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Preliminary results
for the year ended 31 March 2010

Intermediate Capital Group PLC ("ICG" or "the Company"), a leading independent principal investor and credit fund manager, announces its preliminary results for the year ended 31 March 2010.

Financial highlights:

	12 months to 31 March 2010	12 months to 31 March 2009
Fund Management Company* profit before tax	**£38m**	£31m
Investment Company* profit / (loss) before tax	**£68m**	£(98)m
Group profit / (loss) before tax	**£106m**	£(67)m
Group profit / (loss) after tax	**£82m**	£(73)m
Earnings / (loss) per share	**25.0p**	(35.1)p**
Total dividend per share	**17p**	17p**
Cash core income***	**£115m**	£53m
Investment portfolio	**£2.7bn**	£2.9bn
Third party assets under management	**£7.3bn**	£8.5bn

* The definitions for Fund Management Company and Investment Company can be found in the Financial Review.

** Adjusted for the July 2009 rights issue

*** Cash core income is defined as profit before tax less net capital gains, impairments and unrealised rolled up interest.

Financial highlights:

- Group profit before tax of £106 million compared to a loss of £67 million in 2009
- Fund Management Company profit of £38 million (£31 million in 2009), which benefited from a one-off release from an incentive scheme of £6.9 million
- Higher net interest income, lower provisions and higher capital gains led to much improved Investment Company profit of £68 million (£98 million loss in 2009)
- Proposed final dividend of 11 pence per share (17 pence for the full year)

Operational highlights:

- Final close of ICG Recovery Fund at €843 million
- Third party assets under management at £7.3 billion (£8.5 billion at 31 March 09)
- Investment portfolio of £2.7 billion (£2.9 billion at 31 March 09)
- Improvement in trading performance of portfolio companies resulting in lower level of impairments
- Recent momentum in realisations leading to strong capital gains
- Investment capacity of £2 billion between ICG PLC and third party funds

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

"I am delighted to report that ICG has returned to profitability and delivered a solid set of results in what remained a challenging environment. Over the last twelve months we have focused our efforts to first preserve and, as conditions improved, realise the value of our portfolio. Increased levels of realisations have resulted in an increase in our investment capacity. There are encouraging signs of attractive investments in the refinancing of existing buyouts, in growth capital and a growing pipeline of transactions in Asia Pacific and North America. However, against a still uncertain economic background, we continue to proceed with caution.

I will retire as Chairman of the Board at our Annual General Meeting. I'm pleased to say that our plans for succession have been successfully implemented. I am confident that under Christophe Evain and Justin Dowley's leadership, ICG will go from strength to strength as it accelerates the growth of its fund management business."

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This Preliminary Results statement may contain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

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About ICG

Founded in 1989, ICG is a leading independent principal investor and credit fund manager. It is a leader in the management of investments in mezzanine finance, minority equity, senior loans and related assets, with approximately €11 billion under management in proprietary capital and third party funds. ICG has a large and experienced investment team operating from its head office in London and offices in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney and New York. Its stock (ticker symbol: ICP) is listed on the London Stock Exchange. Further information is available at: www.icgplc.com.

Chairman's statement

This has been a good year for ICG despite the difficult economic climate.

We expect to make further progress in the current financial year. Meanwhile I am delighted to report that we have returned to profitability, generating a profit before tax of £106 million for the year compared to a loss of £67 million last year.

As announced in March, we have adopted a new segmental reporting format as detailed in the Financial Review. The profit before tax of our Fund Management Company ("FMC") was up 23% to £38 million. The Investment Company ("IC") returned to profitability and delivered a profit before tax of £68 million due to a combination of factors including resilient net interest income, a strong rebound in realisations and a lower level of impairments.

The level of realisations and repayments has been considerably better than we anticipated a year ago. We have recorded a number of substantial capital gains and, on Marken, our second largest investment, a record gain. We have closed our Recovery Fund at €843 million in what has been acknowledged as an extremely challenging fundraising environment.

Our investments have proved resilient. Provisions are much lower than last year, as they should have been, and we can already report a number of write backs. In the last quarter, there were signs of improved performance across our portfolio. While conditions are more favourable than in the prior year, the recent turbulence caused by sovereign debt concerns serves as a reminder that the economic recovery remains fragile.

We have increased our ability to capture the attractive investment opportunities available in the current dislocated market by completing a rights issue of £351 million and extending the term of £612 million of our debt in the last 12 months. In addition, we have raised €368 million of additional third party equity commitments for our Recovery Fund 2008.

I would particularly like to thank you, our shareholders, for your continued support.

Year in review

At the start of the year we stated that we had four clear objectives: to monitor and manage our portfolio; maintain a strong balance sheet; continue to raise third party funds; and invest selectively in secondary loans. We have made good progress towards meeting these objectives and as a result we started the new financial year in a position of strength.

The portfolio has stabilised and in recent months we have started to see encouraging earnings trends. In addition, weaker assets have by and large been successfully restructured and realisations have resumed apace. While provisions remain high, we expect these to continue to trend down.

The balance sheet is strong. Shareholders' funds as at 31 March 2010 stood at £1,184 million, up £408 million compared to 31 March 2009. The balance sheet is also very liquid with undrawn debt facilities at £729 million at year end.

We have laid out our ambition to become a leading global independent alternative asset manager and have made good progress in a short space of time in establishing a dedicated fund marketing function, which will underpin the growth in assets under management. The final and highly successful close of our Recovery Fund attracted a number of new key investors to ICG, including two new sovereign wealth funds and our first US state pension fund investor. This was achieved in a difficult fundraising environment and is testament to the strength of ICG's fund management franchise.

Finally, the rate of investment is slowly improving. We have deployed £254 million over the year for ICG and our mezzanine and growth capital funds, the bulk of which was accounted for in the second half. There is now growing momentum in our investment pipeline globally.

Dividend
The Directors remain committed to delivering progressive dividends based on a sustainable level of cash core income. The Board has proposed a final dividend of 11 pence per share making a total of 17 pence for the year in line with the previous financial year.

The dividend will be paid on 20 August 2010 to shareholders on the register at 16 July 2010.

The Board and employees
To support the growth of our fund management business, we have also made a number of changes to the composition of the Board to further enhance its depth of fund management knowledge.

In March 2010 Christophe Evain was appointed CEO as successor to Tom Attwood, who will remain on the Board, chair the Executive Committee and focus on fundraising.

The Board appointed Kevin Parry as a Non-Executive Director in June 2009. Kevin Parry is Chief Financial Officer at Schroders PLC, the global asset management company. The Board also appointed Peter Gibbs, formerly Chief Investment Officer of Merrill Lynch's Investment Management activities outside the US, as a Non-Executive Director in March 2010.

After nine years on the Board of ICG and having completed my term of office, I have decided not to stand for re election at the AGM. I am delighted that Justin Dowley, who has been on the Board of ICG PLC since March 2006, will be my successor.

I would like to sincerely thank our employees for their hard work and focus throughout this challenging year. Their continued commitment and energy has been instrumental to the strength of our competitive standing.

Outlook and strategy
As we enter the new financial year, we are focused on accelerating the growth of our fund management business. Over the next five years we expect to broaden our fund management offering in alternative asset management and deepen our geographic coverage. Long term, we do not believe that we can rely on banks or capital markets to finance the growth of our balance sheet on an attractive basis. Accordingly, we are focused on increasing our assets under management to take advantage of the opportunities generated by the increased volatility in financial markets, and will be less reliant on balance sheet expansion for growth.

The volume of senior buyout debt that is due to reach maturity over the coming years will provide ICG with considerable investment opportunities. We will be able to refinance the balance sheets of existing quality buyout transactions, the growth of which has been impeded by inappropriate capital structures. Such opportunities have taken time to emerge but there was a clear improvement in our deal pipeline in the second half of the year. We will also continue to invest in growth capital opportunities. The uplift in deal flow from both Asia Pacific and North America bodes well for our local operations.

I leave the Company with an experienced and ambitious management team, a clear strategy for growth and a strong position in the market place. I have the utmost confidence that under Christophe and Justin's strategic guidance ICG will continue to flourish and create long term value for its shareholders.

Managing Directors' Review

Strategic review

In a world where interest rates are low and may remain so for a long period of time, our specialist asset classes - mezzanine finance, senior loans and high yield bonds – can offer attractive investment products tailored to meet investors' appetite for risk and return. We are well placed to continue to deliver value to shareholders and fund investors as we have done over our 21 year history.

ICG has built a unique position in the mezzanine and credit markets. Our unwavering commitment to conducting business locally, our ability to deliver sizeable investment commitments, and our consistent and long lasting investment philosophy have all been trademarks on which we have built our reputation. All of these criteria, which lead investors to choose us, are dependent on our track record and the unparalleled experience of our people.

Although we emerge from this crisis in a stronger position, we are nonetheless acutely aware that the state of the debt market going forward will not allow us to continue to fund and grow ICG as we have done in the past. While we see highly attractive investment opportunities emerging, it has become necessary to adapt our business model.

Our vision is to evolve from being a leading independent principal investor to becoming one of the largest independent alternative asset managers globally, with leading positions in mezzanine finance, growth capital and related credit markets. ICG has gradually developed from being an investment firm for its own account to an investor and manager of third party funds. Today, third party funds account for approximately 75% of our assets under management with the remaining 25% representing the contribution of the balance sheet, which remains our largest single investor.

Our investment philosophy has been the foundation of our track record and will form the bedrock from which we will grow the fund management business. Our aim is to double assets under management over the next five years. We believe we can achieve this by leveraging our international network, sharpening our focus on the needs of our fund investors and identifying new investment niches where our expertise can excel.

Although the markets that we serve have changed considerably, and the short term remains uncertain, our competitive position has improved significantly. We are convinced that medium term opportunities will continue to emerge for best in class investment firms such as ICG.

Market trends

Investments

Mezzanine & Growth Capital - Europe
Last year marked a low point for the European buyout market. As we had anticipated, the lack of senior debt, both from banks and institutional investors, restrained primary deal activity. With valuations and profits negatively impacted in the first half of the year, activity in the secondary buyout market was also non existent.

In the second half of the year, the senior debt market stabilised. European banks made a cautious re-entry to the buyout market and are now prepared to supply some senior debt to high quality buyouts. We have seen little new fund inflows into Collateralised Debt Obligations ("CDOs") and credit hedge funds, which provided much of the leveraged finance during the height of the market. Nonetheless these institutions have had to reinvest the proceeds of recent refinancings, generating some liquidity in the market. Activity resumed in the second half with €11 billion of buyout transactions recorded in the six months to 31 March 2010. While this figure shows uplift in activity, it still remains a fraction of the volumes seen during the peak in 2007, and is closer to levels experienced in the late 1990s.

As valuations improved and, more significantly, as the pressure on private equity firms to put an estimated €200 billion of dry powder to work in Europe alone increased, secondary buyouts made a come-back. However activity remains limited to the very best assets in private equity portfolios. There is strong competition for these high quality assets and, as a result, the valuations achieved in these transactions were very close to the levels seen before the onset of the recession. This has created an opportunity for us to sell assets which have performed strongly and crystallise the value in our portfolio. Meanwhile, the opportunities to invest in new buyouts have been limited so far.

We expect the buyout market to change in our favour, albeit slowly. Current political pressure on banks will lead them to de lever, focus on less risky activities and generally lend to their domestic markets. The buyout universe will therefore be focused on mid sized companies, rooted in local markets, and cautiously structured. Over time, we expect liquidity to return to an institutional debt market cleared of the excesses of the boom years, with fewer more professionally managed investment firms. This will contribute to the revival of a healthier buyout market, similar to the late 1990s or early 2000s. This plays to our strengths and supports our continuous commitment to our network of local offices.

Meanwhile, we believe that the best and more numerous opportunities will be in the recapitalisations of existing buyouts. In the year gone by, banks and sponsors alike have focused on the most pressing restructuring issues in their loan books, leaving refinancing issues to be dealt with at a later stage. The fact remains that over €200 billion of senior buyout debt is due to mature in the next four years in Europe alone. A substantial number of quality mid market companies will find themselves with levels of senior leverage which will hinder their prospects for future growth. While the high yield market provides opportunities for larger buyouts to refinance their existing debt structure, this has little impact on the mid market.

The obvious solution to these situations is to extend maturities in exchange for margin increases. But this option is unlikely to be available to many given that leverage levels in new transactions are much lower, and that some existing investors will not be in a position to grant an extension if their own funds are nearing maturity. Fresh cash injections will be required and mezzanine finance will be very well placed to provide the flexibility for good performing companies that are impeded by a stressed capital structure. We expect these recovery opportunities to constitute a greater proportion of the transactions we complete going forward as the magnitude of maturing buyout debt increases.

We also expect opportunities in growth capital where competition is more muted. With the improving economic environment, companies and management teams are increasingly capitalising on opportunities to expand. The limited supply of bank loans creates a need to look at alternative sources of capital. Our track record of investing in mezzanine capital, where we are accustomed to taking minority positions, means that we have a natural advantage in this market.

The financial crisis has reshaped the way in which investment opportunities are originated, particularly given the often sensitive nature of recovery transactions. Opportunities are increasingly private, and relationships with local advisors, private equity sponsors and management teams are paramount. Developing these relationships takes time, diligence, investment discipline and a genuine and established network of local investment professionals who have earned the trust of these counterparties. This plays to our strengths.

Mezzanine & Growth Capital - Asia Pacific
Activity in the Asia Pacific buyout market is now increasing materially from the low point of 2009. Economies are stronger and banks have not suffered to the same extent as their Western counterparts. This has led to a faster, healthier recovery of the buyout market. Recent buyout activity has been concentrated in Australia, Singapore and Taiwan. Secondary and tertiary buyouts have become a notably more common feature in the region.

We have also seen a flow of buyout activity coming from developing Asian economies. We remain committed to investing in the most developed part of the region and do not expect to invest in less established markets until we are convinced of the stability of returns.

Our team continues to see the vast majority of buyout and growth capital transactions taking place across Asia Pacific, underlining the strength of ICG's reputation and relationships with local private equity sponsors and management teams. We expect to reinforce our already strong market position.

There are also opportunities in the recovery space, as businesses seek to recapitalise their capital structure. These investments are relatively complex compared to traditional buyout, which bodes well for our Asia Pacific team, one of the very few in the region that have the capacity to structure a meaningful size solution to help businesses de-lever and provide fresh capital to unlock growth.

Mezzanine & Growth Capital - North America

As expected, the North American buyout market has reopened with relative speed. While this market shares some of the same characteristics as Europe, more mature market participants have addressed problems at greater speed. Balance sheets have been strengthened and deals have been restructured faster. As a result the market is seeing more primary buyout activity. We expect there to be a meaningful opportunity for ICG to provide mezzanine finance to support mid market transactions. Our team had a very encouraging start prior to the crisis and we intend to further develop our presence in this market. We are confident that we can build on this position and expand our business as primary activity returns to the region.

Credit Funds Management - Europe

Leveraged Loans

The European senior loans market has broadly recovered over the course of the year with the price of the most liquid names now trading in the mid 90s. Less liquid names have also rallied but pockets of value can still be found. ICG is well placed to originate and invest in the less liquid, middle market loans of companies where we have unique insights and where we perceive value.

As buyout transactions resumed so did new senior loans issuance, although volumes are still significantly lower than before the crisis and more comparable to those of the late 1990s. €6 billion of new senior loans were issued in the first quarter of 2010, more than the whole of 2009 when only €4.7 billion of loans were issued. New issues have much lower levels of senior leverage, with an average of 3.5 times EBITDA, and improved security packages. Spreads are also more attractive at close to 450bps, around 200bps higher than their historical average.

Although most commentators believe that default rates in European debt have peaked, we remain cautious given the fragility of the economic recovery. The twelve month default rate for the S&P senior loan market rate fell to 10.8% at the end of March, having peaked at 15.8% in December 2009. Ratings agencies are now expecting much lower defaults for 2011.

High Yield Bonds

March 2009 was a pivotal moment for the high yield bond market and the beginning of a strong recovery in prices which, by March 2010, reached similar levels to those seen prior to Lehman's collapse.

As the year progressed default expectations improved the overall sentiment in the secondary market. The S&P twelve month trailing default rate for European High Yield bonds peaked in January 2010 at 8.6% and reduced to 6.6% by the end of March 2010 with expectations for further reductions in 2010 and beyond.

This resurging confidence in the secondary market helped to re open the primary market for high yield bonds. A raft of new issuance emerged in the second half of 2009 and a number of larger buyout assets are now increasingly tapping this market to refinance their current debt structure. Between March 2009 and March 2010, in excess of €36 billion of high yield bonds were issued into the European market in 61 transactions for the most part conservatively structured with yields of 8% and 10%, and leverage of close to four times.

Fundraising

The fundraising market remains difficult as many institutions are still considering future allocations in light of the continued volatility. Against this backdrop, fundraising volumes remain very low. However there are a number of long term developments in the private equity and alternative asset fund management space that we believe will work in our favour.

The severity of the crisis has tempered the rapid growth of commodity financing which fuelled fundraising in the credit space in the lead up to the crisis. At ICG we stated as early as 2006 that this situation was not only unviable but damaging to the market in the long run, with credit risk being ignored in favour of volume.

While the private equity market still benefits from considerable unutilised resources due to the large amount of capital raised ahead of the Lehman bankruptcy, the next round of fundraising will reshape the competitive landscape. Track record, stability of management, reputation and depth of experience will be foremost in the minds of investors. Investors will be extremely selective in future allocations and although it will be extremely difficult and time consuming to raise new funds we are confident that we hold long term and sustainable advantages over our competitors and that these will lead to the continued growth of our fund management business. We have consistently delivered top quartile investment returns both in our mezzanine and debt businesses. As the market consolidates further, this will be a defining factor in our future success. The size of the final close of our Recovery Fund is testament to the growing attraction of the ICG brand name to new investors.

Our objectives

Grow our existing business

Mezzanine and Growth Capital

As the global independent leader in mezzanine finance, we believe there are further opportunities to grow our existing mezzanine and growth capital business. The flexibility and stability of mezzanine as an asset class is recognised by investors as an attractive and less volatile complement to private equity funds. Opportunities to invest mezzanine in recovery deals, mid sized buyouts and growth capital will allow us to deploy capital on behalf of investors and our shareholders.

As the current environment favours long established, successful players, we intend to maintain our leadership position in Europe and Asia Pacific, and make significant strides in the US where the use of mezzanine finance has recovered.

Credit Funds Management

Investor appetite for traditional structured funds such as CDOs is limited. However there continues to be interest from yield seeking investors, such as pension funds and insurance companies, in lowly levered loan funds. In response to this we seeded our first dedicated high yield fund in December, and continue to explore new fund structures that will meet the needs of investors.

Opportunistic growth

The dramatic shift in the European credit market may also give rise to some unique opportunities in the coming years. Prior to the credit bubble bursting, a wave of managers of CDOs and credit hedge funds entered the credit market, primarily investing in buyout debt. Many of these managers are finding it difficult to operate under the current market conditions and will not be able to raise further funds. Indeed many do not have the requisite platform, infrastructure, governance or resources to manage some of their loans. These funds are likely to be sold, liquidated over time, or become dormant with little prospect of revival. Consequently we hope to see opportunities to acquire small to mid sized fund managers that complement our existing business model, culture and international network.

Meanwhile banks, which constitute a large source of leveraged loans, now have a limited appetite for the asset class. Lending levels are therefore likely to remain constrained as they focus on deleveraging their own balance sheets and seek to respond to the changing regulatory environment. Some banks are also reducing their exposure to what they perceive to be the riskier end of lending activities. In most cases the underlying assets, generally leveraged loans, will still exist and have to be managed. This presents us with a number of opportunities to acquire, on behalf of third party investors, portfolios of loans from managers and banks that no longer have the appetite or resources to manage them. We are one of a handful of firms that have the skills and experience to source, assess and price these portfolios particularly given the illiquid nature of the underlying company loans.

Our extensive network of investment professionals apply the same rigorous credit analysis to assessing the underlying credit quality of portfolio opportunities as they do with individual investments. Indeed we are currently assessing a few such portfolios which may meet investors' appetite for yield generating products.

Expand our business

ICG has developed expertise in a number of complementary asset classes. From its origins in mezzanine finance, ICG has successfully expanded into leveraged loans, high yield bonds, growth capital investments and more recently recovery assets.

Common to all of these asset classes is our ability to originate, assess and price risk across the capital structure of sub investment grade companies. As we grow our business and fundraising capabilities, we will consider how these skills and discipline can be successfully applied to other asset classes. We will do so with the same degree of careful consideration and prudence that we have exercised over the last 21 years.

Key priorities for growth

We have set three key priorities to grow our business: place fund marketing and product innovation at the core of our growth strategy; take advantage of the investment opportunities that emerge from these market conditions both on and off balance sheet; and finally to align the entire organisation to our vision of being one of the largest independent alternative asset managers globally. In this respect, the Board has revisited our incentive schemes to ensure further alignment of our employees with the company's strategic objectives and shareholder interests. The new schemes will be proposed to shareholders at the forthcoming AGM on 13 July 2010.

Looking ahead we believe opportunities will develop across a broader range of asset classes which will play to our strengths in assessing and pricing corporate risk. We remain confident of our ability to raise third party funds, and have renewed our focus on establishing sustainable and long term investor relationships.

We are committed to our co investment model for mezzanine and growth capital funds and will continue to maximise the size of our balance sheet while operating within a prudent funding framework through the debt cycles. We will also continue to provide seed capital to support our loans and high yield funds as well as expand into new geographies and asset classes.

For reporting purposes and to provide greater transparency on each of these businesses we have separated the Investment Company and the Fund Management Company.

While we are acutely aware that volatility has returned to the market, we take great pride in the fact that we have emerged from this cycle stronger than when we entered it. With the backing of our shareholders, bankers and investors, we have the agility and financial stability to take advantage of investment opportunities that will emerge. We believe that this is due to our unique proposition, continued discipline, judgement and the quality and commitment of our people.

Business review

The year started in the depths of one of the most severe economic downturns experienced by the financial markets. The speed and global scale of the downturn was acute and our top priorities were to:

- Monitor and manage the portfolio
- Maintain a strong balance sheet
- Continue to raise third party funds
- Invest selectively in secondary loans

We are pleased to report that we were successful in our achievements against these priorities, aided by a stabilisation of the economic environment in the second half of the year.

Monitoring and managing the portfolio

Improvement in portfolio performance

Overall we are encouraged by the improvement in the operational performance of our portfolio over the last 12 months, which benefited from a recent improvement in the broader economy. This has started to translate into improved portfolio statistics, with 59% of portfolio companies now performing at or ahead of last year compared to 53% in September. More significantly, these performances were driven by top line growth rather than through the cost savings that were prevalent earlier in our financial year.

The improvement in trading has also led to a reduction in gross provisions for our portfolio, which were 32% lower compared to the previous year. Although provisions remain high, we expect that they will continue to trend down. We have also recovered £18.5 million from previously written down assets. As of today the number of assets of immediate concern has reduced. Visibility on the sustainability of the recent improvement on economic environment remains however limited and the recent crisis triggered by sovereign debt concerns serves as a reminder of the fragility of the recovery.

Our mezzanine portfolio remains highly diversified both by geography and sector. It comprises 78 assets based in 20 countries across Europe, Asia Pacific and North America. France represents our largest country exposure with 39% of assets by value, followed by the UK with 16%. We have less than 10% of our investments located in Spain and Italy and no exposure to Greece, Portugal or Ireland.

The portfolio is, as we have detailed in previous statements, defensive with limited cyclical exposure. The portfolio is also highly diversified by sector. Our largest sector is business services accounting for 21%, followed by healthcare at 17%.

Our top 20 assets account for 48% of our portfolio. Among these large assets, there is a bias towards business services, healthcare and utilities. Our largest asset, Medi Partenaires, is a private clinics operator in France and accounts for just under 4% of our investment portfolio.

Our 10 largest equity investments account for 50% of our equity portfolio (10% of total investments) and are showing strong resilience, with eight of these assets performing above last year's level.

Maximising recoveries

Maximising recoveries and preserving the value of our portfolio was our highest priority over the year.

While the severity and speed of the financial crisis resulted in the abrupt decline in performance of our weakest assets in the last half of the previous financial year, this year's restructurings were less dramatic. Our weak assets experienced a softening of performance rather than any liquidity issues, and as such a broader range of restructuring options was available to us.

Our portfolio benefited from the focus of our dedicated restructuring team, consisting of 10 of our most senior investment professionals from around the world. By working closely with our local investment teams, they were well placed to identify issues among our weakest assets and to swiftly implement a recovery plans.

The team's focus and proactive approach has enabled us to identify potential issues early, and in many cases, take a lead role in determining the nature of a restructuring with our counterparties. Where appropriate, we have introduced operational turnaround specialists to provide additional support to management teams. Our experience over the last twelve months has shown that a proactive and solution led approach is just as important in influencing the outcome of a restructuring as the legal framework. The result is that we were able to negotiate favourable economics in a significant proportion of restructurings, thus maximising the prospect of recoveries across the portfolio. This, in time, may enable us to recover some of the provisions we have taken against weak assets.

There are, indeed, some signs of recoveries. The sale of our mezzanine investment in Gala Coral above our net carrying value generated a write back. In addition, the pending sale of Helicon to a trade buyer, which is due to complete in August subject to regulatory approval, will result in a full repayment of our mezzanine investment, and a further write back. Both assets delivered a money multiple of greater than our original investment when taking into account interest received.

Although the economic environment has improved, we will continue to closely monitor our portfolio and in particular our most vulnerable assets. We are mindful that current economic conditions are fragile, and that monetary and budget imbalances across Europe may lead to a relapse.

Maintaining a strong balance sheet

Thanks to the ongoing support of our shareholders and bank lenders, we raised £351 million via a rights issue in July, and extended £545 million of our existing debt facilities to June 2013. This, combined with a return to profitability, saw shareholders' funds at 31 March 2010 increase to £1,184 million. In May 2010 we extended an additional £67 million of bank debt to June 2013, bringing the total extension to £612 million and further demonstrating the support of our relationship banks.

The uplift in bond and equity markets, together with improving economic conditions and a renewed appetite for investments across the private equity industry, spurred a strong flow of realisations in the second half of the year which resulted in repayments of £224 million for the balance sheet and capital gains of £99 million. We achieved our first realisation in November 2009 when Easycash was sold to a trade buyer. This was quickly followed by the sale of Marken to Apax Partners, the first sizeable buyout in Europe since the bankruptcy of Lehman. The sale of Marken generated £68 million of capital gains for the Investment Company, the largest capital gain generated by a single transaction in our history.

Additional large repayments during the year included: Springer, which was refinanced; Medica, which was listed on Euronext; and Gala, where we sold our investment. In addition, since year end we have realised our equity position in Geoservices and expect to complete the exit of Sebia, which will result in an additional £24 million of capital gain in the first half of the year to 31 March 2011. Following these exits, we will have exceeded our target of realising £400 million by June 2011.

As a result, net debt stood at £1,504 million at 31 March 2010 down 28% from last year. Net debt to shareholder funds' was 127%, down from 270 % at the end of last year and 150% at 30 September 2009. Undrawn debt capacity stood at £729 million at year end.

Further expanding our fund management business

Although there are no official benchmarks for mezzanine fund performance, our fund investors consistently confirm that the performance of our funds places us in the top quartile of our industry. We outperform the average buyout funds while delivering more stable income.

At 31 March 2010, the ICG European Fund 2006 was 68% invested in 41 portfolio companies, and our second Asia Pacific fund, the Intermediate Capital Asia Pacific Fund 2008, was 25% invested in three portfolio companies at 31 March 2010. In line with our ambition to accelerate the growth of the fund management business, investors in our flagship European Fund 2006 and Asia Pacific Fund 2008 agreed in September 2009 to increase the proportion of assets to be allocated to the funds relative to ICG's balance sheet. In exchange we have agreed to reduce the fees charged to these funds by 25bps. We also decided to cancel the undrawn debt facilities of the ICG European Fund 2006.

Older funds which are closed for new investments have benefited from the recent series of realisations, in particular ICG Mezzanine Fund 2003. This fund has now returned 96% of capital to its investors, having realised 47 of its 80 investments, a performance which will go a long way to help us raise our next fund.

Fundraising

Despite the year being widely regarded as one of the most challenging for fundraising, ICG made great strides establishing relationships with a number of leading institutional investors and gatekeepers from around the world. As a consequence, our investor base is broader and more geographically diverse than ever before, as new investors from Asia Pacific, the US and the Middle East committed to our funds.

The successful close of the ICG Recovery Fund has been encouraging, having attracted €843 million of third party funds. The fund attracted a significant number of new third party investors to ICG, notably from the US, Asia and the Middle East, including our first commitment from a US state pension fund, and two new sovereign wealth funds. The fund is already 26% invested, with its most recent investment made in March 2010 in Icopal, a specialist European manufacturer of building protection. Moreover, through this fundraising cycle, we have established relationships with a number of quality prospective investors who have indicated their interest in future ICG funds.

Credit Funds Management

Our Credit Funds continue to outperform the market due to our lower default rates. The twelve month default rate for S&P Leveraged Loan Market rate peaked at 15.8% in December 2009 and then fell to 10.8% at the end of March. In contrast, our Credit Funds Management ("CFM") team achieved a default rate that was less than half this at 4.5% for the 12 months to March, having peaked at 7.6% in December 2009. In addition our credit funds are starting to benefit from the improving earnings trend in the buyout market, which should, in due course, translate to rating upgrades of portfolio companies.

In December we launched a dedicated high yield fund to take advantage of the resurgence of the European high yield market. As one of the first investors in European high yield bonds, ICG has a strong track record, consistently outperforming industry benchmark indices over the past 10 years. The fund is in development stage having received seed financing from ICG's balance sheet. This fund will provide investors with direct access to our high yield capabilities for the first time. With over 10 years of experience investing in high yield bonds, our CFM team is well placed to capitalise on this opportunity.

Investing selectively in secondary loans

The marked improvement in the economic environment has also led to a sharp recovery in the leveraged loans market. In the short term this has reduced the opportunity to generate equity like returns by purchasing senior loans at a discount in the open market.

However the competitive landscape continues to change in our favour as large financial institutions are increasingly inclined to reduce their leveraged loan books and/or divest non core assets. This has given rise to opportunities to acquire portfolios of loans through our close relationships with financial institutions. In these situations we apply the same rigorous credit process that we do when investing in individual loans, thereby maintaining our credit discipline.

We are currently assessing a number of portfolios and expect these opportunities to grow as banks' appetite to hold these assets softens.

Investment rate

Since the beginning of 2010 we have seen an increase in transaction opportunities.

We made two investments during the year. We acquired a significant minority stake in CPA Global, the market leader in global intellectual property services and one of the world's leading providers of legal services outsourcing, and a purchase of discounted senior debt in Icopal, the world leader in specialist building protection. As a result, we invested £254 million over the year, of which £234 million was invested in the second half on behalf of ICG and its third party mezzanine and growth capital funds. £97 million were invested on behalf of the Investment Company, the balance on behalf of our third party mezzanine and growth capital funds. We expect this rate of investment to be maintained over the coming financial year.

At the time of the rights issue in July we highlighted that over €200 billion of European buyout debt is due to be repaid in the next seven or so years. There will be limited appetite by banks to refinance some of this debt when it falls due, creating an opening for ICG to refinance market leading, quality companies that are cash generative and well managed.

Our current pipeline reflects this trend, and we expect a greater proportion of our investments to have these recapitalisation characteristics over the coming years as traditional buyouts remain relatively scarce.

Financial review

New segmental reporting

As we explained in the press release and webcast of our PLC Investor Day on 16 March 2010, our strategic focus is on growing our fund management activities. As we expect increased contribution to group earnings from this business over time, we will report the profit of the Fund Management Company ("FMC") separately from the profits generated by the Investment Company ("IC") in our segmental reporting note from this reporting period onwards.

The FMC is an operating vehicle of ICG PLC. It sources and manages investments on behalf of the IC and third party funds. It bears the bulk of the Group's costs including the cost of the investment network, i.e. the investment executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing.

The IC is an investment unit of ICG PLC. It coinvests alongside third party funds, primarily in mezzanine and growth capital assets. It is charged a management fee of 1% of the carrying value of the investment portfolio by the FMC. The costs of finance, treasury, and portfolio administration teams as well as the other costs related to being a listed entity are allocated to the IC. The cost of the Medium Term Incentive Scheme ("MTIS") is charged to the IC while this scheme remains operational.

Overview

The profit of the FMC was up 23% primarily as the release of £6.9 million of previously accrued costs from our shadow share scheme more than offset lower fee income. The IC returned to profitability due to resilient net interest income, a strong rebound in realisations and a lower level of impairments. As a result group profit before tax rose to £105.8 million compared to a loss of £66.7 million last year.

The balance sheet is strong. Shareholders' funds at 31 March 2010 stood at £1,184 million, up £408 million compared to 31 March 2009, primarily due to the net proceeds from the July 2009 rights issue which accounted for £351 million. The balance sheet is also highly liquid with undrawn debt facilities at £729 million at the year end.

Profit and Loss Account

Fund Management Company

Assets under management

The Group defines its assets under management ("AuM") as the total cost of assets owned, managed and advised by the Company plus commitments to its managed and advised funds, in addition to debt facilities for the funds.

Total AuM at 31 March 2010 were £9,958 million, down 12% compared to 31 March 2009 (£11,319 million) due to both lower third party assets under management and balance sheet investments. The appreciation of Sterling versus the Euro and the US Dollar over the period accounted for 4% of this 12% decline.

Third party AuM, at £7,340 million, were down 14% in the 12 months to 31 March 2010.

Mezzanine and Growth Capital AuM amounted to £3,178 million, down by 18%, primarily due to our decision to cancel a debt facility for the ICG European Fund 2006 as reported in the interim results on 24 November 2009. Realisations in the European Fund 2003 have also reduced AuM.

Credit Funds AuM were down 10% at £4,162 million as three of our oldest CDOs have reached the end of their investment period and are now therefore in realisation mode. This included £34 million of seed equity provided by ICG Group compared to £27 million at 31 March 2009, principally due to a €10m investment to seed our dedicated high yield fund.

A discussion on balance sheet investments is included below.

Fee income
Fee income, including the IC management fee recharge, was down 5% at £76.4 million due to lower junior fees from our Credit funds.

Mezzanine and Growth Capital Funds fee income was up 9% at £34.6 million. This was principally due to the contribution of our most recent funds Intermediate Capital Asia Pacific Fund 2008, ICG Minority Partners 2008 and ICG Recovery Fund 2008. We also benefited from a £2.7 million carried interest contribution from ICG Mezzanine Fund 2000 compared to £1.2 million last year.

Fee income was negatively impacted in the second half of the year by a reduction of 25 basis points of the management fees as agreed with investors in our ICG European Fund 2006 and Intermediate Capital Asia Pacific Fund 2008 in September 2009. This reduction was in exchange for a lower co-investment ratio for ICG's balance sheet which will support the acceleration of AuM growth. In addition, the fund raising costs on the additional €368 million of equity capital raised during the year for the Recovery Fund 2008 negatively impacted the contribution of this fund to profit.

Credit Funds fee income was 36% lower at £14.0 million as a result of lower junior fees. Despite our CFM team's excellent relative performance, a higher incidence of defaults and credit downgrades experienced in the last 12 months, have negatively impacted the level of performance fees and junior fees received from the CDOs we manage. Junior fees continue to be accrued by the funds and are payable to ICG once the asset base has been rebuilt to a pre set level. Given the lower level of defaults in the second half we may see some recoveries in junior fees in the year to March 2011.

The average carrying value of the IC's portfolio was up 4% at £2,783 million, generating a fee for the FMC of £27.8 million versus £26.7 million last year.

Other income
Dividends received on the equity stakes we own in our Credit Funds were £1.9 million, down from £6.0 million in the previous twelve months.

Operating expenses
Operating expenses for the FMC were 27% lower at £40.3 million compared to £55.3 million last year, due to lower staff costs. Average headcount was lower over the period and operating expenses benefited from a £6.9 million release of an accrued cost from our shadow share scheme for our CFM team reflecting the lower level of fee income in this division (compared to a £1.5 million contribution in the previous year).

Excluding the shadow share scheme, the operating margin was 40.7% compared to 40.4% in the previous twelve months.

Profit before tax
Overall the profit before tax for the FMC was up 23% at £38.0 million.

Investment Company

Balance Sheet Investments
The balance sheet investment portfolio amounted to £2,684 million down 7% compared to 31 March 2009. This excludes £34 million of seed equity in our Credit Funds.

As detailed in the Business Review, the second half of the year saw investment and realisation activity resuming. In the 12 months the balance sheet invested £97 million, of which £28 million were follow-on investments and received repayments of £224 million. Net new lending was a negative £127 million.

In addition, the Sterling value of our portfolio was negatively impacted by the appreciation of the currency as 66% of the portfolio is Euro denominated and 12% is USD denominated. Sterling denominated assets only account for 12% of the portfolio.

The investment portfolio comprises £1,635 million of senior mezzanine and senior debt (60%), £530 million of junior mezzanine investments (20%) and £553 million of equity investments (20%).

Net Interest Income
Net interest income was 10% higher at £209.7 million compared to £189.9 million last year (excluding dividend income and the impact of the fair value adjustment of financial instruments held for hedging purposes) as lower interest income was more than compensated by lower interest expense.

Despite the higher average investment portfolio, interest income was down 7% at £272.2 million principally due to a much lower average EURIBOR over the 12 months to 31 March 2010 at 0.89% compared to 4.04% in the 12 months to 31 March 2009. On the other hand, this, combined with a lower net debt over the period, led to a lower interest expense, down 40% at £62.5 million (excluding the impact of the fair value adjustment of financial instruments held for hedging purposes).

Interest income benefited from an additional £7.3 million compared to our earlier expectations due to the strong level of realisations. Interest income is accrued using a discounted cash flow model in accordance to IFRS and early repayments can generate an uplift in interest income as a result of the shorter discount period used for the computation of the rolled up interest. We also benefited from unbudgeted cash interest payments on some underperforming assets due to our relentless effort to maximise recoveries.

Nonetheless, cash interest income was down by £20 million, at £118 million compared to £138 million in the previous year. This decline was primarily due to lower base interest rates. Cash interest income is received on both the base rate and a fixed cash interest spread and was therefore negatively affected by the lower levels of EURIBOR. Rolled up interest was broadly flat at £154 million, compared to £155 million last year.

Dividend income from portfolio companies was nil in the last twelve months compared to dividend income of £4.0 million in the previous 12 months.

Fair value movements of financial instruments held for hedging purposes resulted in a £0.1 million positive adjustment this year compared to £8.3 million last year.

Other Income
Other income, principally waiver and arranging fees was £3.4 million compared to £6.0 million in the previous 12 months.

Operating Expense
Operating expenses were up 6% at £60.7 million, due to a higher management fee on balance sheet investments (£27.8 million compared to £26.7 million) and higher MTIS accrual on rolled up interest (£28.9 million compared to £23.4 million last year).

Excluding the management fee charged by the FMC for the management of the balance sheet investment portfolio, and the MTIS accrual on rolled up interest, operating expenses were down 46% to £4.0 million (compared to £7.4 million) due to lower staff and administrative costs.

Capital Gains
Capital gains were up 220% at £98.8 million, as the second half of the year saw an acceleration of realisations including the sale of Marken, which generated the highest single capital gain in our history. Other realisations include Accantia, Carema, Easycash, Medica and Springer.

This £98.8 million also includes £20.0 million of unrealised gains on the warrants we held in Geoservices and Sebia, which were recently sold to Schlumberger and Cinven respectively. The Geoservices transaction completed in April and cash proceeds were received at that time. The Sebia transaction is expected to complete in June, subject to regulatory approvals. Upon realisation a further £24.0 million of capital gains on ordinary shares will be recognised through the income statement as currently the gain has been recorded in reserves, in accordance with IFRS.

Impairments
Gross provisions for portfolio companies were 32% lower at £180.3 million compared to £266.2 million. Gross provisions for the second half showed a continuing downward trend and were 19% lower. Recoveries on past provisions were materially higher in the second half at £16.2 million compared to £2.3 million in the first half, resulting in a £18.5 million recovery for the year. We sold our investment in Gala Coral at a price exceeding the net carrying value which led to a small write back. We also wrote back our provisions against our investment in Helicon Cable following the pending sale of this investment to a trade buyer.

Net impairments for the 12 months to 31 March 2010 were therefore 41% lower at £161.8 million compared to £273.1 million at 31 March 2009.

Profit before tax
The IC returned to profitability and generated a profit before tax of £67.8 million compared to a loss of £97.6 million in the 12 months to 31 March 2009.

This generated a ROE of 7.2% compared to (12.1) % in the 12 months to 31 March 2009.

Group

Profit before tax
As a result of continued growth in the FMC profit and a return to profit of the IC, Group profit before tax was up by £172.5 million to £105.8 million compared to a loss of £66.7 million last year.

Earnings per share for the 12 months to 31 March 2010 were 25.0p compared to a loss of 35.1p last year (adjusted for the rights issue in July 2009). The weighted average number of shares for the period was 326,563,481.

As a result of the resilient net interest income and the improvement in market conditions which resulted in a much higher level of repayments, thereby crystallising more rolled up interest, cash core income was £115.1 million compared to £53.4 million in the previous year. The Board has recommended a final dividend of 11p per share. This would result in a full year dividend of 17p.

In order to continue to offer flexibility to shareholders, the company will maintain the scrip dividend scheme introduced last year. This scheme allows shareholders to elect to receive dividends in shares in lieu of cash.

Group Cash Flow

Operating Cash Flow
Interest income received during the reported financial year was up 11% to £168.3 million as the lower level of cash interest income was more than offset by a higher level of rolled up interest realisations. Over the period realisation of rolled up interest was £65.7 million compared to £18.0 million last year. Interest expense was materially lower at £81.0 million compared to £119.8 million due to a lower level of average net debt and lower base rates.

This is despite the one-off payment for the extension of the debt facilities. Dividend income was also lower at £1.9 million. Fee income received amounted to £52.4 million and operating expenses were £51.0 million.

Operating cash flow for the 12 months to 31 March was up 97%, at £90.6 million.

Cash Flow relating to Capital Gains
Cash flow from capital gains was £79.3 million, up from £(1.4) million in the previous year on the back of recent realisations.

Free Cash Flow
Tax expense was only £14.5 million due to the loss realised in the year to 31 March 2009. Following repayments, syndication proceeds and recoveries of £217.3 million free cash flow prior to investments and dividends was £372.7 million, almost double the level of last year.

Movement in net debt and cash balances
These together with the £351.4 million of the rights issue proceeds financed investments of £98.2 million and a reduction in net debt of £588.1 million. Dividend payments amounted to £37.8 million.

Group Balance Sheet

Capital Position
The Balance sheet is strong and liquid.

Shareholders' funds at 31 March 2010 stood at £1,184 million, up £408 million compared to 31 March 2009, primarily due to the July 2009 rights issue proceeds of £351 million. Since 30 September 2009, shareholders' funds are up £72 million or 7%, due to the return to profitability in the second half.

Net debt was £1,504 million at 31 March 2010 down 28% from last year.

Net debt to shareholder funds' at year end was 127%, down from 270% at the end of last year and 150% at 30 September 2009, as a result of the July 2009 rights issue and recent realisations.

Investment capacity
Total debt facilities stood at £2,233 million at 31 March 2010, including undrawn debt facilities of £729 million.

With only £170 million of debt maturing in the current financial year, we are well positioned to take advantage of the emerging attractive investment opportunities.

In May 2010, we extended a further £67 million of debt in addition to the £545 million we extended in July 2009.

Financial outlook

For the FMC, fee income is expected to remain broadly stable next year. The new compensation schemes are expected to allocate a greater proportion of our incentive schemes to the FMC.

The IC will be negatively affected by a lower level of net interest income as a result of good realisations achieved which reduces the size of our investment portfolio. Although the current volatility of markets reduces visibility, we expect realisations to continue in the first half of the current financial year, which should result in further capital gains. The level of new investments should benefit from the increasing pipeline of potential transactions. Impairments are expected to continue to trend downwards in the current year given the improvement in performance across our investment portfolio. We however remain cautious about economic trends and will therefore continue to manage our portfolio closely.

Principal risks and uncertainties.

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

The Audit Committee comprises five independent Non-Executive Directors. A further Non Executive Director in addition to the members of the Executive Committee is also invited to attend, but is not a member of the committee. 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, who each have a specific area of responsibility. The Executive Committee has general responsibility for ICG's resources, strategy, financial and operational control and managing the business worldwide.

The Mezzanine and Growth Capital Investment Committee is chaired by Christophe Evain, CEO. The Committee comprises eight members including four Managing Directors and four senior members of the Mezzanine and Growth Capital business. One of these members will be nominated as a Sponsor member, to reflect the nature of the investment (geography, size, nature of the transaction).

The committee members are 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 Mezzanine and Growth Capital Investment Committee also reviews and manages potential and actual conflicts of interest, reviews quarterly performance reports of our portfolio companies, and coordinates management plans for individual assets as necessary.

The Credit Funds Investment Committee is chaired by Christophe Evain, CEO. The Committee includes six members including two Managing Directors and four senior members of the Credit Funds Management team. One of these members will be nominated as Sponsor member, depending on the nature of the investment (geography, size, nature of the transaction).

The committee members are responsible for reviewing and approving all investment proposals presented by credit executives in accordance with the Investment Policy. The Credit Funds Investment Committee also reviews and manages potential and actual conflicts of interest, reviews the quarterly performance reports of our Credit funds' portfolio companies, and coordinates management plans for individual assets as necessary.

By chairing both investment committees, the CEO ensures that the Company's Global Investment Strategy is applied consistently across the firm.

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

The Treasury Committee has six members including th**e Finance Director and the** Financial Controller and is responsible for ensuring compliance with the Group's Treasury Policy, reporting any breach of policy to the audit committee, monitoring external bank debt and bank covenants, approving and monitor hedging transactions and approving the Group's list of relationship banks.

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.

Business risks

Business risk is defined as the risk of loss resulting from the failure to meet the business' strategic objectives.

Credit risk

Potential impact	Mitigation
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. In such circumstances a financed company may be forced to sell assets, undergo a recapitalisation or go into a form of administration or other insolvency process, which could result in a material impairment in the value of ICG's investment portfolio and result in ICG PLC having to make provisions on its Balance Sheet. This can have a significant negative impact on ICG's profits, cash flow and shareholders' funds, as well as ICG's investment track record and wider market reputation.	ICG limits the extent of credit risk by diversifying its portfolio assets by sector, size and geography. It uses disciplined credit procedures through the life of an investment to protect its portfolio. We have a specialist team to support investment executives 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 more frequently by the relevant investment executive and regional head.

Liquidity and funding risk

Potential impact	Mitigation
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. A default under its debt agreements could have a material adverse effect on the Group's financial condition and prospects whilst a default by funds managed by the Group under their debt agreements may indirectly have a material adverse effect on the Group's reputation and the ability to raise new funds. 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.	It is our policy to maintain diverse sources of medium term finance and to ensure that we always have sufficient committed but unutilised debt facilities. With regard to the risk of defaults, there is significant focus within the finance and funds administration departments on the monitoring of the terms and conditions of the debt agreements and, in particular, headroom under the financial covenants which is reviewed, as a minimum, on a monthly basis by the Finance Director. We operate prudent gearing and hedging policies, and aim to maintain headroom on our facilities based on future cash flow requirements and refinancing commitments. In addition we maintain a dialogue with our shareholders, banks and other potential capital providers. In recognition of this risk the Group has revised its business strategy to, over time, place greater emphasis and develop its fund management activities.

Counterparty risk

Potential impact	Mitigation
The failure of a counterparty would necessitate ICML entering protracted legal arrangements to recover any net monies due to it from the appointed administrators.	The Group has a counterparty approval process which undertakes credit analysis on new counterparties and periodically reviews existing counterparties. In addition, exposure is monitored by the Board.

Market risks

Market risk is defined as the risk of loss resulting from adverse changes in the markets in which we operate.

Foreign exchange risk

Potential impact	Mitigation
ICG is exposed to movements in exchange rates. ICG reports in Sterling and pays dividends from Sterling profits. The underlying assets in its portfolio are principally denominated in Euros with some exposure to US dollars. Changes in the rates of exchange of these currencies may have an adverse effect on the value of the Group's investments, on the Group's profit and any undrawn amount of the Group's debt facilities.	ICG seeks to reduce structural currency exposures by matching loans and investment assets denominated in foreign currency with borrowings or synthetic borrowings in the same currency. In addition, the Group uses derivative financial instruments and other instruments, on a limited basis, as part of its management of foreign exchange risk, to hedge a proportion of unrealised income recognised on a fair value basis. Failure by a counterparty to make payments due under such derivative financial investments may reduce the Group's returns. In terms of its foreign subsidiaries, it should be noted that these do not produce profits for the Group and therefore foreign exchange risk in this respect is minimal.

Interest rate risk

Potential impact	Mitigation
Interest rate risk is defined as the risk of loss through adverse movements in interest rates. ICG has a mixture of fixed and floating rate assets, which are funded with a mixture of equity and borrowings.	ICG seeks to minimise interest rate exposure by matching the type, maturity and currency of its borrowings to those of a group of assets with a similar anticipated holding period. Some derivative financial instruments are used to reduce the Group's exposure. A hedge is unlikely to be effective in eliminating all of the risks inherent in any particular position and there can be no guarantee that suitable instruments for hedging will be available at times when the Group wishes to use them. In addition, the Group will be exposed to the credit risk of the counterparty with respect to payments under the derivative instruments.

Competition risk

Potential impact	Mitigation
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. If the Group was unable to win new business, this would mean that its loan book would not expand. The Group would continue to receive interest and fee income from the existing portfolio and funds, although this income would reduce over time as repayments occurred on the portfolio and funds matured. This process would be gradual and therefore should enable the Group to manage its cost base in line with any reductions in income. The Group would also be unable to raise future investment funds from third parties or fully draw down equity and commitments to existing investment funds. This would result in a reduction in its income from management and advisory fees, performance fees and carried interest.	ICG and most of its funds have the ability to invest across the capital structure and take advantage of the best risk/reward ratios at each point in the cycle. With a 21 year track history, ICG has established a strong brand and investment track record which differentiates the group from its competition.

Operational risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Loss of staff

Potential impact	Mitigation
ICG's key investment professionals have substantial investment experience and expertise and are responsible for originating and executing investments. The Group may be unable to retain such key employees in competitive markets or to continue to incentivise them when market conditions are challenging and investment activity is low. The loss of key investment professionals could jeopardise the Group's ability to source, execute and manage investments as well as its ability to affect recoveries on troubled assets, which could have a material adverse effect on its business. Some of these senior investment executives will be named as "key men" for our third party funds and their departures could trigger the closure of these funds.	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. We also have clear investment processes, committees and an information sharing platform, which minimises the over reliance on key executives.

Regulatory risk

Potential impact	Mitigation
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.	The Group has a governance structure in place supported by a risk framework that allows for the identification, control, and mitigation of material risks faced by the Group. The adequacy of controls in place is periodically assessed. This includes a tailored risk-based monitoring programme designed to specifically address regulatory and reputational exposure. ICG employs a Legal and Compliance Director who reports to the Chief Executive Officer, and whose role is to ensure that the business complies with this framework. 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.

Business interruption

Potential impact	Mitigation
The inability to conduct business normally could lead to losses and/or damage our reputation. The Group relies heavily on its financial, accounting and other data processing systems. The majority of these processes, systems and personnel are located in London. A disaster or a disruption in the infrastructure that supports the Group's businesses, particularly in London, could have a material adverse impact on its ability to carry on business without interruption which could lead to financial loss, disruption of business and damage to its reputation.	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. Internal checks and audits are designed to mitigate these risks. ICG also considers the use of appropriate insurance to be a mitigant against a number of operational risks such as fraud and third party claims.

Responsibility Statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2010. Certain parts thereof are not included within this announcement.

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with IFRS as adopted by the European Union, 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

(b) the management report, which is incorporated into the directors' report, includes a fair view of the development and the 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.

This responsibility statement was approved by the board of directors on 26 May 2010 and is signed on its behalf by

By order of the Board,

John Manser
Chairman

Philip Keller
Finance Director

2 June 2010

Consolidated Income Statement

for the Year Ended 31 March 2010

	Year ended 31 March 2010 £m (Unaudited)	Year ended 31 March 2009 £m
Interest and dividend income	274.1	303.7
Gains on investments	98.8	30.9
Fee and other operating income	52.0	59.5
	424.9	394.1
Interest payable and other related financing costs	(62.4)	(95.5)
Provisions for impairment of assets	(161.8)	(273.1)
Administrative expenses	(94.9)	(92.2)
Profit/(loss) before tax	105.8	(66.7)
Tax expense	(24.1)	(6.5)
Profit/(loss) for the year attributable to equity holders of the parent	81.7	(73.2)
Earnings per share*	25.0p	(35.1)p
Diluted earnings per share*	25.0p	(35.1)p

*Earnings and diluted earnings per share for the year ended 31 March 2009 have been restated following ICG's ordinary shares Rights Issue in July 2009.

All activities represent continuing operations

Consolidated Statement of Comprehensive Income

for the Year Ended 31 March 2010

	Year ended 31 March 2010 £m (Unaudited)	Year ended 31 March 2009 £m
Profit/(loss) for the year	81.7	(73.2)
Available for sale financial assets:		
Gains/(losses) arising in the year	87.4	(42.0)
Less: Reclassification adjustment for (gains)/losses included in profit and loss	(64.6)	44.3
Exchange differences on translation of foreign operations	(1.7)	3.5
	21.1	5.8
Tax on items taken directly to or transferred from equity	(6.3)	(0.8)
Other comprehensive income for the year	14.8	5.0
Total comprehensive income/(expense) for the year	96.5	(68.2)

Consolidated Statement of Financial Position

as at 31 March 2010

	As at 31 March 2010 £m (Unaudited)	As at 31 March 2009 £m
Non current assets		
Property, plant and equipment	7.6	9.7
Financial assets:loans and investments and warrants	2,718.1	2,922.6
Derivative financial instruments	21.4	33.5
	2,747.1	2,965.8
Current assets		
Trade and other receivables	56.0	50.7
Financial assets: loans and investments	8.9	19.9
Derivative financial instruments	9.8	2.1
Cash and cash equivalents	83.7	23.7
	158.4	96.4
Total assets	2,905.5	3,062.2
Equity and reserves		
Called up share capital	78.0	17.3
Share premium account	642.5	348.5
Capital redemption reserve	1.4	1.4
Treasury reserve	(2.8)	-
Other reserves	35.2	23.7
Retained earnings	429.2	384.6
Shareholders' funds	1,183.5	775.5
Non current liabilities		
Financial liabilities	1,409.0	2,057.7
Derivative financial instruments	22.4	31.7
Deferred tax liabilities	32.3	6.2
	1,463.7	2,095.6
Current liabilities		
Trade and other payables	166.5	127.9
Financial liabilities	66.4	19.2
Liabilities for current tax	0.5	9.4
Derivative financial instruments	24.9	34.6
	258.3	191.1
Total liabilities	1,722.0	2,286.7
Total equity and liabilities	2,905.5	3,062.2

Consolidated Statement of Cash Flows

for the year ended 31 March 2010

	Year ended 31 March 2010 £m (Unaudited)	Year ended 31 March 2009 £m
Net cash from operating activities		
Interest receipts	**168.3**	151.5
Fee receipts	**52.4**	68.4
Dividends received	**1.9**	10.0
Gain on disposals	**79.3**	30.9
Interest payments	**(81.0)**	(119.8)
Cash payments to suppliers and employees	**(51.0)**	(96.4)
Net (payment for)/ proceeds from (purchase)/sale of current financial assets	**(18.6)**	87.4
Purchase of loans and investments	**(96.7)**	(410.6)
Proceeds from sale of loans and investments	**235.9**	108.9
Cash generated/(used in) operations	**290.5**	(169.7)
Taxes paid	**(14.5)**	(50.7)
Net cash generated/(used in) operating activities	**276.0**	(220.4)
Investing activities		
Purchase of property, plant and equipment	**(1.5)**	(5.4)
Net cash used in investing activities	**(1.5)**	(5.4)
Financing activities		
Dividends paid	**(37.8)**	(56.9)
(Decrease)/increase in long term borrowings	**(528.1)**	255.5
Proceeds on issue of shares less issue costs	**351.4**	–
Net cash (used in)/ from financing activities	**(214.5)**	198.6
Net increase/(decrease) in cash	**60.0**	(27.2)
Cash and cash equivalents at beginning of year	**23.7**	50.9
Cash and cash equivalents at end of year	**83.7**	23.7

Consolidated Statement of Changes in Equity

for the year ended 31 March 2010 (Unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale or reserve £m	Own shares £m	Retained earnings £m	Total £m
Balance at 31 March 2009	17.3	348.5	1.4	9.6	14.1	–	384.6	775.5
Profit for the year	–	–	–	–	–	–	81.7	81.7
Available for sale investments	–	–	–	–	22.8	–	–	22.8
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(1.7)	(1.7)
Tax relating to components of other comprehensive income	–	–	–	–	(6.3)	–	–	(6.3)
Total comprehensive income for the year	–	–	–	–	16.5	–	80.0	96.5
Proceeds from rights issue	60.4	291.0	–	–	–	–	–	351.4
Own shares acquired in the year	–	–	–	–	–	(2.8)	–	(2.8)
Script dividend	0.3	3.0	–	–	–	–	–	3.3
Credit for equity settled share schemes	–	–	–	0.7	–	–	–	0.7
Amortisation of lapsed options	–	–	–	(5.7)	–	–	5.7	–
Dividends paid	–	–	–	–	–	–	(41.1)	(41.1)
Balance at 31 March 2010	**78.0**	**642.5**	**1.4**	**4.6**	**30.6**	**(2.8)**	**429.2**	**1,183.5**

for the 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
Balance at 31 March 2008	17.2	348.5	1.4	5.3	12.6	511.2	896.2
Loss for the year	–	–	–	–	–	(73.2)	(73.2)
Available for sale financial assets	–	–	–	–	2.3	–	2.3
Exchange differences on translation of foreign operations	–	–	–	–	–	3.5	3.5
Tax relating to components of other comprehensive income	–	–	–	–	(0.8)	–	(0.8)
Total comprehensive income for the year	–	–	–	–	1.5	(69.7)	(68.2)
Exercise of share options	0.1	–	–	–	–	–	0.1
Credit for share based payments	–	–	–	4.3	–	–	4.3
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

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. Segment information about these businesses is presented below:

During the year the Group has changed the presentation of internal management reporting information from that presented in the interim financial statements and in the Annual Report for the year ending 31 March 2009, to report the profit of the Fund Management Company ("FMC"), separately from the profits generated by the Investment Company ("IC"). The FMC is defined as the operating unit and as such carries the bulk of the Group's costs, including the cost of the investment network, i.e. the investment executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing. Previously only the direct costs of the Fund Management business were attributed to that sector.

The IC is charged a management fee of 1% of the carrying value of the investment portfolio by the FMC and this is shown below as Fee income from the Balance Sheet. The costs of finance, treasury, portfolio administration teams and the costs related to being a listed entity are allocated to the IC. The cost of the Medium Term Incentive Scheme ("MTIS") is charged to the IC while the scheme remains operational. The remuneration of the Managing Directors (excluding MTIS) is allocated equally to the FMC and the IC.

Previously both income and expenses of the IC were reported by geographical segment. Under the new format only the mezzanine fund management fee income of the FMC is reported by geographical segment.

Year ended 31 March 2010 £m (Unaudited)	Mezzanine Fund Management			Credit Fund Management	Total FMC	IC	Total
	Europe	Asia	US				
External fund management fee income	26.6	8.0	–	14.0	48.6	–	48.6
Fee income from Balance Sheet (Inter-segment income)	23.4	2.2	1.3	0.9	27.8	–	27.8
Fund management fee Income	50.0	10.2	1.3	14.9	76.4	–	76.4
Net interest income^						209.7	209.7
Dividend income					1.9	–	1.9
Other fee income					–	3.4	3.4
Staff costs					(22.4)	(2.3)	(24.7)
Medium Term Incentive Scheme					–	(28.9)	(28.9)
Balance Sheet fee income charge (Inter-segment expense)					–	(27.8)	(27.8)
Administrative costs					(17.9)	(1.7)	(19.6)
Net gains on investments					–	77.1	77.1
Impairments					–	(161.8)	(161.8)
Add back net fair value gain on derivatives held for hedging purposes^					–	0.1	0.1
Profit before tax					38.0	67.8	105.8

^ Net gain relating to movements in the fair value of derivatives used to hedge certain liabilities of the Group, excluding any interest accruals and spot F/X translation movements on these derivatives, are not considered part of net interest income for segmental reporting.

Year ended 31 March 2009 £m	Mezzanine Fund Management			Credit Fund Management	Total FMC	IC	Total
	Europe	Asia	US				
External fund management fee income	24.8	7.0	–	21.7	53.5	–	53.5
Fee income from Balance Sheet (Inter-segment income)	23.1	1.7	1.0	0.9	26.7	–	26.7
Fund management fee income	47.9	8.7	1.0	22.6	80.2	–	80.2
Net interest income*^						189.9	189.9
Dividend income					6.0	4.0	10.0
Other fee income					–	6.0	6.0
Staff costs					(37.7)	(4.7)	(42.4)
Medium Term Incentive Scheme					–	(23.4)	(23.4)
Balance Sheet fee income charge (Inter-segment expense)					–	(26.7)	(26.7)
Administrative costs					(17.6)	(2.7)	(20.3)
Net gains on investments					–	24.8	24.8
Impairments					–	(273.1)	(273.1)
Add back net fair value gain on derivatives^					–	8.3	8.3
Profit /(loss) before tax					30.9	(97.6)	(66.7)

* Interest income in the year to 31 March 2009 includes £5.1m of income which relates to prior years arising following a change in the assumptions in the year to 31 March 2009 used to calculate interest income on interest bearing equity.

^ Net gain relating to movements in the fair value of derivatives used to hedge certain liabilities of the Group, excluding any interest accruals and spot F/X translation movements on these derivatives, are not considered part of net interest income for segmental reporting.

Loan Book by Sector	Year ended 31 March 2010 £m (Unaudited)	Year ended 31 March 2009 £m
Europe	2,215.1	2,420.3
Asia	266.5	176.5
US	135.1	230.2
Credit Fund Management	101.4	95.6
	2,718.1	2,922.6

Dividends

The Board is recommending a final dividend of 11.0p per ordinary share which, together with the interim dividend of 6.0p per ordinary share paid in December 2009, results in a total dividend of 17.0p per ordinary share in respect of 2010 (2009: 17.0p per ordinary share, restated for ICG's ordinary share Rights Issue in July 2009). The dividend will be paid to shareholders registered at the close of business on 16 July 2010.

General

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2010 and 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the registrar of companies, and those for 2010 will be delivered in due course. The auditors have reported on the accounts for the year ended 31 March 2009 and their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The audit of the statutory accounts for the year ended 31 March 2010 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

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.
The risk profile and related uncertainty of ICG increased during the global recession impacting our borrowers' ability to meet their obligations. Our portfolio as a whole is performing satisfactorily in light of the economic conditions. The capital position of ICG is reviewed below.

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

Top 20 assets at 31 March 2010

Company	Country	Industry	Investment year	£m*
Medi Partenaires	France	Healthcare	2007	100.6
Sebia	France	Healthcare	2006	96.4
Bureau Van Dijk	Belgium	Publishing and printing	2007	94.2
Elis	France	Business services	2007	90.7
BAA	UK	Shipping and transportation	2006	84.3
Taiwan Broadcasting Communications (TBC)	Taiwan	Telephone networks	2007	81.8
Applus+	Spain	Business services	2007	81.4
Biffa	UK	Waste management	2008	75.4
Attendo	Sweden	Healthcare	2007	67.3
Materis	France	Building materials	2006	58.9
Orizonia	Spain	Leisure and entertainment	2006	55.4
LabCo	France	Healthcare	2008	55.2
Behavioral Interventions	US	Business services	2008	52.9
Visma	Norway	Business services	2006	52.1
Veda Advantage	Australia	Financial Services	2008	49.7
Minimax	Germany	Electronics	2006	47.8
CPA Global	Jersey	Business services	2010	45.3
SAG	Germany	Utilities	2008	43.0
Ethypharm	France	Pharmaceutical	2007	40.3
Feu Vert	France	Motors	2007	38.6
Total assets				**1,311.3**

Top 10 equity assets at 31 March 2010

Company	Country	Industry	Investment year	£m*
Sebia	France	Healthcare	2001	51.2
CPA Global	Jersey	Business services	2010	37.4
Intelsat	USA	Telephone networks	2008	33.6
TBC	Taiwan	Telephone networks	2007	31.1
Allflex	UK	Business services	1998	24.9
Eismann	Germany	Food retailing	2007	23.0
Applus+	Spain	Business services	2007	21.0
Acromas (AA Saga)	UK	Financial services	2007	19.8
Visma	Norway	Business services	2006	16.5
Menissez	France	Food manufacturing	2006	15.4
Total assets				**273.9**

* carrying value on ICG balance sheet at 31 March 2010

Timetable

The major timetable dates are as follows:

Notices of Annual General Meeting	2 June 2010 Available on ICG's website at 9.30am
Annual General Meeting	13 July 2010
Ex dividend date	14 July 2010
Record date for Financial Year 2010 final dividend	16 July 2010
Payment of final dividend	20 August 2010
Interim results announcement for the six months to 30 September 2010	23 November 2010 Available on ICG's website at 9 am

Internet website

The Company's website address is www.icgplc.com. Copies of the Annual and Interim Reports and other information about the Company are available on this site.

Company information

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