**14.24**	16.57
Forfeited	**(240,823)**	(97,168)	**14.16**	13.27
Exercised*	**(442,128)**	(485,019)	**10.20**	9.55
Adjustment following Rights Issue**	**–**	180,253	**–**	12.58
Outstanding at 31 March	**4,378,099**	3,379,486	**12.87**	11.96
Of which are currently exercisable:	**1,980,612**	885,163		

* 442,128 (2008: 192,996) were issued on a net basis.

** In February 2008 ICG completed a two for nine rights issue at 11.5p per share. In accordance with the terms of the ICG PLC 2001 Approved Executive Share Option Scheme and the ICG PLC 2001 Unapproved Executive Share Option Scheme all outstanding option exercise prices were adjusted by a factor of 0.94797 and the number of all outstanding options were adjusted by a factor of 1.05488. The purpose of these adjustments was to preserve the rights of the holders after such a capital change.

Notes to the Accounts continued

24 Share based payments continued

The weighted average share price at the date of exercise for share options exercised in the year was £14.16 (2008: £16.62). The options outstanding at 31 March 2009 have a range of exercise prices between £6.944 and £15.704 following the rights issue adjustment (2008: £6.9 and £15.7) as follows, and a weighted average remaining contractual life of 7.46 years (2008: 7.4 years).

Exercise price	2009 Number
£14.240	**1,524,203**
£14.254	**40,378**
£15.704	**769,622**
£15.425	**63,284**
£11.698	**591,738**
£12.191	**56,632**
£14.508	**130,274**
£10.350	**397,017**
£9.904	**85,098**
£11.425	**230,230**
£11.420	**38,539**
£8.022	**195,259**
£7.864	**128,824**
£6.944	**127,001**

Exercise price	2008 Number
£15.704	846,629
£15.425	71,222
£11.698	730,529
£12.191	35,282
£14.508	130,274
£10.350	610,822
£9.904	69,565
£11.425	343,433
£11.420	9,628
£8.022	225,178
£7.864	153,461
£6.944	153,463

In the year to 31 March 2009, 1,681,564 options were granted on 12 June 2008 (2008: 908,855 were granted on 13 June 2007). The aggregate of estimated fair values of the options granted on these dates are £6.8m (2008: £3.0m).

24 Share based payments continued

The inputs into the Black-Scholes model are as follows:

For options granted	12 June 2008	13 June 2007	5 December 2006
Exercise price	£14.24	£16.57	£15.30
Expected volatility	38.52%	25.10%	18.51%
Expected life	4.76 years	4.98 years	5.14 years
Risk free rate	4.88%	5.00%	4.38%
Dividend yield	3.90%	3.90%	3.80%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous two years. The expected life used in the model has been calculated using actual exercise periods over the previous five years.

Key Employee Retention Share Plan ("KERSP")

In the year to 31 March 2009, 365,361 shares were granted on 12 June 2008 (2008: 355,895 shares were granted on 13 June 2007). The aggregate of the estimated fair values of these options is £3.9m.

The inputs for the Black-Scholes model are as follows:

	13 June 2008	25 May 2007
Exercise price	nil	nil
Expected volatility	38.52%	25.10%
Expected life	6.0 years	6.0 years
Risk free rate	4.88%	5.00%
Dividend yield	3.90%	3.90%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous two years. 20 per cent of the options granted vest in each successive year starting four years from the date granted.

The expected life has thus been calculated by assuming that options are exercised as soon as they vest, there being no exercise cost.

The Group recognised total expenses of £4.2m and £2.5m related to equity settled share based payment transactions in 2009 and 2008 respectively.

25 Financial commitments

At 31 March 2009, the Group estimated that it had no contractual obligations to provide further funding apart from an obligation to lend a further £46.8m (2008: £60.9m) on four existing investments, one new investment and one co investment agreement with Intermediate Capital Asia Pacific Mezzanine Fund 2005.

The Group regularly enters into forward contracts for financial instruments which are used to hedge interest rate and foreign exchange risk in the normal course of business.

26 Related party transactions

All transactions between the parent company and its subsidiary undertakings are classified as related party transactions. All significant Company balances with subsidiary undertakings are disclosed in notes 16, 17 and 22. Aggregated significant transactions with subsidiary undertakings are as follows:

	Year ended 31 March 2009 £m	Period ended 31 March 2008 £m
Management fees received	**1.6**	1.0
Service charges paid	**12.7**	12.5
Dividends received	**121.2**	211.9

Management consider key management personnel to be the Board of Directors and all related party transactions are disclosed in the Remuneration Report.

Notes to the Accounts continued

27 Principal subsidiary companies

Principal subsidiary	Percentage owned	Country of incorporation	Registered in	Principal activity
Intermediate Capital Investments Ltd	100	United Kingdom	England and Wales	Investment company
Intermediate Capital Managers Ltd	100	United Kingdom	England and Wales	Advisory company
Intermediate Finance II PLC	100	United Kingdom	England and Wales	Provider of mezzanine
Mezzanine Finance (Guernsey) Ltd	100	Guernsey	Guernsey	Holding company for loans and investments
JOG Partners Limited	100	United Kingdom	England and Wales	Investment company
Intermediate Investments Jersey Ltd	100	Jersey	Jersey	Investment company
Intermediate Capital Asia Pacific Ltd	100	Hong Kong	Hong Kong	Advisory company
Intermediate Capital Group SAS	100	France	France	Advisory company
Intermediate Capital Group Espana SL	100	Spain	Spain	Advisory company
Intermediate Capital Nordic AB	100	Sweden	Sweden	Advisory company
Intermediate Capital Group Beratungsgesellschaft	100	Germany	Germany	Advisory company
Intermediate Capital Australia Pty Ltd	100	Australia	Australia	Advisory company
Intermediate Capital Group Inc	100	USA	Delaware	Advisory company
Intermediate Capital Ltd	100	United Kingdom	England and Wales	General Partner in a number of partnerships
Intermediate Capital GP Ltd	100	Jersey	Jersey	General Partner in a number of partnerships
Intermediate Capital GP 2003 Ltd	100	Jersey	Jersey	General Partner in a number of partnerships
Intermediate Capital Asia Pacific Mezz GP 2005 Ltd	100	Jersey	Jersey	General Partner
Intermediate Capital Asia Pacific Mezz Opps GP 2005 Ltd	100	Jersey	Jersey	General Partner
Intermediate Capital GP 2006 Ltd	100	Jersey	Jersey	General Partner
Intermediate Capital Asia Pacific 2008 GP Limited	100	Jersey	Jersey	General Partner

All companies listed above have a reporting date of 31 March.

28 Financial assets and liabilities

(a) Treasury and hedging policies
The Group's treasury policies seek to manage the following risks.

(b) Interest rate risk
The Group's assets include both fixed and floating rate loans and non interest bearing equity investments. The Group's operations are financed with a combination of shareholders' funds, bank borrowings, private placement notes and floating rate notes. The Group manages its exposure to market interest rate movements by matching, to the extent possible, the interest profiles of assets and liabilities and by using derivative instruments. As a result, the Group does not have material financial exposure to interest rate movements.

(c) Foreign exchange risk
The Group is exposed to currency risk in relation to the translation of net assets, currency transactions and the translation of net asset, and profit and loss accounts of foreign subsidiaries. The Group's most significant exposures are to the euro and the US dollar.

The Group manages its exposure to market currency risk by matching assets with debt to the extent possible and through the use of derivative instruments.

The Group regards its interest in overseas subsidiaries as long term investments. Consequently it does not normally hedge the translation effect of exchange rate movements on the financial statements of these businesses.

The financial assets and liabilities by currency and the sensitivity of the assets and liabilities to foreign exchange rates is shown in (h) page 94. This is before the effect of derivative instruments.

(d) Liquidity risk
The Group manages its liquidity risk by maintaining headroom on its financing facilities, particularly the bank facilities.

The table below shows the liquidity profile of the Group's financial liabilities, based on contractual repayment dates of principal and interest payments. Future interest and principal cash flows have been calculated based on exchange rates and floating rate interest rates as at 31 March 2009. It is assumed that borrowings under the Group's revolving credit facility remains at levels as at 31 March 2009 until contractual maturity.

	Contractual maturity analysis				
As at 31 March 2009	Less than one year	One to two years	Two to five years	More than five years	Total
$95m private placement	1.2	14.6	–	–	15.8
£25m private placement	1.9	26.0	–	–	27.9
$110m private placement	20.4	2.2	29.0	–	51.6
£25m private placement	1.5	1.5	20.8	–	23.8
$200m private placement	4.7	34.0	59.3	–	98.0
£30m private placement	0.8	0.8	12.4	–	14.0
$240m private placement	10.9	10.9	144.7	62.7	229.2
€39m private placement	2.0	2.0	38.2	–	42.2
£30m private placement	2.0	2.0	5.9	35.9	45.8
£20m private placement	1.8	1.8	5.4	28.1	37.1
$22m private placement	1.2	1.2	3.7	17.2	23.3
£1,032m revolving credit facility	19.9	19.9	999.3	–	1,039.1
£450m loan facility agreement	7.8	231.9	–	–	239.7
€325m class A secured notes	7.6	7.6	22.9	347.2	385.3
€78m class B secured notes	2.7	2.7	8.0	99.0	112.4
€78m class C secured notes	2.6	2.6	7.8	98.4	111.4
€39m class D secured notes	1.6	1.6	4.8	52.3	60.3
Interest Rate Swaps	0.6	0.6	1.7	(0.4)	2.5
Cross Currency Swaps	7.3	3.6	13.1	10.2	34.2
Forward Foreign Exchange Contracts	23.7	–	–	–	23.7
Total liabilities	**122.2**	**367.5**	**1,377.0**	**750.6**	**2,617.3**

Notes to the Accounts continued

28 Financial assets and liabilities continued

As at 31 March 2008	Contractual maturity analysis Less than one year	One to two years	Two to five years	More than five years	Total
$95m private placement	10.9	0.9	10.5	–	22.3
£25m private placement	1.9	1.9	26.0	–	29.8
$110m private placement	2.6	14.7	22.5	–	39.8
£25m private placement	1.5	1.5	22.3	–	25.3
$200m private placement	44.6	3.4	28.9	38.4	115.3
£30m private placement	2.4	0.8	22.4	10.8	36.3
$240m private placement	7.9	7.9	40.1	117.4	173.3
€39m private placement	1.8	1.8	34.6	–	38.2
£30m private placement	2.0	2.0	5.9	37.9	47.8
£1,032m revolving credit facility	41.2	41.2	1,038.2	–	1,120.6
€325m class A secured notes	6.8	6.8	20.5	316.5	350.6
€78m class B secured notes	2.3	2.3	6.9	87.5	99.0
€78m class C secured notes	2.3	2.3	6.8	86.9	98.3
€39m class D secured notes	1.4	1.4	4.2	46.4	53.4
Interest Rate Swaps	0.2	0.2	–	–	0.4
Cross Currency Swaps	18.5	12.1	34.7	24.8	90.1
Forward Foreign Exchange Contracts	23.2	–	–	–	23.2
Total liabilities	171.5	101.2	1,324.5	766.6	2,363.7

The Company's profile has not been included as it materially matches that of the Group.

(e) Refinancing risk
The Group's policy is to maintain continuity of funding. Due to the long term nature of the Group's assets the Group seeks to ensure that the maturity of its debt instruments is matched to the expected maturity of its assets. This has been achieved by the ongoing private placement programme with notes maturing between five and ten years, short term borrowings under bank facilities and by issuing floating rate notes.

(f) Credit risk
The Group's policy is to diversify its portfolio in terms of geography, sector and size and has in place disciplined credit procedures both before and during the period of investment to protect its portfolio.

The carrying amount of financial assets before any impairments best represents both the Group and Company's maximum credit risk exposure at the balance sheet date.

Additional information on the concentrations of credit risk are provided by industry and country on page 11.

28 Financial assets and liabilities continued

(g) Fair value

The carrying amount and estimated fair value of the Group's and Company's financial instruments is set out below:

	2009		2008	
Group	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables	**2,721.1**	**2,721.1**	2,254.4	2,254.4
Available for sale investments	**220.6**	**220.6**	197.3	197.3
Fair value profit and loss	**0.3**	**0.3**	4.8	4.8
Warrants	**0.5**	**0.5**	1.3	1.3
Other derivatives	**35.6**	**35.6**	1.8	1.8
Trade and other receivables	**50.7**	**50.7**	39.6	39.6
Cash at bank	**23.7**	**23.7**	50.9	50.9
Financial liabilities				
Senior debt and bank overdraft	**1,155.6**	**1,155.6**	569.7	569.7
Private placements	**469.0**	**469.0**	412.9	412.9
Secured notes	**452.3**	**452.3**	391.6	391.6
Derivatives	**66.3**	**66.3**	94.1	94.1
Trade and other payables	**137.3**	**137.3**	178.8	178.8

	2009		2008	
Company	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Investment in subsidiaries	**2,005.3**	**2,005.3**	129.4	129.4
Loans and receivables	**129.8**	**129.8**	1,637.6	1,637.6
Available for sale investments	**35.9**	**35.9**	34.9	34.9
Warrants	**0.5**	**0.5**	–	–
Other derivatives	**35.6**	**35.6**	–	–
Trade and other receivables	**407.9**	**407.9**	343.2	343.2
Cash at bank	**5.3**	**5.3**	7.2	7.2
Financial liabilities				
Senior debt	**1,155.6**	**1,155.6**	569.7	569.7
Private placements	**469.0**	**469.0**	412.9	412.9
Derivatives	**65.1**	**65.1**	94.1	94.1
Trade and other payables	**358.4**	**358.4**	312.4	312.4

The Group and Company hold a number of investments in unlisted shares and warrants which include some which are measured at cost because their fair value cannot be measured reliably for the reasons set out in note 16. The total carrying amount of these instruments is £221.1m (2008: £198.6m).

The fair value of these warrants and unlisted shares cannot be reliably measured. The range of estimates within which the aggregate fair value is highly likely to lie is £55m to £95m higher than the carrying value (2008: £70m to £110m).

Apart from the unlisted shares and warrants held at cost, the following methods and assumptions that were used to estimate the fair values are shown below:

Notes to the Accounts continued

28 Financial assets and liabilities continued

Loans and receivables
Floating rate loans are recorded in the balance sheet using the effective interest rate method, less provisions for impairment. This value is considered by the Directors to be a good approximation for fair value.

Available for sale investments and warrants fair value is based on quoted prices, where available. Where quoted prices are not available, the fair value is based on recent significant transactions or an earning based valuation technique. Where a reliable fair value cannot be established, these are held at cost.

Other derivatives
The fair value of the derivatives used for hedging purposes is derived from pricing models which take account of the contract terms, including maturity, as well as quoted market parameters such as interest rates and volatilities.

Revolving credit facility, private placements and secured notes
Floating rate loans are recorded in the balance sheet using the effective interest rate method. This value is considered by the Directors to be a good approximation for fair value. The fair value of fixed rate loans is calculated by discounting expected future cash flows on these instruments at current market interest rates.

Other financial assets and liabilities
Due to their short term nature, the Directors consider the carrying value to be a good approximation of fair value.

(h) Sensitivity to foreign exchange note and interest rate risk

	Financial assets 2009				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	Fixed £m	Total £m		Floating £m	Fixed £m	Total £m
Sterling	**305**	**154**	**459**	Income	**3.1**	**–**	**3.1**
Euro	**1,586**	**371**	**1,957**	Income	**15.9**	**–**	**15.9**
Other currencies	**187**	**414**	**601**	Income	**1.9**	**–**	**1.9**
	2,078	**939**	**3,017**		**20.9**	**–**	**20.9**

	Financial liabilities 2009				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	Fixed £m	Total £m		Floating £m	Fixed £m	Total £m
Sterling	**436**	**210**	**646**	Income	**(4.4)**	**–**	**(4.4)**
Euro	**909**	**51**	**960**	Income	**(9.1)**	**–**	**(9.1)**
Other currencies	**272**	**327**	**599**	Income	**(2.7)**	**–**	**(2.7)**
	1,617	**588**	**2,205**		**(16.2)**	**–**	**(16.2)**

	Financial assets 2008				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	Fixed £m	Total £m		Floating £m	Fixed £m	Total £m
Sterling	304	139	443	Income	3.0	–	3.0
Euro	1,325	378	1,703	Income	13.2	–	13.2
Other currencies	198	204	402	Income	2.0	–	2.0
	1,827	721	2,548		18.2	–	18.2

	Financial liabilities 2008				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	Fixed £m	Total £m		Floating £m	Fixed £m	Total £m
Sterling	11	272	283	Income	(0.1)	–	(0.1)
Euro	736	32	768	Income	(7.4)	–	(7.4)
Other currencies	223	279	502	Income	(2.2)	–	(2.2)
	970	583	1,553		(9.7)	–	(9.7)

The Group sensitivity to movements in exchange rates is assumed by applying a measure, based on the volatility of the applicable currency, as defined in the Group's Treasury Policy, to the net currency asset or liability at the balance share date. The sensitivity was calculated at £8.3m (2008: £3.9m).

28 Financial assets and liabilities continued

(i) Derivatives

The Group utilises the following derivatives instruments for economic hedging purposes:

As at 31 March 2009	Group Contract or underlying principal amount	Group Fair values Asset £m	Group Fair values Liability £m	Company Contract or underlying principal amount	Company Fair values Asset £m	Company Fair values Liability £m
Foreign exchange derivatives:						
Forward foreign exchange contracts	**994.4**	**2.1**	**(24.2)**	**994.4**	**2.1**	**(24.2)**
Cross currency swaps	**319.8**	**16.6**	**(37.3)**	**319.8**	**16.6**	**(37.3)**
Total	**1,314.2**	**18.7**	**(61.5)**	**1,314.2**	**18.7**	**(61.5)**
Interest rate derivatives:						
Interest rate swaps	**156.5**	**16.9**	**(4.8)**	**156.5**	**16.9**	**(3.6)**
Total	**156.5**	**16.9**	**(4.8)**	**156.5**	**16.9**	**(3.6)**

As at 31 March 2008	Group Contract or underlying principal amount	Group Fair values Asset £m	Group Fair values Liability £m	Company Contract or underlying principal amount	Company Fair values Asset £m	Company Fair values Liability £m
Foreign exchange derivatives:						
Forward foreign exchange contracts	759.8	1.8	(27.3)	759.8	1.8	(27.3)
Cross currency swaps	237.8	–	(70.8)	237.8	–	(70.8)
Total	997.6	1.8	(98.1)	997.6	1.8	(98.1)
Interest rate derivatives:						
Interest rate swaps	149.3	6.8	(2.8)	149.3	5.0	(2.8)
Total	149.3	6.8	(2.8)	149.3	5.0	(2.8)

(j) Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements by the Financial Services Authority and ensure that the Group maximises the return to shareholders through the optimisation of the debt and equity balance.

The capital structure comprises debts, which includes the borrowings disclosed in note 21, cash and cash equivalents, and capital and reserves of the parent, comprising called up share capital, reserves and retained earnings as disclosed in note 20.

ICG has complied with the imposed minimum capital throughout the year. The full Pillar 3 disclosures are available on request and can be obtained from the Company's registered office.

Shareholder information

Timetable

The major timetable dates are as follows:

Ex dividend date	15 July 2009
Record date for Financial Year 2009 final dividend	17 July 2009
Annual General Meeting	15 July 2009
Payment of final dividend	21 August 2009
Interim results announcement for the six months to 30 September 2009	November 2009

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