Embargoed until 7.00am on Wednesday 1 June 2011

Preliminary results for the year ended 31 March 2011

Intermediate Capital Group plc ("ICG") announces its preliminary results for the year ended 31 March 2011 (unaudited).

Financial highlights:

- Group profit before tax up 76% to £186 million (£106 million in 2010)
- Fund Management Company profit before tax of £36 million (£31 million in 2010 excluding a £7 million one-off release of accrued costs)
- Investment Company profit before tax of £150 million, up 122% as a result of lower provisions, additional writebacks and higher capital gains (£68 million in 2010)
- Proposed final dividend of 12 pence per share; 18 pence for the full year, up 6% from 17 pence last year

Operational highlights:

- Strong performance across the investment portfolios with 74% of portfolio companies performing at or above the prior year (59% in 2010)
- 13 investments exited for 1.8 times money multiple and an 18% IRR
- £1 billion new investments including £311 million from our balance sheet
- AUM up 5% to €11.8 billion, with third party AUM up 9% to €9.0 billion due to the Eos Loan Fund I

Financial summary:	**31 March 2011 (Unaudited)**	31 March 2010 (Audited)
Fund Management Company* profit before tax	**£36m**	£31m**
Investment Company* profit before tax	**£150m**	£68m
Group profit before tax***	**£186m**	£106m
Group profit after tax***	**£128m**	£82m
Earnings per share***	**32.6p**	25.0p
Total dividend per share	**18p**	17p
Cash core income****	**£107m**	£115m
Investment portfolio	**£2.6bn**	£2.7bn
Third party AUM*****	**£8.0bn**	£7.3bn

* The Fund Management Company and Investment Company are defined in the Financial Review.

** Excluding a £7 million one-off release of accrued costs

*** Including impact of fair value movements on derivatives (FY11: loss of £3.8m; FY10: gain of £0.1m)

**** Cash core income is defined in the Financial Review

***** Assets under management ("AUM") is defined in the Financial Review

Intermediate Capital Group plc
Registered Office:
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU
Tel: +44 (0)20 3201 7700
Fax: +44 (0)20 7248 2536

Commenting on the results, Christophe Evain, CEO, said:

"This has been a great year for ICG, one of the most profitable in our 22 year history, and well ahead of our earlier expectations. We have seen a marked improvement in the performance of our investments, realised significant value via 13 exits and increased our investment activity, investing a total of £1 billion in several proprietary deals. We have also taken further steps to grow our Fund Management Company."

Analyst / Investor enquiries:

Christophe Evain, CEO, ICG	+44 (0) 20 3201 7700
Philip Keller, CFO, ICG	+44 (0) 20 3201 7700
Jean-Christophe Rey, Investor Relations, ICG	+44 (0) 20 3201 7768

Media enquiries:

Mark Lunn, Corporate Communications, ICG	+44 (0) 20 3201 7769
Charlotte Kirkham/ Tim Draper, M:Communications	+44 (0) 20 7920 2331

This Preliminary Results statement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The Preliminary Results statement should not be relied on by any other party or for any other purpose.

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.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

About ICG

Founded in 1989, ICG is a specialist investment firm and asset manager providing mezzanine finance, leveraged credit and minority equity, managing €11.8 billion of assets in proprietary capital and third party funds. ICG has a large and experienced investment team operating from its head office in London with a strong local network of 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 particularly strong year for ICG and I am pleased to report that we have generated a profit before tax of £186 million, up 76% compared to last year's £106 million. We have made progress towards our three key strategic priorities: managing our portfolio to maximise value; investing selectively; and growing our Fund Management Company.

We have demonstrated our ability both to source and structure unique deals, resulting in a significant level of investment. In particular, Eos Loan Fund I - the fund created for the acquisition of a €1.4 billion portfolio of senior loans from RBS - attests to this ability. ICG is one of the very few asset managers able to analyse, price, manage and underwrite a transaction of this scale and complexity.

We deployed a total of £1 billion on behalf of our shareholders and mezzanine funds in spite of a slow market for mezzanine investments. £311 million was invested from our balance sheet, a higher amount than we expected at the start of the year. This reflects the strength of our local networks across Europe, the United States and Asia Pacific and our ability to create investment opportunities in a challenging environment.

We have realised significant value from our portfolio of investments with a total of 13 exits in the financial year leading to capital gains of £133 million. This represents the third highest level of capital gains in our 22 year history.

The performance of our investment portfolio has improved steadily throughout the last 12 months as the economic environment stabilised with 74% of our investee companies performing at or above prior year, compared to 59% last year. This is in spite of having exited strong performing companies. As a result, gross impairments are materially lower and we have started to benefit from write-backs on the assets which have shown a significant improvement in trading. Therefore net impairments are also lower at £71 million.

We grew AUM by 5% to €11.8 billion, with third party AUM of €9 billion, up 9%, thanks in large part to the Eos Loan Fund I. Our Fund Management Company has also benefited from excellent results across all our mezzanine, senior loan and high yield bond funds.

Since 2000, our mezzanine and minority equity funds have generated net multiples in line with top quartile performance of private equity returns and we are confident that we can maintain this level in the future.

Our credit funds have also performed well. Our loan funds have maintained a very low default rate of 1.5% and all of these funds are now paying performance related fees. Furthermore our European High Yield Fund has consistently outperformed the market. The fund generated a net return of 14% in 2010 and has already achieved a 4% net return in the first four months of 2011.

Capitalising on this track record of performance we have begun marketing a new European mezzanine and minority equity fund to global institutional investors as a successor to ICG European Fund 2006. In addition, we have opened our European High Yield Bond Fund to third party investors and continue to market our loan funds.

Overall, we have had an excellent year and we are building momentum towards achieving our strategic objectives.

Outlook and strategy
Our strategy and priorities continue to focus on building a specialist fund management business supported by a strong Investment Company.

In the short term, we expect the current buyout market liquidity to remain broadly similar, providing further opportunities to make profitable exits. Although the investment environment remains challenging, we are seeing a promising pipeline of mid-market deals across our geographies and we will continue to pursue investment opportunities through our relationships, local presence and structuring ability to gain early access to proprietary investments.

In the medium term, the high levels of European buyout debt maturing over the next four years at the same time as CLO reinvestment periods expire, will create demand for new sources of capital to fill the gap. We will grow AUM by continuing to market our mezzanine, loans and high yield funds to take advantage of this market opportunity.

Dividend
As a result of maintaining a high level of cash core income at £107 million and the positive outlook, the Board recommends a final dividend of 12 pence per share, making a total of 18 pence per share for the year. This represents a 6% increase compared to last year.

The dividend will be paid on 19 August 2011 to shareholders on the register at 15 July 2011. The Board has decided to maintain the scrip dividend scheme introduced in June 2009 in order to give shareholders greater flexibility. This scheme allows shareholders to elect to receive future dividends in shares as opposed to cash.

Employees
I would like to thank our employees for a year of hard work and considerable achievement.

Business Review

Our Market

After three years of crisis, the buyout market looks as though it is returning to some sort of normality. To our eyes, however, all is not what it seems.

Equity capital

Buyout transactions resumed in 2010 with the help of a strong high yield market and the recycling of CLO cash into new loans. The majority of deals have been serial buyouts; high prices have been paid by private equity firms supported by the vast amount of capital raised before 2008 that still needs to be put to work. There is still over €150 billion of unspent private equity commitments in Europe alone and strong companies which have shown resilience throughout the recession have been in particularly high demand.

However, fewer such companies remain available to buy and many of these are already in the process of exiting. As we look at the next layer of buyout companies, their quality and performance cannot justify such high valuations. Private equity owners will want to hold these assets for longer to generate acceptable returns on their original investment. Unless performance picks up significantly from today's levels, this will inevitably slow the pace of secondary deals. Meanwhile, a more stable economic environment will start to generate investment opportunities in the primary mid-market with existing leveraged finance arrangements that require restructuring also generating opportunities to invest.

Debt capital

But where does the funding to support mid-market deals come from? The European high yield market has seen a record level of €45 billion of issuance in 2010, representing more than 1.5 times the European record set in 2006 and these trends are continuing into 2011. A growing number of buyout companies are refinancing by issuing high yield bonds and as they repay their debt, the CLOs - owners of a large part of the outstanding senior secured loans - receive a prepayment which they are recycling by buying loans, new and old.

As a result, close to €20 billion of new senior debt was issued in 2010. Whilst this is a fraction of the €350 billion of debt available in the three year period 2005 -2007, it has been sufficient to support recent mid-market buyout transactions, giving banks the confidence to arrange syndicated loans to finance and refinance buyouts, mostly sold to CLOs. The liquidity generated in the high yield market and recycled in the sub-investment grade market has also supported a rally in loan prices.

High levels of liquidity in the European buyout market, in the form of recycled debt and available equity capital, created a more challenging investment landscape for mezzanine investments.

Looking forward

However, this recycling of loans will gradually cease between 2011 and 2014 as CLOs reach the end of their reinvestment period and will have to repay their liabilities with every new repayment of an asset rather than rolling the proceeds into new loans. The implications for the debt market are significant as the syndicated loan market will lose approximately €50 billion of capacity; most of it expiring rapidly from 2012 onwards. This is a significant gap.

Moreover, there is a large amount of European buyout debt that needs to be extended or refinanced between 2012 and 2015 as it reaches maturity. Unlike the US market, where significant efforts have been made to extend the maturity of leverage loans, the wall of maturing European debt has yet to be tackled. Whilst maturity extension will be possible for loans that have not been repaid, these loans cannot be extended beyond the final tenure of the funds holding them, which creates an increased demand for new replacement capital.

No new European CLOs have been raised over the past three years because higher margins on CLO debt and higher expectations on equity returns make them economically unviable. Nor are banks willing to drive growth through balance sheet expansion in the leveraged finance space.

A liquidity shortfall will emerge from this unbalanced market as traditional sources of debt finance evaporate, driving demand for alternative sources of capital to finance new leverage, refinancings and corporate acquisitions. Mezzanine, high yield bonds and institutional leveraged loans will represent a large part of the funding solution and new funds will be raised gradually to bridge the refinancing gap.

In the current market and, in spite of the current level of liquidity, we have been able to identify and create attractive investment opportunities from local pockets of value. In the future, market trends will create an even larger funding gap to be filled by asset managers and investors with the right skills in high yield, mezzanine and sub-investment grade debt. ICG is well positioned to compete in all of these asset classes.

Fundraising market

The fundraising environment remains challenging but shows signs of improvements. Ongoing changes in the regulatory environment, particularly for banks, pension funds and insurance companies, are creating a level of uncertainty and this is hampering the ability of some institutions to commit to long term investment decisions. There is, however, evidence that established players can now raise new funds after a two year hiatus.

The majority of institutional investors are now focusing on their longer term investment strategies having positioned themselves tactically to benefit from the rally seen in many asset classes in both 2009 and 2010.

Institutional investors who have been disappointed by the performance of listed equity and traditional fixed income assets in recent years are showing interest in alternative investment products. Within the alternative asset class, the strong and consistent performance of mezzanine and its low correlation with most asset classes has been noticed by institutional investors.

Moreover, new issuance in the high yield market has created a well diversified market and the loan to bond trend is providing further investment opportunities which is attracting yield-seeking investors.

Following the crisis, investors are exercising greater diligence when selecting an asset manager and only those with a long track record of performance, a stable team and proven business model are likely to attract new capital.

Year in Review

Overview
We have enjoyed a strong financial performance for the full year, reporting a profit before tax of £186 million. This represents one of the most profitable years in ICG's 22 year history.

The performance of the portfolio improved significantly throughout the year and, as a result, impairments further declined. We have been able to write back £19 million of provisions on four assets which have shown a material recovery.

The European buyout market returned in 2010 and has remained active throughout this year, fuelled by secondary deals. We took full advantage to exit 13 investments (11 in Europe) held in our portfolio and funds, generating realised returns for our investors and shareholders.

Whilst a short term oversupply of debt and equity capital created a favourable market for exits, it also squeezed the standard mezzanine market, raising challenges for re-investing. However, the ability of our network of investment professionals to gain early access to local opportunities and create tailored structures resulted in a string of innovative and unique investments for ICG. In total, we invested close to £1 billion over the course of the year from our Investment Company and third party funds.

We have taken further steps to increase the rate of growth of our Fund Management Company via new fund raising, entry into an adjacent asset class and complementary acquisitions.

Strategic priorities
Our strategy remains consistent: manage our portfolio to maximise value, invest selectively and grow our Fund Management Company.

1. Manage our portfolio to maximise value
Portfolio performance showed strong and consistent improvement throughout the year due to a more positive economic environment with top-line growth across the majority of portfolio companies leading to significant increases in EBITDA. As at 31 March 2011, 74% of the portfolio was performing at the level of or better than the prior year compared to 59% last year and 62% in September 2010. In addition leverage had been reduced across the board.

This markedly improved portfolio performance has led to significantly lower gross impairments of £90 million compared to £180 million last year. In addition, we have also written back £19 million of provisions relating to four assets, the performance of which have improved materially. As a result net impairments were £71 million compared to £162 million last year.

We also took full advantage of the favourable exit conditions to realise value at attractive levels of return. In the year, we have achieved 13 exits with an average money mutiple of 1.8 times and an IRR of 18%.

In Europe we benefited from 11 exits: Picard, Medica, Visma, Eurofarad, TeamSystem, Loyalty Partners, Pasteur Cerba, Geoservices, Sebia, Gerflor and a partial exit from Labco.

In the U.S we realised our investment in Behavioral Interventions.

In Asia Pacific we exited Taiwan Broadband Company and, shortly after the close of our financial year, we exited our 2006 investment in Tegel in New Zealand.

In total, over the twelve months ended 31 March 2011 we generated £133 million of capital gains, £388 million of repayments of principal and £82 million payment of accrued interests, for the Investment Company.

2. Invest selectively

Our response to the slow market for mezzanine has been to generate proprietary deals through the local reach and relationships of our local network of investment professionals. It is testament to our origination capabilities that we successfully invested a large amount of capital in a such a market.

We invested close to £1 billion for the full year, of which £311 million came from our balance sheet, through new mezzanine deals and follow on investments, as well as providing cash paying equity to finance the acquisition of a €1.4 billion senior loan portfolio from RBS, for which we created Eos Loan Fund I in August 2010. We are one of the very few alternative asset managers with the ability to analyse, price, manage and underwrite a transaction of this scale and complexity and the only one to have completed such an acquisition this year. This is due to the depth of experience in our credit team, our financial capacity and the long-standing relationship of trust we have established with our fund investors. Originating the opportunity would also not have been possible without the close relationship developed over a very long time with the vendor.

European mezzanine market

We invested in three sponsor-led mid-market European buyout transactions, working as a partner to the sponsor to provide a blend of securities from senior bonds to equity, for the acquisitions of Courtepaille, Quorn, and TeamSystem. Eos Loan Fund I, Gerflor and Courtepaille represent our top three deals of the year by size and they were sourced, structured and led by ICG.

In December ICG provided the whole debt financing structure for Courtepaille, a fast growing grill chain in France via a €160 million unitranche (single bond) providing the management team and private equity sponsor, Fondations Capital, with a tailored financing solution which will give the company maximum flexibility to continue growing and creating long term value for its shareholders.

In the case of Quorn, the leading European meat substitute producer, ICG provided junior debt and equity financing of £80 million to support the acquisition of the business by Exponent Private Equity from Premier Foods. ICG also arranged a mezzanine loan and equity investment of €120 million in support of the acquisition of TeamSystem, an established Italian software company, by Hg Capital.

In addition we invested into two ICG led sponsorless transactions: BaxterStorey and Gerflor. Our relationship with Gerflor, a global PVC flooring company based in Europe, began as a mezzanine investor in 1992, since which time we have backed several buyouts creating significant interest income and capital gains over the following 19 years. Given our knowledge of the company and our confidence in the management team's business plan, we were able to invest alongside them in a deleveraging structure to support the company's international development strategy. We structured this transaction using corporate senior debt giving the company a much lower cost of debt and a more flexible framework.

Baxter Storey, a fast growing UK catering company, was purchased by its management team with our support via the provision of a mix of mezzanine and equity. Our ability to structure a solution that answered management's requirement and our deep knowledge of their industry were critical factors in closing this transaction.

US mezzanine market
The US sub-investment grade market has seen a faster recovery than the European market. US banks have dealt with legacy loans more aggressively than their European counterparts and therefore have a greater capacity to write new business. The US institutional market is more mature and diverse than the European market and, as a result, the buyout debt market in the US has become more competitive with covenant-lite loans and dividend recapitalisations now back at pre crisis levels.

Despite a competitive market, we have made two new investments recently demonstrating solid progress towards our strategy to build the ICG franchise. In August 2010, the Investment Company invested in Fort Dearborn and in May 2011 (after our year end) in Cogent-HMG, our tenth American investment.

Asia Pacific market
The Asia Pacific buyout market has continued to be active, driven primarily by auction processes for secondary buyouts. Valuations for good businesses have been high as a result of increased numbers of auction participants: Asian based private equity sponsors, trade buyers and US and European sponsors with no local presence, looking to gain a foothold in the region and access the growth in Asia.

Bank liquidity is high, particularly from the local banks, which have not been as badly affected by the crisis as their European counterparts, although leverage multiples have remained reasonable at 4-4.5 times EBITDA. For known companies and market leaders, multiples have reached 5-6 times EBITDA.

Sponsors have significant amounts of un-invested commitments from dedicated Asian funds, and this is also driving valuations higher with increased equity contributions. The result of these factors is that an understanding of the equity case, and where business improvements and increased profitability can be generated, are critical to the structuring of our investments between debt and equity instruments.

Our response has been to leverage our relationships in the region to find attractive investment value. We completed an add-on investment to finance an acquisition by Link, our share registrar and pension administration investment in Australia. In addition, in May 2011, we completed a successful exit and re-investment in Tegel, New Zealand’s leading integrated poultry producer.

We have formalised our China strategy and recently signed a strategic co-investment partnership with CITIC Capital China Opportunities, L.P., a fund of CITIC Capital. This strategic alliance provides superior access to deal flow in mainland China. In the coming year we expect to be investing in mid-sized, privately owned, Chinese companies where we see long term growth and a strong management team.

3. Grow the Fund Management Company
Our strategy for growing the FMC is threefold. First, increase AUM in our credit and mezzanine funds; second, pursue acquisitions of loan portfolios and credit fund management contracts; and third, expand judiciously into adjacent asset classes.

AUM has grown to €11.8 billion (£10.4 billion) at 31 March 2011, up 5%. This includes €9.0 billion (£8.0 billion) of third party funds, up 9% principally due to Eos Loan Fund I, which added €953 million (£842 million) of AUM, as well as the acquisition of the St Paul’s CLO I BV and the acquisition of a 51% stake in Longbow Real Estate LLC. The Investment Company investment book was €2.7 billion (£2.4 billion), excluding investments in our credit funds, down 7% due to the strong realisations.

Key to increasing the AUM of the Fund Management Company is the performance of our existing funds so as to attract new third party investors and repeat business from current investors. All our funds continue to perform very strongly. Our European mezzanine funds have benefited from the same improving economic environment as our Investment Company portfolio. These funds have generated net multiples in line with top quartile performance private equity returns since 2000.

Our mezzanine funds have performed strongly. ICG Mezzanine Fund 2000 is almost entirely realised and holds only one asset which we expect to realise in the current year. The fund has generated a net money multiple of 1.7 times and a net IRR of 18%. Its successor, ICG Mezzanine Fund 2003, shows an 18% IRR and a money multiple of 1.5 times on exited investments and has returned over 121% of commitments with a significant distribution in December 2010. This fund shows a net IRR of 15% and a net money multiple of 1.6 times. ICG European Fund 2006, is now 92% invested and closed for new investment. It has achieved a 1.8 times money multiple and 29% IRR on realised assets and a net money multiple and IRR of 1.2 times and 8% overall on both realised and unrealised investments. ICG Recovery Fund 2008 is 75% invested with no exits and a strong performance to date: net IRR and money multiple have reached 22% and 1.2 times respectively. ICG Minority Partners Fund 2008 is 84% invested with a 2.1 times multiple and 55% IRR on exits. Intermediate Capital Asia Pacific Fund 2005 is fully invested and shows a net money multiple of 1.3 times and an 11% net IRR overall on both realised and unrealised investments. Intermediate Capital Asia Pacific Fund 2008 is 26% invested and, at this early stage, performing satisfactorily.

We have also expanded our marketing and distribution team which is now ten strong and we will continue to hire experienced marketing and distribution professionals to strengthen our brand and investor reach in support of our global fundraising activities in Europe, the US and Asia Pacific.
We have begun marketing our new mezzanine fund, ICG Europe Fund V, the successor to ICG European Fund 2006. The fund will be raised over the course of 2011 and 2012 and is targeting €2 billion including a €500 million commitment from our Investment Company.

Our credit funds have also benefited from the improved operating performance of their underlying assets. Our 12 month senior loan default rate for the year ended 31 March 2011 was 1.5% compared to 1.7% for the market. These funds have benefited from the wave of exits in the buyout market as a change of ownership triggers the repayment of outstanding loans, resulting in improving performance ratios and a recovery in junior fees.

The ICG High Yield Bond Fund seeded by the Investment Company in late 2009 has outperformed the market returning 14% net of fees in 2010. The ICG High Yield Bond Fund has been set up as a UCITS 3 fund in March 2011 and is now open to third party investors. We will continue fundraising for both our high yield and senior secured loan funds.

The European high yield bond market grew significantly in both 2010 and 2011. Close to a third of recent issuances are from companies which previously financed themselves in the loan market. Given our long standing knowledge of these companies, we believe we can build a franchise in this asset class over time.

We continue to review potential acquisitions of management contracts of both CLOs and loan portfolios. In December, we became the investment manager of a €300 million CLO, having acquired the management contract of Resource Europe CLO 1 BV from Resource America, since renamed St Paul's CLO 1 BV.

Current market conditions have made these transactions less attractive at the moment, as banks and loan fund managers have seen a recovery in performance and have consequently increased their price expectations. For a number of European banks, leveraged finance activity has nonetheless become non-core and it is possible that we will see new opportunities in the future both for non core bank loan portfolios and sub-scale funds from managers with limited access to capital.

We want to grow ICG's product offering into adjacent asset classes through measured expansion in new areas where our core skills, global reach and infrastructure can create value for our fund investors and shareholders. In December, we acquired a 51% stake in Longbow Real Estate, a UK real estate debt specialist providing mezzanine finance to the UK commercial property market. The combination of ICG's international platform and Longbow's expertise and track record in real estate positions us to expand successfully into this asset class. The transaction closed in March 2011 and we have seen good progress in both raising capital and investing.

We will continue to pursue opportunities selectively where we can apply our specialist skills of local origination, risk pricing and investment structuring with a view to expanding our product range.

Outlook

We are encouraged by the steady uplift in the performance of our portfolio throughout the year and we expect this positive trend to continue. We have realised strong exits and we expect the exit window to remain open in the current year providing further opportunities for ICG to realise value from the assets held by our funds and our Investment Company.

Despite a relatively slow recovery in the core mezzanine market in Europe and strong competition in both the US and Asia Pacific, we have demonstrated our ability to invest in unique investment opportunities. We are seeing a steady pipeline of potential deals and will tap local pockets of value; originate off-market opportunities; and be innovative in our structuring. Our long held relationships with management teams and financial partners and our local network throughout Europe, the United States and Asia Pacific are key competitive advantages. Our experience of helping management teams to refinance and de-lever their balance sheets in order to invest in growth and development positions us as an attractive partner in the mid-market.

Internally, the introduction of a new compensation scheme for our employees, following approval by our shareholders at last year's AGM, aligns our interests directly with both shareholders and fund investors. This scheme also allows us to better motivate and retain our staff.

We outline in the 'Our market' section the significant investment opportunities that we expect to emerge from a growing imbalance between supply and demand of credit in the European buyout market. The wall of maturing European buyout debt that requires refinancing over the next four years coincides with the expiry of CLO re-investment periods. As banks are no longer seeking to drive growth and CLOs, which provided the majority of buyout debt before the crisis, are currently not economic, buyout companies will have to refinance from alternative sources of capital. We believe that instutional investors, via the high yield, mezzanine and sub investment grade debt market, will form a key part of the supply solution.

We therefore see opportunities to continue to grow our fund management business.

Financial review

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

As highlighted in this statement, ICG has had another successful year and our portfolio, as a whole, is performing satisfactorily.

ICG's principal risks and uncertainties and how they are mitigated are documented in this statement.

The financial position of the company, its cashflows, liquidity position and borrowing facilities are described in this financial review.

Going Concern Statement

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Definitions

We now report the profit of the Fund Management Company ("FMC") separately from the profits generated by the Investment Company ("IC") in our segmental reporting note.

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.

During the year ICG purchased a 51% stake in Longbow Real Estate, a UK real estate debt specialist providing mezzanine finance to the UK commercial property market. This entity is fully consolidated into the results for the FMC for the year with the minority stake deducted.

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.

Return on equity ("ROE") is defined as profit after tax divided by average shareholder funds for the year.

Cash core income is defined as profit before tax excluding fair value movement on derivatives less net capital gains, impairments and unrealised rolled up interest.

Pre incentive cash profit is defined as profit before tax excluding performance related bonuses and fair value movement on derivatives, less accrued rolled up interest plus released rolled up interest.

Overview

Group profit before tax rose 76% to £186.3 million compared to £105.8 million last year.

The profit before tax for the FMC was £35.9 million compared to £31.1 million last year, excluding a one off £6.9 million release of accrued cost from the shadow share plan for our CFM team (reflecting the lower level of fee income generated by this team). Excluding this exceptional item, the profit before tax of the FMC has grown by 15% from the previous year. This is primarily due to the recovery of junior fees from our credit funds.

The profit before tax for the IC rose strongly from £67.8 million to £150.4 million. This was due to a high level of gross capital gains, which, at £132.3 million, was the third highest level of gains in our 22 year history, a decrease of 56% in the level of impairments and resilient net interest income.

Total AUM at 31 March 2011 were £10,408 million, up 5% compared to 31 March 2010 (£9,958 million) primarily due to the establishment of the Eos Loan Fund 1, which added £842 million of third party assets under management, and the purchase of the management contract of St Pauls CLO 1 B.V which added £259 million of assets under management.

Shareholders' funds at 31 March 2011 stood at £1,250.4 million, up £66.9 million compared to 31 March 2010, primarily due to retained profit in the year. The balance sheet has remained strong with a gearing ratio of 100% compared to 127% at the end of last year.

The balance sheet had undrawn debt facilities of £784 million at the year end. At the end of April following maturity of a portion of our senior debt, undrawn debt facilities were £506 million. Given the medium term shortage of easily available bank debt we remain vigilant about the maturity of our debt. We continue to review alternative sources of debt capital to refresh and further diversify the balance sheet funding. In addition to the public rating of BBB- with stable outlook from Fitch Ratings announced in January, we obtained today a BBB-/A-3 Issuer Credit Rating with a stable outlook from Standard & Poor's.

Free cash flow prior to investments and dividends was £642.9 million, a 73% increase on the level of last year, due to higher fee income and strong realisations.

Profit and Loss Account

Fund Management Company

Assets under management

Total AUM at 31 March 2011 were £10,408 million, up 5% compared to 31 March 2010 (£9,958 million) due to the establishment of the Eos Loan Fund 1, which added £842 million of third party assets under management, and the purchase of the management contract of St Pauls I which added £259 million of AUM. The impact of these new funds has been partially offset by the 7% decrease in balance sheet investments. The appreciation of Sterling versus the Euro and the US Dollar has decreased AUM by 1%.

Third party AUM, at £7,984 million, were up 9% in the 12 months to 31 March 2011.

Mezzanine and growth capital AUM amounted to £3,058 million, down by 9%, primarily due to the level of realisations during the year, particularly in the ICG European Fund 2003 and the Intermediate Capital Asia Pacific Mezzanine Fund 2005.

Credit funds AUM have increased by 18% to £4,926 million due to the establishment of the Eos Loan Fund I and the purchase of the fund management contract from Resource Europe overall increasing AUM by £1,101 million. However, the overall impact of these new funds has been reduced by £390 million as the older CFM funds continue to reduce as assets are realised. Credit Funds AUM include £70.8 million of seed equity provided by ICG Group compared to £34.0 million at 31 March 2010, principally due to a further £35.0 million of investment to seed our dedicated high yield fund.

Fee income

Fee income, including the IC management fee recharge, increased by 7% to £81.8 million.

Credit funds fee income was 69% higher than the previous year at £23.7 million as a result of the recovery of junior fees. Junior fees on certain of our funds were switched off during the year to March 2010 due to the level of downgrades we experienced last year, in common with the market generally. These fees are now all switched back on and we have recovered all back fees in full, generating an extra £3.8 million of fee income in the year.

Mezzanine and growth capital funds fee income decreased by 6% to £32.4 million. This was principally due to reduced income from the ICG European Fund 2003 and the Intermediate Capital Asia Pacific Mezzanine Fund 2005, as these funds are now in realisation mode. In addition carried interest contribution for this year was lower at £1.3 million compared to £2.6 million last year. These decreases have been partially offset by an £5.4 million increase of fee income from ICG Recovery Fund 2008.

The average carrying value of the IC's portfolio was down 7% at £2,580 million, generating a fee from the IC to the FMC of £25.7 million versus £27.8 million last year.

Other income

Dividends paid from our credit funds also recovered during the year as the underlying asset prices increased and surplus cash in the individual funds were generated. The dividends received on the equity stakes we own in our Credit Funds were £3.0 million, up from £1.9 million in the previous twelve months. Equity purchased, as part of the Resource Europe management contract purchase was sold shortly after the year end at a profit of £1.1 million, the valuation was therefore uplifted at the year end.

Operating expenses

Operating expenses for the FMC were £50.0 million compared to £47.2 million last year (excluding the positive impact of the £6.9 million release in the year to 31 March 2010). Other administrative costs are £19.2 million compared to £17.9 million reflecting the recruitment costs of strengthening our distribution capabilities. Excluding the impact of the release of £6.9 million, staff costs were broadly flat compared to last year.

The operating margin was 43.9% compared to 40.7% (excluding the £6.9 million release) in the previous twelve months.

Profit before tax

Excluding the impact of the £6.9 million release in the year to 31 March 2010, profit before tax was up 15% to £35.9 million compared to £31.1 million last year.

Investment Company

Balance sheet investments

The balance sheet investment portfolio amounted to £2,424 million down 7% compared to 31 March 2010. This excludes £70.8 million of seed equity in our Credit Funds and £80.6 million of debt held in our Credit Funds.

As detailed in the Business Review, the level of investments and repayments have recovered. In the 12 months the balance sheet invested £311.0 million, of which £64.0 million were follow-on investments. There were repayments of £388.6 million. As a result, net repayments were £77.6 million.

In addition, the Sterling value of our portfolio was negatively impacted by the appreciation of the currency as 68% of the portfolio is Euro denominated and 9% is USD denominated. Sterling denominated assets only account for 15% of the portfolio.

The investment portfolio comprises £1,404 million of senior mezzanine and senior debt (58%), £503 million of junior mezzanine investments (21%) and £517 million of equity investments (21%) (excluding amounts invested in our Credit Funds).

Net interest income

Net interest income was 14% lower at £179.8 million compared to £209.7 million last year (excluding dividend income and the impact of the fair value adjustment of financial instruments held for hedging purposes) principally due to a lower average portfolio over the year.

Interest income was down 14% at £235.2 million principally due to a lower average portfolio over the year (£2.6 billion compared with £2.8 billion in the previous year). This comprises £85.4 million of cash interest income and £149.8 million of rolled up interest.

Interest income is accrued using a discounted cash flow model in accordance with 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 cash interest payments on some underperforming assets due to our relentless effort to maximise recoveries.

Interest expense was down 11% at £55.4 million (excluding the impact of the fair value adjustment of financial instruments held for hedging purposes) due to lower net debt.

Dividend income from portfolio companies was £3.8 million in the last twelve months compared to dividend income of nil in the previous 12 months.

Fair value movements of financial instruments held for hedging purposes resulted in a £3.8 million negative adjustment this year compared to a £0.1 million positive adjustment last year.

Other income

Other income, principally waiver and early repayment fees, was £7.2 million compared to £3.4 million in the previous 12 months.

Operating expense

Operating expenses were up by 10% at £67.0 million from £60.7 million last year. Staff costs have increased from £2.3 million to £9.1 million as the costs of the awards in the year under the new remuneration schemes have been charged this year. Operating expenses also include a £5.7 million cost relating to an onerous lease provision for 20 Old Broad Street following our move to new premises. As a consequence our rental costs will be reduced by £0.6 million a year on average for the next ten years. This has no material impact on a cash basis.

The Medium Term Incentive Scheme (“MTIS”) charged on rolled up interest accruals for the year, amounted to £22.8 million compared to £28.9 million last year. This scheme is closing in March 2012, therefore the amount expected to be paid out before the scheme closes is reducing.

The management fee on balance sheet investments (£25.7 million compared to £27.8 million) has reduced due to the lower average value of the portfolio.

Capital gains
The acceleration in realisations that we saw in the second half of FY10 continued and capital gains for the twelve months to 31 March 2011 were very strong at £132.3 million up 33% compared to last year. The largest contributors to capital gains were Visma, Sebia, Picard, Pasteur Cerba, TeamSystem, Eurofarad, Gerflor, Behavioral Interventions, Loyalty Partners and TBC.

This £132.3 million also includes £3.1 million of unrealised gains on the equity we hold in Aster and Tegel, which were recently sold to Liberty Global and Affinity Partners respectively. The Aster transaction is expected to complete in May, subject to regulatory approvals. The Tegel transaction completed in early May.

Impairments
Gross provisions for portfolio companies were 50% lower at £89.8 million compared to £180.3 million last year. Recoveries on past provisions were materially higher in the second half at £17.8 million compared to £1.1 million in the first half, resulting in a £18.9 million recovery for the year. We wrote back our provisions on four of our investments which saw a strong operational recovery during the year.

Net impairments for the 12 months to 31 March 2011 were therefore 56% lower at £70.9 million compared to £161.8 million at 31 March 2010.

Profit before tax
Profit before tax for the IC was up by 122% to £150.4 million compared to of £67.8 million in the 12 months to 31 March 2010.

Group

Profit before tax
Group profit before tax was up by 76% to £186.3 million compared to a profit of £105.8 million last year.

Profit after tax, ROE, earnings per share
Group profit after tax is £128.1 million compared with £81.7 million in the previous year.
The Group generated a ROE of 10.8% compared to 7.2 % in the 12 months to 31 March 2010.

Earnings per share for the 12 months to 31 March 2011 were 32.6p compared to 25.0p last year (adjusted for the rights issue in July 2009). The weighted average number of shares for the year was 393,785,735.

Dividend per share and cash profit measures
Cash core income was maintained at a high level of £106.7 million. The Board has recommended a final dividend of 12 pence per share. This would result in a full year dividend of 18 pence per share, an increase of 6% on the prior year.

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.

Pre-incentive cash profit was £191.2 million.

Group Cash Flow

Operating Cash Flow

Interest income received during the reported financial year was up 3% to £174 million as the lower level of cash interest income was more than offset by a higher level of rolled up interest realisations. Over the year the realisation of rolled up interest was £82.2 million compared to £65.7 million last year. Interest expense was materially lower at £43.9 million compared to £82.7 million due to the one-off payment to extend the debt facilities last year together with a lower level of average net debt. Dividend income was considerably higher at £5.7million compared to £1.9 million in the previous year. Third party fee income received amounted to £77.9 million as junior fees on the CFM funds were recovered in full. Operating expenses were £80.9 million as we returned to paying bonuses to staff.

Operating cash flow for the 12 months to 31 March was up 47%, at £132.8 million.

Cash Flow relating to Capital Gains

Cash flow from capital gains was £146.6 million, up from £79.3 million in the previous year on the back of a return to realisations.

Free Cash Flow

Tax expense paid was only £5.1 million due to the impact of the large losses realised in the year to 31 March 2009 which were carried forward. Following repayments, syndication proceeds and recoveries of £368.6 million, free cash flow prior to investments and dividends was £642.9 million, a 73% increase on the level of last year.

Movement in net debt and cash balances

These financed investments of £315.9 million and a reduction in net debt of £286.4 million. Dividend payments amounted to £40.6 million, given the high take up of scrip dividend.

Group Balance Sheet

Capital Position

Shareholders' funds at 31 March 2011 stood at £1,250.4 million, up 5% compared to 31 March 2010, primarily due to the increase in retained earnings during the year.

Net debt was £1,248.6 million at 31 March 2011 down 17% from last year.

Net debt to shareholder funds at year end was 100%, down from 127% at the end of last year as a result of the capital gains and realisations.

Investment capacity

Total debt facilities stood at £2,033 million at 31 March 2011, including undrawn debt facilities of £784 million.

£216 million of bank debt and £101 million of private placements are maturing in the current financial year and £438 million matures in April 2012.

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 be broadly stable as the partial contribution from ICG European Fund V should compensate for the catch up on junior fees included in this year's fee income. The new compensation schemes are expected to continue to allocate a greater proportion of our incentive scheme costs to the FMC.

The IC will be negatively affected by a lower level of net interest income as a result of the good realisations achieved which we expect to continue in the current year. This, however, should result in further capital gains. Impairments are expected to be lower given the improvement in performance across our investment portfolio.

Principal risks and uncertainties

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

Commitees of Executives

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 Minority Equity Investment Committee is chaired by Christophe Evain, CEO and Chief Investment Officer (CIO). The Chairman selects up to seven members among two pre-defined lists of senior investment professionals including Managing Directors and senior members of the Mezzanine and Growth Capital business. One of these members will be nominated as a Sponsor member, to reflect the specificities 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 and CIO. The Chairman selects up to five members among two pre-defined lists of senior investment professionals including Managing Directors and senior members of the Credit Funds Management team. One of these members will be nominated as Sponsor member, depending on the specificities 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 CIO ensures the Company's Global Investment Strategy is applied consistently across the firm.

The Treasury Committee comprises six members including the CFO and 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 monitoring hedging transactions and approving the Group's list of relationship banks.

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.

Non-Executive Commitees

The Audit and Risk Committee comprises four independent Non-Executive Directors. The Chairman of the Board as well as the members of the Executive Committee are invited to attend, but are not members 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 oversight of the investment portfolio; and monitoring the effectiveness of the internal control environment and the risk management systems of the Group.

The Remuneration Committee consists of four Non Executive Directors and the Chairman. Executive Directors are not members of the Remuneration Committee but are normally invited to attend except when the committee is discussing their remuneration. The Committee is responsible for the overall remuneration policy for all ICG staff and ensures that the remuneration arrangements promote sound and effective risk management and are in line with the long term interests of the company. The Committee determines the level of remuneration of the Executive Directors and reviews the remuneration of senior management.

Our key risks, and the ways in which we mitigate them are outlined on the following pages.

Business Risks

Credit Risk

The performance of the Group's funds and investment portfolio is affected by a number of factors. The group may experience poor investment performance (both in absolute terms and relative to the performance of portfolios managed by competitors and relative to other asset classes) due to the failure of strategies implemented in managing the portfolio assets.

The amount of assets under management and the performance of the investment portfolio may also be affected by matters beyond the Group's control, including conditions in the domestic and global financial markets and the wider economy, such as the level and volatility of bond prices, interest rates, exchange rates, liquidity in markets, credit spreads, margin requirements, the availability and cost of credit and the responses of governments and regulators to these economic and market conditions. Adverse movements in any of the global conditions described above could result in losses on investments from the Group's own balance sheet in the investment portfolio and reduced performance fees received on third party funds, all of which, individually or taken together, could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

Mitigation: ICG has a disciplined investment policy and all investments are selected and regularly monitored by the Group’s Investment Committees. ICG limits the extent of credit risk by diversifying its portfolio assets by sector, size and geography.

The majority of third party funds currently managed by the Group are not marked to market and, therefore, market valuations have limited immediate impact on the amount of assets under management.

Fund Raising Risk

The Group may be unable to raise future investment funds from third parties.

This could limit the Group's capacity to grow AUM and could decrease the Group's income from management, advisory and performance fees and carried interest. The Groups ability to raise investment funds from third parties depends on a number of factors, including the appetite of investors, the general availability of funds in the market and competitor fundraising activity. Certain factors, such as the performance of financial markets or the asset allocation rules or regulations to which such third parties are subject, could inhibit or restrict the ability of certain third parties to provide the Group with investment funds to manage or invest in the asset classes in which the Group invests. In addition, if the Group is unable to increase its assets under management, the level of the Group's return from management, advisory and performance fees and carried interest may be reduced. Furthermore, loss of investor confidence in the Group or in the alternative investment sector generally, whether because of changes in investor risk appetite, investor liquidity requirements, regulatory and fiscal changes, poor relative or absolute performance of the Group's investment or alternative investment funds generally, or for any other reason, could lead to an adverse impact on the Group's performance or financial position.

Mitigation: ICG has a long track record in developing credit related investment products for institutional investors. The Group has built a dedicated fund raising team to grow and diversify its institutional client base by geography and type.

Liquidity and Funding Risk

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.

The level of repayments on the Group's loan portfolio and consequently on the realisation of rolled up interest as well as delays in realising minority interests could have a negative impact on the Group's investment capacity. In addition, there can be no assurance that the Group will be able to secure borrowings or other forms of liquidity in the longer term on commercially acceptable terms or at all. Failure to secure borrowings or other forms of liquidity on commercially acceptable terms may adversely affect the Group's business and returns. The Group's ability to borrow funds or access debt capital markets in the longer term is dependent on a number of factors including credit market conditions. Adverse credit market conditions may make it difficult for the Group to refinance existing credit facilities as and when they mature or to obtain debt financing for new investments. In addition, the cost and terms of any new or replacement facilities may be less favourable and may include more onerous financial covenants. Failure to secure borrowings on commercially acceptable terms or a default by the Group under its debt agreements may have a material adverse effect upon the Group's financial condition and results.

Mitigation: The Group maintains a diversified portfolio of investments in order to minimise the risk that a significant proportion of its assets would face concurrent adverse conditions for repayments and realisations. In addition the Group maintains a prudent funding strategy. 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.

Market Risks

Risks relating to the Group and its business
General market conditions

The Group's strategy and business model are based on an analysis of and assumptions regarding its operating environment. This includes market evaluations and the identification and assessment of external and internal risk factors. Significant unexpected changes or outcomes, beyond those factored into the Group's strategy and business model may occur which could have an adverse impact on the Group's performance or financial position.

Mitigation: The Executive Committee regularly reviews the likely impact of potential changes in the operating environment, seeking when appropriate advice from external experts.

Interest rate risk

The Group and some of the Group's portfolio companies are exposed to fluctuations in interest rates which could adversely affect the Group's returns.

The Group has a mixture of fixed and floating rate assets, which are funded with a mixture of equity and borrowings. A failure to match borrowings by type or maturity or the failure or inappropriate use of derivative financial instruments for the purpose of hedging could have an adverse impact on the Group's returns and financial condition. In addition, many of the Group's portfolio companies rely on leverage to finance their business operations and increase the rate of return on their equity. Investments in highly leveraged entities are inherently more sensitive to interest rate movements. Therefore, a significant increase in interest rates could adversely affect the returns and financial condition of the Group's portfolio companies and may even lead to some of the Group's portfolio companies breaching financial or operating covenants in their credit agreements or default on their debt.

Mitigation: The Group 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. The Group’s Investment Committees take into account the ability of each portfolio company to successfully operate under a different interest rate environment both before validating the investment and during the life of the investment.

Foreign exchange risk

The Group is exposed to fluctuations in exchange rates which could adversely affect the Group’s returns and financial condition.

The Group reports in Sterling and pays dividends from Sterling profits. The underlying assets in the Group's portfolio are principally denominated in Euros, and to a lesser degree in US dollars and other currencies. Therefore, changes in the rates of exchange of these currencies may have an adverse effect on the value of the Group's investments and any undrawn amount of the Group’s debt facilities. Although the Group has in place measures to mitigate the foreign exchange risk on its assets and liabilities, to the extent that any structural currency exposures are unhedged or unmatched, such exposure could adversely affect the Group’s returns and financial condition. Failure by a counterparty to make payments due under derivative financial investments may reduce the Group's returns.

Mitigation: The Group 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 has used and continues to use derivative financial instruments and other instruments on a limited basis, as part of its foreign exchange risk management, to hedge a proportion of unrealised income recognised on a fair value basis. The Group spreads its derivative contracts across a number of counterparties and regularly evaluates the counterparty risk. The Group seek to transact only with sound financial institutions.

Operational Risk

Loss of Staff

If the Group cannot retain and motivate its senior investment professionals and other key employees, the Group's business could be adversely affected.

The Group's continued success is highly dependent upon the efforts of the Group's investment professionals and other key employees. The Group's future success and growth depends to a substantial degree on the Group's ability to retain and motivate key employees, the market for whom is very competitive. The Group may be unable to retain such key employees or to continue to motivate them.

The Group's investment professionals possess substantial experience and expertise in investing and are responsible for locating, executing and monitoring the Group's investments. The loss of even a small number of the Group's investment professionals could jeopardise the Group's ability to source, execute and manage investments as well as affect recoveries on troubled assets, which could have a material adverse effect on the Group's business.

Mitigation: The Group attempts to reward its investment professionals and other key employees in line with market practice. In 2009 the Group's Remuneration Committee commissioned PriceWaterHouseCoopers to review the compensation structure of ICG and to advise upon appropriate benchmarking against which remuneration could be set. Following this review, new remunerations schemes were approved by shareholders at last year's AGM. These schemes are aligned with the Groups' strategy and in line with the appropriate benchmark and comply with the new UK Financial Services Authority ("FSA") remuneration code.

Regulatory risk

Changes to the regulatory frameworks under which the Group operates or a breach of applicable regulations could damage the Group's reputation and affect the Group's compliance costs, returns and financial condition

The Group operates in numerous jurisdictions and its business, particularly the fund management part of the business, is subject to numerous regulatory regimes, including the United Kingdom, the United States, Hong Kong, Ireland and Luxembourg. The FSA is the Group's primary regulator. The FSA and other such regulatory authorities have broad regulatory powers dealing with all aspects of financial services, including the authority to grant, and in specific circumstances to vary or cancel, permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources.

If the Group were to breach any such laws or regulations it would be exposed to the risk of investigations, fines, temporary or permanent prohibition from engaging in certain activities, suspensions of personnel or revocation of their licenses and suspension or termination of the regulatory permissions to operate.

Mitigation: 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.

Business Interruption

Operational risks may disrupt the Group's business, result in losses or damage the Group's reputation

The Group relies heavily on its financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, the Group could suffer financial loss, disruption of business and damage to its reputation.

Mitigation: The Group has in place business processes and procedures covering information security, change management, business continuity and disaster recovery, aimed at ensuring that its systems can be rebuilt in the event any of its premises suffer a disaster.
In addition, the Group maintains a system of internal controls designed to detect, amongst other things, fraud by the Group's employees, agents and counterparties.

Responsibility Statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2011. Certain parts thereof are not included within this announcement.
We confirm that to the best of our knowledge:
(a) this statement, 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) this statement, 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 24 May 2011 and is signed on its behalf by
By order of the Board,

Justin Dowley
Chairman

Philip Keller
CFO

1 June 2011

Consolidated Income Statement

for the year ended 31 March 2011

	Year ended 31 March 2011 £m (Unaudited)	Year ended 31 March 2010 £m (Audited)
Interest and dividend income	**242.0**	274.1
Gains on investments	**133.4**	98.8
Fee and other operating income	**63.3**	52.0
	438.7	424.9
Interest payable and other related financing costs	**(59.2)**	(62.4)
Provisions for impairment of assets	**(70.9)**	(161.8)
Administrative expenses	**(122.3)**	(94.9)
Profit before tax	**186.3**	105.8
Tax expense	**(58.2)**	(24.1)
Profit for the year	**128.1**	81.7
Attributable to:		
Equity holders of the parent	**128.2**	81.7
Non-controlling interests	**(0.1)**	-
	128.1	81.7
Earnings per share	32.6p	25.0p
Diluted earnings per share	32.5p	25.0p

All activities represent continuing operations

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2011

	Year ended 31 March 2011 £m (Unaudited)	Year ended 31 March 2010 £m (Audited)
Profit for the year	128.1	81.7
Available for sale financial assets:		
Gains arising in the year	110.1	87.4
Less: Reclassification adjustment for gains included in profit and loss	(120.6)	(64.6)
Exchange differences on translation of foreign operations	(1.5)	(1.7)
	(12.0)	21.1
Tax on items taken directly to or transferred from equity	3.6	(6.3)
Other comprehensive (expense)/income for the year	(8.4)	14.8
Total comprehensive income for the year	119.7	96.5

Consolidated Statement of Financial Position

as at 31 March 2011

	As at 31 March 2011 £m (Unaudited)	As at 31 March 2010 £m (Audited)
Non current assets		
Intangible assets	9.1	-
Property, plant and equipment	7.0	7.6
Financial assets:loans investments and warrants	2,575.1	2,718.1
Derivative financial instruments	12.0	21.4
	2,603.2	2,747.1
Current assets		
Trade and other receivables	51.3	56.0
Financial assets: loans and investments	39.7	8.9
Derivative financial instruments	2.3	9.8
Cash and cash equivalents	140.9	83.7
	234.2	158.4
Total assets	2,837.4	2,905.5
Equity and reserves		
Called up share capital	79.8	78.0
Share premium account	665.7	642.5
Capital redemption reserve	1.4	1.4
Treasury reserve	(23.8)	(2.8)
Other reserves	36.8	35.2
Retained earnings	490.3	429.2
Equity attributable to owners of the Company	1,250.2	1,183.5
Non-controlling interest	0.2	-
Total equity	1,250.4	1,183.5
Non current liabilities		
Trade and other payables	4.5	-
Financial liabilities	1,060.7	1,381.8
Derivative financial instruments	8.2	22.4
Deferred tax liabilities	12.7	32.3
	1,086.1	1,436.5
Current liabilities		
Trade and other payables	196.9	166.5
Financial liabilities	175.2	93.6
Liabilities for current tax	70.5	0.5
Derivative financial instruments	58.3	24.9
	500.9	285.5
Total liabilities	1,587.0	1,722.0
Total equity and liabilities	2,837.4	2,905.5

Consolidated Statement of Cash Flows

for the year ended 31 March 2011

	Year ended 31 March 2011 £m (Unaudited)	Year ended 31 March 2010 £m (Audited)
Net cash from operating activities		
Interest receipts	**174.0**	168.3
Fee receipts	**77.9**	52.4
Dividends received	**5.7**	1.9
Gain on disposals	**146.6**	79.3
Interest payments	**(43.9)**	(82.7)
Cash payments to suppliers and employees	**(80.9)**	(48.2)
Payment for purchase of current financial assets	**(20.0)**	(18.6)
Purchase of loans and investments	**(305.7)**	(96.7)
Proceeds from sale of loans and investments	**388.6**	235.9
Cash generated from operations	**342.3**	291.6
Taxes paid	**(5.1)**	(14.5)
Net cash generated from operating activities	**337.2**	277.1
Investing activities		
Purchase of property, plant and equipment	**(2.5)**	(1.5)
Purchase of intangibles	**(5.1)**	-
Acquisition of subsidiary	**(2.6)**	-
Net cash used in investing activities	**(10.2)**	(1.5)
Financing activities		
Dividends paid	**(40.6)**	(37.8)
Decrease in long term borrowings	**(223.8)**	(502.7)
Net cash flow from derivative contracts	**14.6**	(25.4)
Purchase of own shares	**(16.9)**	(2.7)
Proceeds on issue of shares less issue costs	**-**	351.4
Net cash used in financing activities	**(266.7)**	(217.3)
Net increase in cash	**60.3**	58.3
Cash and cash equivalents at beginning of year	**83.7**	23.7
Effect of foreign exchange rate changes	**(3.1)**	1.7
Cash and cash equivalents at end of year	**140.9**	83.7

Consolidated Statement of Changes in Equity

for the year ended 31 March 2011

	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	Non Controlling Interest £m	Total £m
Balance at 31 March 2010	78.0	642.5	1.4	4.6	30.6	(2.8)	429.2	1,183.5	-	1,183.5
Profit for the year	-	-	-	-	-	-	128.2	128.2	(0.1)	128.1
AFS financial assets	-	-	-	-	(10.5)	-	-	(10.5)	-	(10.5)
Exchange differences on translation of foreign operations	-	-	-	-		-	(1.5)	(1.5)	-	(1.5)
Tax relating to components of other comprehensive income	-	-	-	-	3.6	-	-	3.6	-	3.6
Total comprehensive income for the year	-	-	-	-	(6.9)		126.7	119.8	(0.1)	119.7
Own shares acquired in the year	-	-	-	-		(21.0)	-	(21.0)	-	(21.0)
Acquisition of non-controlling interest with a change in control	-	-	-	-		-	-	-	0.3	0.3
Script dividend	1.8	23.2	-	-		-	-	25.0	-	25.0
Credit for equity settled share schemes	-	-	-	8.5		-	-	8.5	-	8.5
Dividends paid	-	-	-	-		-	(65.6)	(65.6)	-	(65.6)
Balance at 31 March 2011	**79.8**	**665.7**	**1.4**	**13.1**	**23.7**	**(23.8)**	**490.3**	**1,250.2**	**0.2**	**1,250.4**

for the year ended 31 March 2010	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

Financial Information

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 March 2011 or 2010. The financial information for the year ended 31 March 2010 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498(2) or (3) Companies Act 2006. The audit of the statutory accounts for the year ended 31 March 2011 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.

The consolidated statement of financial position for 2010 has been restated to include a reclassification of financial liabilities from non-current to current. This amounts to £27.2 million and has been reclassified to reflect the maturity profile of the revolving credit facility included within this balance.

Business and geographical segments

Definitions of our business segments are shown in the Financial Review.

Year ended 31 March 2011 £m (Unaudited)	Mezzanine Fund Management			Credit Fund Management	Total FMC	IC	Total
	Europe	Asia	US				
External fund management fee income	25.1	7.3	0.0	23.7	56.1	-	56.1
Fee income from Balance Sheet (Inter-segment income)	20.7	2.3	1.3	1.4	25.7	-	25.7
Fund management fee Income	45.8	9.6	1.3	25.1	81.8	-	81.8
Net interest income^					-	179.8	179.8
Dividend income					3.0	3.8	6.8
Other fee income					-	7.2	7.2
Staff costs					(30.8)	(9.1)	(39.9)
Medium Term Incentive Scheme					-	(22.8)	(22.8)
Balance Sheet fee income charge (inter-segment expense)					-	(25.7)	(25.7)
Administrative costs					(19.2)	(9.4)	(28.6)
Net gains on investments					1.1	101.3	102.4
Impairments					-	(70.9)	(70.9)
Add back net fair value gain on derivatives held for hedging purposes^					-	(3.8)	(3.8)
Profit before tax					**35.9**	**150.4**	**186.3**

^ 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 2010 £m	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.

Balance Sheet Investments

The balance sheet investment portfolio amounted to £2,424 million. This excludes £70.8 million of seed equity in our Credit Funds and £80.6 million of debt held in our Credit Funds. The investment portfolio includes £517million of equity investments.

Top 20 assets at 31 March 2011

The top 20 assets account for 52% of the balance sheet investment portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
Medi Partenaires	France	Healthcare	2007	107.5
Bureau Van Dijk	Belgium	Publishing & Printing	2007	99.2
Elis V	France	Business services	2007	93.9
BAA	UK	Shipping & transport	2006	91.3
Applus+	Spain	Business services	2007	81.5
Attendo	Sweden	Healthcare	2007	76.1
Biffa	UK	Waste management	2008	76.0
Materis	France	Building Materials	2006	65.5
Veda	Australia	Financial services	2008	59.6
CPA	UK	Business services	2010	52.8
Link Market Services	Australia	Financial services	2007	51.0
Minimax	Germany	Electronics	2006	50.6
Gerflor	France	Building Materials	2011	49.1
Ethypharm	France	Pharmaceuticals	2007	46.5
SAG	Germany	Utilities	2008	45.8
Eos	UK	Financial services	2010	45.0
Feu Vert	France	Motors	2007	41.1
Orizonia	Spain	Leisure & entertainment	2006	40.8
Eismann	Germany	Food retailing	2007	40.5
TeamSystem	Italy	Business services	2010	36.7
Total assets				**1,250.5**

*carrying value on ICG balance sheet at 31 March 2011. Includes equity stake listed below when relevant.

Top 10 equity assets at 31 March 2011

The top 10 equity positions (included in the above table) account for 10% of the balance sheet investment portfolio and 48% of our equity portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
CPA	UK	Business services	2010	44.3
Gerflor	France	Building Materials	2011	32.1
Intelsat	North America	Telephone networks	2008	31.8
Eismann	Germany	Food retailing	2007	24.5
Allflex	UK	Business services	1998,2007	23.5
Acromas Holdings (AA Saga)	UK	Financial services	2007	23.2
TeamSystem	Italy	Business services	2010	20.2
Applus+	Spain	Business services	2007	19.1
Mennisez	France	Food manufacturing	2006	15.3
Link Market Services	Australia	Financial services	2007	14.6
Total assets				**248.6**

*carrying value on ICG balance sheet at 31 March 2011

Timetable

The major timetable dates are as follows:

Notices of Annual General Meeting	20 June 2011
Annual General Meeting	19 July 2011
Ex dividend date	13 July 2011
Record date for Financial Year 2011 final dividend	15 July 2011
IMS for the three months to 30 June 2011 and AGM	19 July 2011
Payment of final dividend	19 August 2011
Interim results announcement for the six months to 30 September 2011	22 November 2011

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

Stockbrokers

J.P. Morgan Cazenove
125 London Wall
London EC2Y 5AJT

RBS Hoare Govett Limited
250 Bishopsgate
London
EC2M 4AA

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

Lloyds TSB plc
25 Gresham Street
London
EC2V 7HN

Registered office

Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Auditors

Deloitte LLP
Chartered Accountants and
Statutory Auditors
London

Registrars

Computershare Investor
Services PLC
PO Box 92
The Pavillions
Bridgwater Road
Bristol
BS99 7NH

Company Registration Number
2234775