Annual Report & Accounts 2010.




Intermediate Capital Group PLC

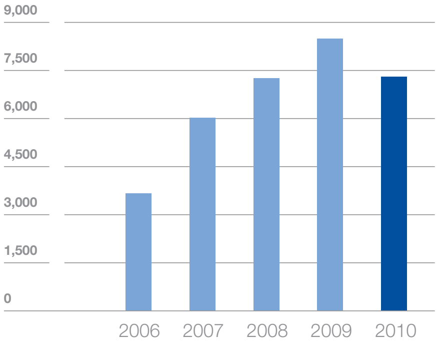
About ICG.

ICG is a FTSE 250 listed investment firm and fund manager specialising in mezzanine finance, growth capital, buyout debt and other related assets. We have over €11 billion of assets under management in proprietary capital and third party funds. With offices in Europe, Asia Pacific and North America, we are committed to delivering intelligent capital solutions for our investors and clients.

What's in this report...

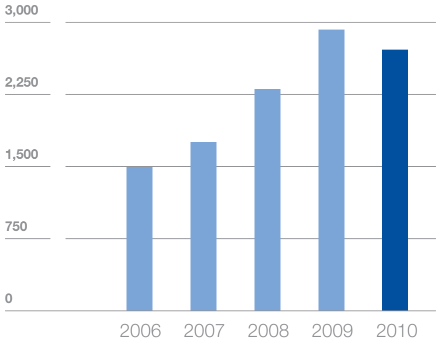
How we performed...

Third party funds under management in £m



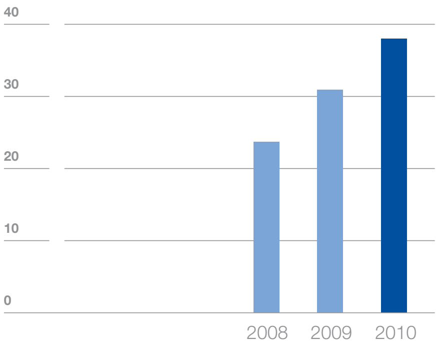
£7.3bn

Balance sheet investments in £m



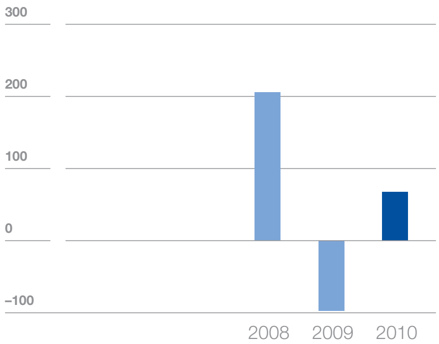
£2.7bn

Fund Management Company* profit before tax in £m



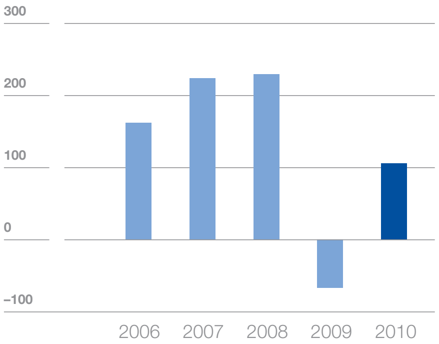
£38.0m

Investment Company* profit/(loss) before tax in £m



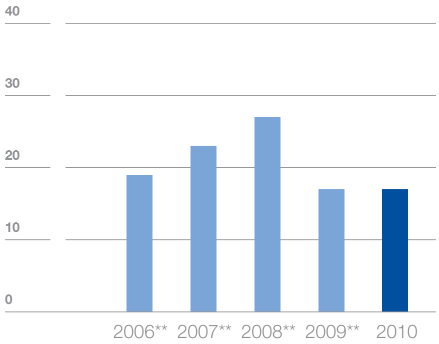
£67.8m

Profit/(loss) before tax in £m



£105.8m

Dividend per share in pence



17p

* The definitions for Fund Management Company and Investment Company can be found in the financial review on page 32.
**Adjusted for rights issues
Source: ICG

Our business.
ICG at a glance.

About ICG

Established in 1989, ICG is a FTSE 250 listed investment firm and fund manager specialising in mezzanine finance, minority equity, buyout debt and other related assets. We manage around €8.3 billion of third party assets in 23 funds for approximately 250 institutional investors, and a further €3.0 billion of assets on our own balance sheet. With offices in Europe, Asia Pacific and North America, we are committed to delivering intelligent capital solutions for our investors and clients.

Overview

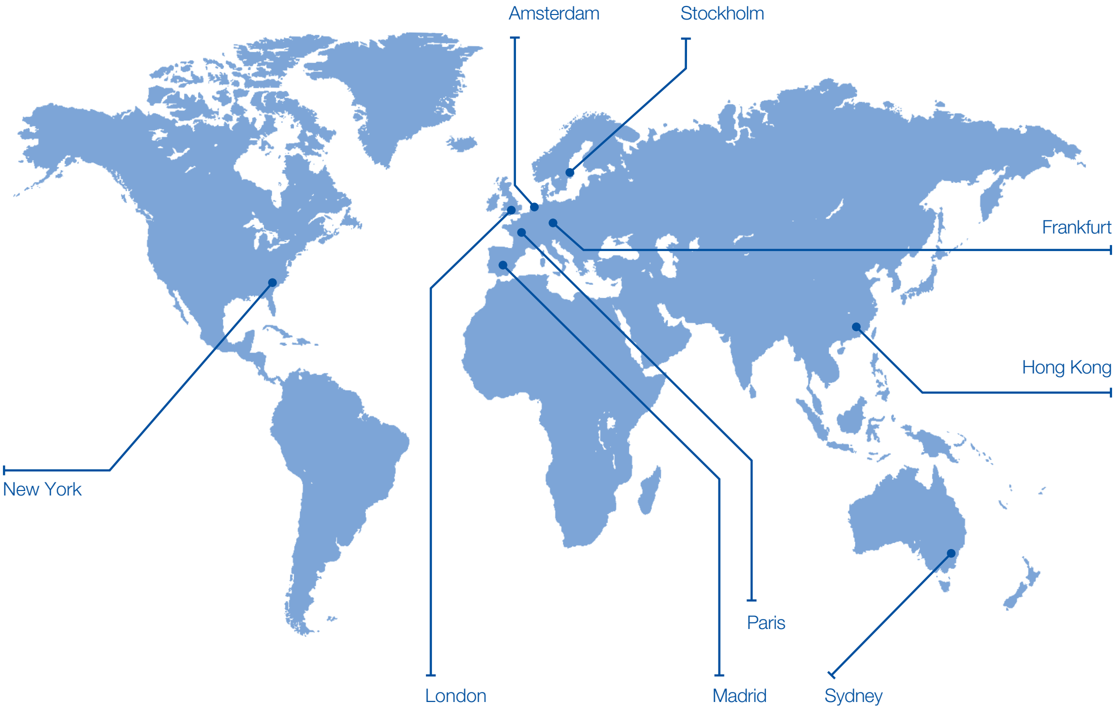
- FTSE 250 company with over €11 billion of assets under management
- A leading investor in and manager of mezzanine finance and buyout debt
- One of the top 10 independent alternative asset managers in Europe; and top 30 globally
- Local network of 55 experienced investment executives to source and mange investments

Our global reach

9
Number of offices

122
Number of employees

28
Number of languages spoken by our employees



Our model

ICG's business is organised into the following two segments:

The Investment Company ("IC") is an investment unit of ICG PLC. It co-invests alongside third party funds, primarily in mezzanine and growth capital assets. It is charged a management fee of 1 per cent of the carrying value of the investment portfolio by the Fund Management Company. Full details of the IC's portfolio is available pages 50–62.

The Fund Management Company ("FMC") is an operating vehicle of ICG PLC. It sources and manages investments on behalf of the IC and third party funds. A list of the FMC third party funds is available on pages 48–49.

Within the FMC, we categorise our funds into two main business areas:

Our mezzanine and growth capital funds invest in mezzanine and minority equity assets of proven mid market companies with leading positions in their local markets. A co-investment model underpins these investments, where ICG's balance sheet coinvests alongside third party funds at a predetermined ratio.

Our credit funds primarily invest in senior loans and high yield bonds of well managed European companies. These investments are made through our third party funds. ICG's balance sheet occasionally provides seed capital, particularly during the developmental stage of a fund's life.

Underpinning both business areas is a common credit culture and process; a strong local network of investment professionals whose local insights, knowledge and relationships provide us with a powerful advantage; and an operational platform that enables the Group to achieve its full potential.

Our model

Investment Company

€3.0bn

Co-invest

Fund Management Company
Credit funds

€4.7bn

Asset class

- Senior loans
- High yield bonds

Characteristics

- Liquid market, option to trade out
- Hold, build or sell position based on relative value (market price vs fundamental performance)
- Little influence on strategic business decisions but protection through seniority, security and covenants in the capital structure.

Fund Management Company
Mezzanine and Growth Capital funds

€3.6bn

Asset class

- Mezzanine
- Growth capital

Characteristics

- Illiquid assets, typically 3–5 years investment
- Buy and hold strategy
- Some influence on strategic business decisions; often hold board seats
- Working in close partnership with management teams and/or private equity sponsors

Synergies

- Fundamental credit analysis
- Leverage local insights, expertise and relationships
- Strong operational platform

Chairman's statement.

"I am delighted to report that ICG has returned to profitability and delivered a strong set of results in what remained a challenging market environment."

Above:
John Manser (outgoing Chairman)
Justin Dowley (incoming Chairman)

Overview

- → Group profit before tax of £106 million compared to a loss of £67 million in 2009
- → Improvement in trading performance of portfolio companies
- → Strong and liquid balance sheet
- → Investment capacity of £2 billion between ICG PLC and third party funds

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 per cent 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 writebacks. 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 ambitions 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 11p per share making a total of 17p 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 reelection at the AGM. I am delighted that Justin Dowley, who has been on the Board of ICG PLC since March 2006, will succeed me.

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 marketplace. 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.

John Manser
(outgoing Chairman)

Managing Directors' strategic review.

"Our specialist asset classes offer an attractive balance between risk and return for investors."

Below left:
Christophe Evain (incoming Chief Executive Officer)
Below right:
Tom Attwood (outgoing Chief Executive Officer)

Overview.

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 the leading global alternative asset manager specialising in mezzanine finance, growth capital and related asset classes. 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 per cent of our assets under management with the remaining 25 per cent 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.

We would also like to take this opportunity, on behalf of ICG, to thank John Manser for his enormous contribution to the Company having served as Chairman for nine years.

Tom Attwood

Tom Attwood
(outgoing Chief Executive Officer)

Christophe Evain
(incoming Chief Executive Officer)

The market.

Investments

Mezzanine and 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 have 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.

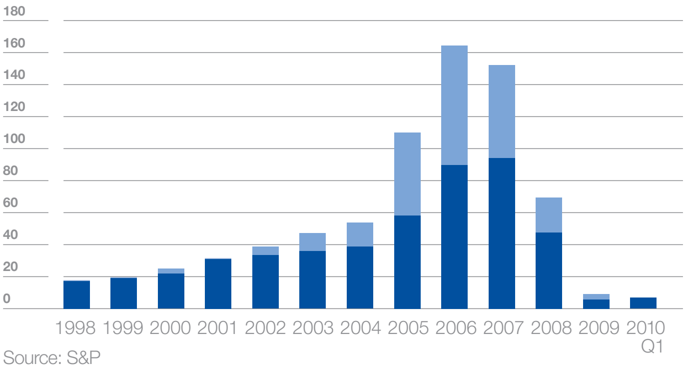
While this figure shows uplift in activity, it still remains a fraction of the volumes seen during the peak in 2007, and is closer to levels experienced in the late 1990s.

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 delever, 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.

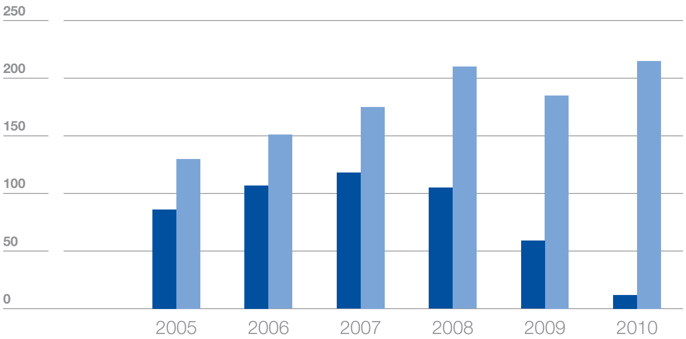
Meanwhile, we believe that the best and more numerous opportunities will be in the recapitalisations of existing buyouts. In the year gone by, banks and sponsors alike have focused on the most pressing restructuring issues in their loan books, leaving refinancing issues to be dealt with at a later stage. The fact remains that over €200 billion of senior buyout debt is due to mature in the

European Buyout Volume Primary vs Secondary in €bn



Source: S&P

European Private Equity Commitments and Dry Powder in €bn



Source: Preqin

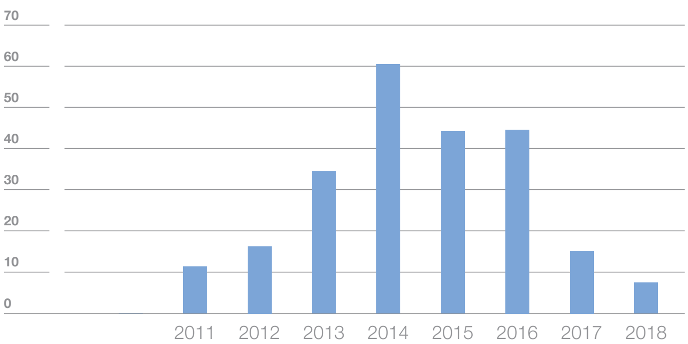
next four years in Europe alone. A substantial number of quality mid market companies will find themselves with levels of senior leverage which will hinder their prospects for future growth. While the high yield market provides opportunities for larger buyouts to refinance their existing debt structure, 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.

European Buyout Senior Debt – Maturity profile in €bn



Source: Fitch

The market.
Continued.

Mezzanine and 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.

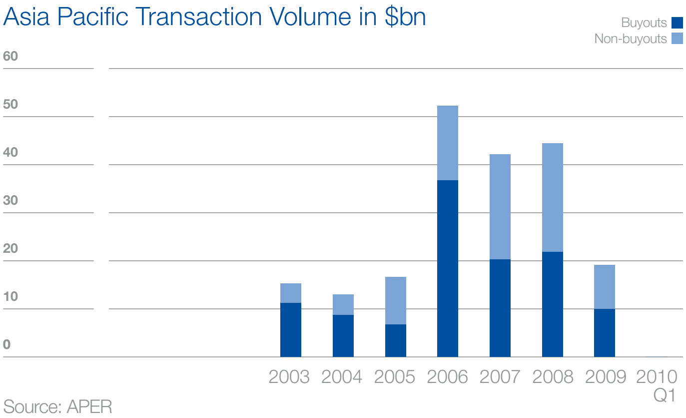
Our team continues to see the vast majority of buyout and growth capital transactions taking place across Asia Pacific, underlining the strength of ICG's reputation and relationships with local private equity sponsors and management teams. We expect to reinforce our already strong market position.

There are also opportunities in the recovery space, as businesses seek to recapitalise their capital structure. These investments are relatively complex compared to a 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 and 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.

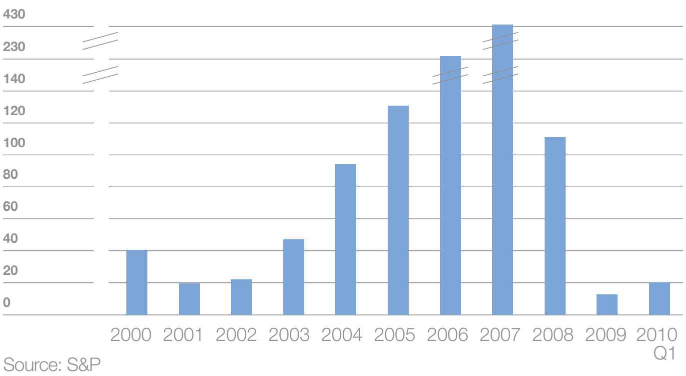
Our team had a very encouraging start, prior to the crisis and we intend to further develop our presence in this market. We are confident that we can build on this position and expand our business as primary activity returns to the region.

Asia Pacific Transaction Volume in $bn



Source: APER

US Buyout Volume in $bn



Source: S&P

Credit Funds Management – Europe

Senior 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.

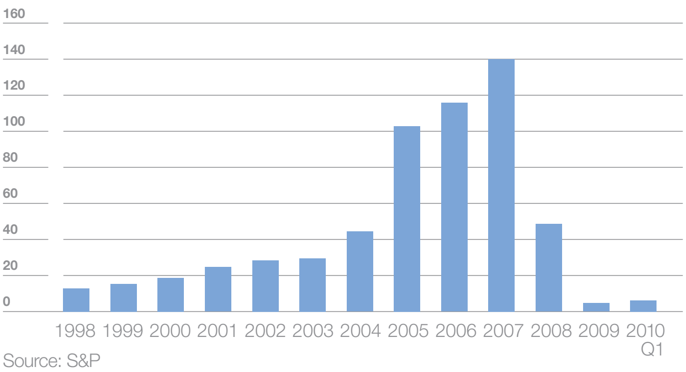
Although most commentators believe that default rates in European debt have peaked and are now expecting much lower defaults for 2010 and beyond, we remain cautious given the fragility of the economic recovery. The 12 month default rate for the S&P senior loan market rate fell to 10.8 per cent at the end of March, having peaked at 15.8 per cent in December 2009.

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 12 month trailing default rate for European High Yield bonds peaked in January 2010 at 8.6 per cent and reduced to 6.6 per cent by the end of March 2010 with expectations for further reductions in 2010 and beyond.

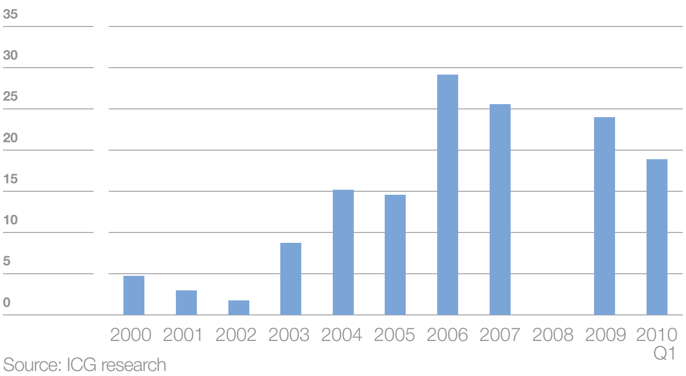
This resurging confidence in the secondary market helped to reopen the primary market for high yield bonds. A raft of new issuance emerged in the second half of 2009 and a number of larger buyout assets are now increasingly tapping this market to refinance their current debt structure. Between March 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 per cent and 10 per cent, and leverage of close to four times.

Senior Loan Issuance in €bn



Source: S&P

European HY Issuance in €bn



Source: ICG research

Strategy.

Our vision

Our vision is to be the leading global alternative asset manager specialising in mezzanine finance, growth capital, buyout debt and related asset classes.

Fundraising

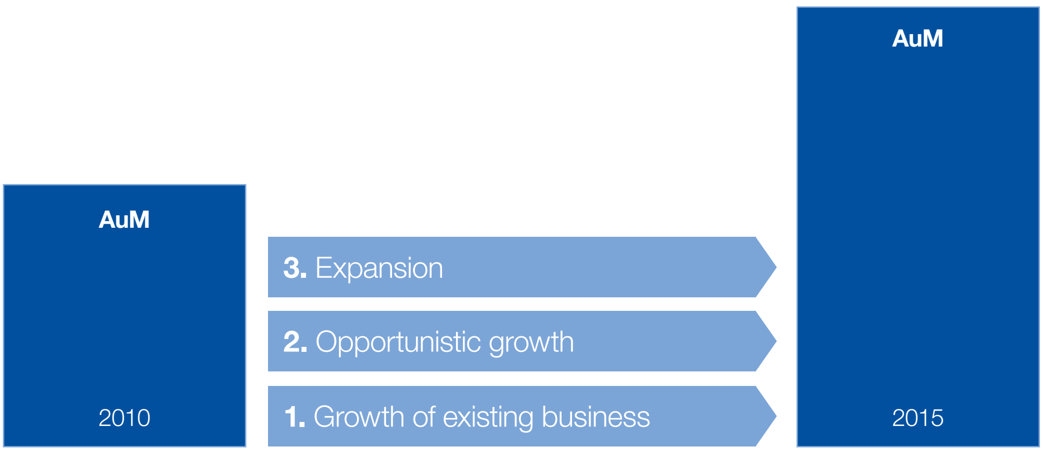
The fundraising market remains difficult as many institutions are still considering future allocations in light of the continued volatility. Against this backdrop, fundraising volumes remain very low. However there are a number of long term developments in the private equity and alternative asset fund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

Outlook for growth



Our objectives

1. 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.

2. 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.

3. 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 those 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.

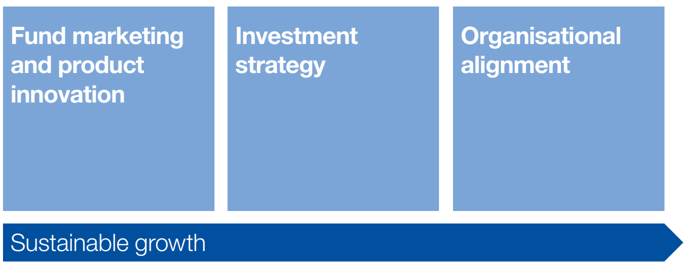
Strategy.
Continued.

Case study:

Recovery Fund

ICG closed its €843 million Recovery Fund in March 2010. Along with ICG PLC's co-investment and its third party funds, ICG now has approximately €1.5 billion to invest in European recovery opportunities. This is believed to be one of the largest pools of capital targeting recovery opportunities in Europe raised since the onset of the credit crisis. Despite a challenging fundraising environment, the fund attracted a significant number of new third party investors to ICG including its first US state pension investor and two new sovereign wealth funds.

Key priorities for growth



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 a further alignment of our employees with ICG'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, as defined on page 32.

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.
We are encouraged by the operational performance of our portfolio, which benefited from a recent improvement in the broader economy.

Below left to right:
François de Mitry, Philip Keller, Christophe Evain and Tom Attwood

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.

Monitor and manage 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 per cent of portfolio companies now performing at or ahead of last year, compared to 53 per cent 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 per cent lower compared to the previous year. Although provisions remain high, we expect that they will continue to trend down. We also wrote back £18.5 million from previously written down assets.

As of today the number of assets of immediate concern has reduced. However, visibility on the sustainability of the recent improvement in the economic environment remains limited, with the recent crisis triggered by sovereign debt concerns serving as a reminder of the fragility of the recovery.

Our mezzanine portfolio remains highly diversified both by geography and sector. It comprises 92 assets based in 17 countries across Europe, Asia Pacific and North America. France represents our largest country exposure with 39 per cent of assets by value, followed by the UK with 16 per cent. We have less than 10 per cent 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 per cent, followed by healthcare at 17 per cent.

Our top 20 assets account for 48 per cent 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 per cent of our investment portfolio.

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

Business review.
Continued.

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 recovery plans.

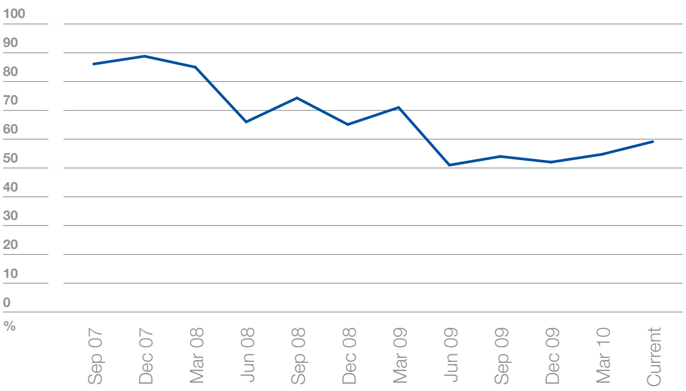
The team's focus and proactive approach has enabled us to identify potential issues early, and in many cases, take a lead role in determining the nature of a restructuring with our counterparties. Where appropriate, we have introduced operational turnaround specialists to provide additional support to management teams.

Our experience over the last 12 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 has led to 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.

Performance of assets performing above prior year in %



Source: ICG

£2.7bn

Balance sheet investments

Case study:

Marken

MARKEN

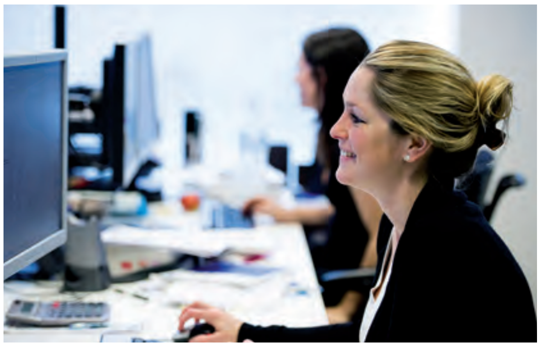
In January 2010, ICG made a full exit from its investment in Marken, a specialist pharmaceuticals logistics and support services company, which generated the largest ever capital gain achieved in a single transaction for ICG. ICG created a financial structure that provided the management team with the freedom and flexibility to substantially grow the business. That the company continued to perform strongly throughout the global economic crisis is testament to the strength of both Marken's business and ICG's minority partnership model.

Business review

Business review.
Continued.

Case study:
Icopal

The company is an international manufacturer of roofing and waterproofing products with a presence throughout Europe and the US. In addition, Icopal offers roofing installation and other related services. The business operates within a sector that is largely driven by maintenance and repair, where spend is more resilient in an economic downturn than new construction. It is the market leader in almost all of the markets it operates in. Through our relationship with the financial sponsor, we were presented with the opportunity to purchase debt from an existing lender to further strengthen the lender group. ICG invested in €83 million of first-lien senior debt in the company at a negotiated discount which is expected to deliver an attractive return for our investors.



Maintain 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 investments. 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 per cent from last year.

Net debt to shareholder funds was 127 per cent, down from 270 per cent at the end of last year and 150 per cent at 30 September 2009. Undrawn debt capacity stood at £729 million at year end.

Continue to raise third party funds

Mezzanine and Growth Capital 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, ICG European Fund 2006 was 68 per cent invested in 41 portfolio companies, and our second Asia Pacific Fund, the Intermediate Capital Asia Pacific Fund 2008, was 25 per cent invested in three portfolio companies. 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 per cent 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 in total.

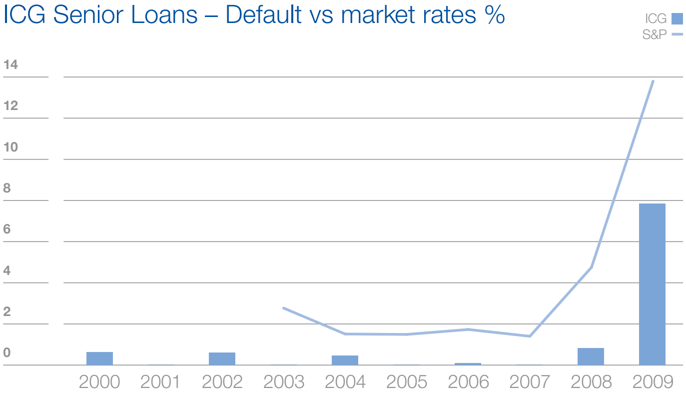
The successful close of the ICG Recovery Fund has been encouraging, having attracted €843 million of third party funds in total. The fund attracted a significant number of new third party investors to ICG, notably from the US, Asia and the Middle East, including our first commitment from a US state pension fund, and two new sovereign wealth funds. The fund is already 26 per cent 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.

Business review.
Continued.

Credit Funds Management Our Credit Funds continue to outperform the market due to our lower default rates. The 12 month default rate for S&P Leveraged Loan Market rate peaked at 15.8 per cent in December 2009 and then fell to 10.8 per cent 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 per cent for the 12 months to March, having peaked at 7.6 per cent 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.

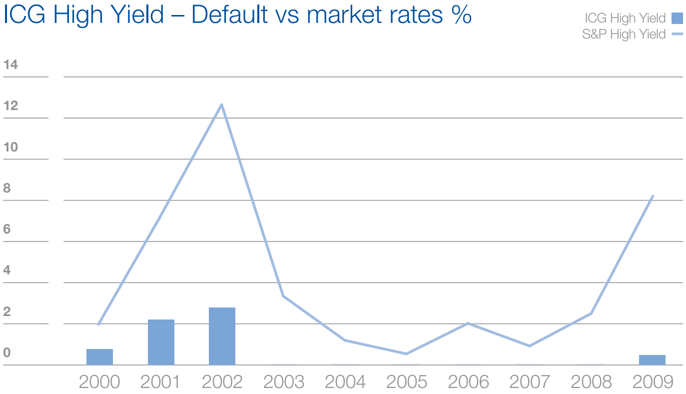
In December we launched a dedicated high yield fund to take advantage of the resurgence of the European high yield market. As one of the first investors in European high bonds, ICG has a strong track record, consistently outperforming industry benchmark indices over the past 10 years. The fund is in 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.

ICG Senior Loans – Default vs market rates %



Source: ICG and S&P

ICG High Yield – Default vs market rates %



Source: ICG and S&P

£7.3bn

Third party funds under management

Case study:

CPA Global

ICG completed its investment in the Jersey based business, CPA Global, taking a significant minority equity stake in February 2010. CPA Global is a leader in the fast growing market for outsourced legal services and the investment allowed a large shareholder base to achieve a partial realisation and support the business for the next stage of its development. ICG was well positioned to invest in CPA Global given its track record of successful minority equity investments.

Business review.
Continued.

Case study:

Geoservices

ICG made a full exit from its investment in Geoservices, a French service provider in the upstream oil industry, generating an attractive return to our shareholders and fund investors. ICG invested in the mezzanine and equity in July 2005 in support of French private equity sponsor, Astorg. Over the life of the investment, the company significantly increased earnings in response to a growing demand in the exploration of oil wells and by streamlining its operations. Moreover the management team was further strengthened providing additional momentum to the growth of the company. The investment highlights our ability to select assets with the potential for further growth.

Invest selectively in secondary loans

The marked improvement in the economic environment has also led to a sharp recovery in the senior 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 Due to the high level of uncertainty over the economic outlook we adopted an extremely cautious approach to investing throughout 2009. In addition market activity was muted. However we saw an increase in transaction opportunities at the start of 2010.

We made two investments during the second half of 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 was invested on behalf of the Investment Company and 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. We also expect a greater proportion of investments to come from Asia Pacific and North America.

Our progress.

Priorities for 2010	Market drivers and opportunities	Progress
→ Monitor and manage the portfolio	→ Although well diversified and with a defensive bias, our portfolio was not immune to the global economic downturn. The severity and duration of the recession has impacted the trading environment of our portfolio companies. The stabilisation of the economy in the second half of our financial year provided a more positive backdrop which led to early signs of improvements in performance. However, the recent crisis triggered by sovereign debt concerns serves as a reminder of the fragility of this recent recovery.	→ Close monitoring and proactive management of the portfolio by our local investment teams, with additional support provided by a dedicated restructuring team, enabled us to identify and respond to issues early. → Early and decisive action by our restructuring team enabled us to negotiate favourable economics in a significant proportion of restructurings; £18.5 million of write backs achieved in the financial year. → Gross provisions for portfolio companies were 32 per cent lower at £180.3 million compared to £266.2 million, and showing a continuing downward trend in the second half of the year.
→ Maintain a strong balance sheet	→ The decline and subsequent turbulence of equity markets at the start of the financial year, combined with the negative impact of the recession on portfolio companies' earnings, significantly reduced exit activity from private equity portfolios. As a result, early repayments dried out almost entirely, which limited the investment capacity of the balance sheet. → Structural changes in the banking market have adversely affected the funding market for companies. The unlimited availability of cheap debt from global syndicates is unlikely to be a feature of the market going forward.	→ Raised £351 million via a rights issue in July 2009 to take advantage of opportunities in the current cycle. → Extension of £545 million of existing debt facilities to June 2013. A further £67 million was extended in May 2010, thereby bringing the total debt extension of £612 million to June 2013; highlighting the strength of relationships with our core bank lenders. → Actively managed exits which resulted in £224 million of repayments for the balance sheet and £79 million of capital gains (excluding Geoservices and Sebia); well on our way to exceed our exit target to realise £400 million by June 2011. → Low gearing at 127 per cent. → Highly liquid balance sheet with £729 million of undrawn debt facilities.
→ Further strengthen our fund management franchise	→ As a leading manager of alternative assets, we are committed to providing high quality service to our investors.	→ Further strengthened our Investor Management team in order to deliver against our ambition to become a leading global alternative asset manager. → Enhanced service levels to existing and potential investors.

Priorites for 2010	Market drivers and opportunities	Progress
→ Continue to raise third party funds	→ Many investors have suffered material losses in the last three years and there is a flight to quality in favour of managers with a long track record of outperformance, strong operational excellence and a clear strategy for success. → Given the reduced yield across other asset classes, alternative investment opportunities that offer a higher yield are attractive to institutional investors. However, investment decisions currently take a much longer period of time, given the limited visibility of the economic outlook and the volatility of markets.	→ Successfully closed the ICG Recovery Fund attracting €843 million in total in third party fund commitments; €368 million during the financial year. → Attracted new and geographically diverse fund investors including two new sovereign wealth funds, our first US state pension investor, and a US gatekeeper. → Established relationships with potential fund investors in Europe, the US and the Middle East. → Seeded a dedicated high yield fund. → Laid out our strategy to double AuM over the next five years.
→ Invest cautiously in the secondary markets	→ Limited appetite by banks and dormant credit funds to refinance existing buyout debt is beginning to give rise to attractive investment opportunities. → Increasing focus on private equity sponsors who are proactively looking for solutions to strengthen the capital structure of their portfolio companies ahead of future refinancing requirements.	→ Invested in the senior debt securities of Icopal, at discount to par. → Increasing momentum in pipeline of recovery investments, where we are well positioned to optimise the capital structure of existing buyouts.
→ Enhance operational excellence	→ Our scale, processes and operational efficiency can provide an important competitive advantage.	→ Completed the roll out of a company wide technology platform to further enhance operational excellence, and to support our investment teams and portfolio managers.

Priorites for 2011

→ We will continue to lay the foundations of our fund management franchise with a view to increase AuM to €24 billion by 2015. Given the fragility of the recent economic recovery we will remain entirely focused on managing our portfolio and crystallising its value. We have seen a marked increase in our transaction pipeline and will continue to invest cautiously as attractive opportunities arise.

Key performance indicators.

We have identified a number of Key Performance Indicators (KPIs) for ICG as a group and each of its two businesses: the Fund Management Company (FMC) and the Investment Company (IC). These KPIs and our performance in the year against them are summarised in this section, and discussed in greater detail throughout the Annual Report.

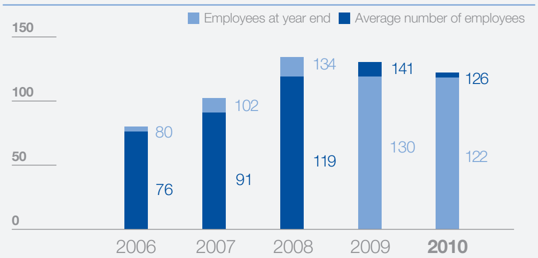
Group KPIs

→ Staff retention and training

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

- ICG strives to provide and engender a positive and uplifting working environment so that our employees maintain high levels of engagement and motivation. Our appraisal system is transparent and encourages continuous feedback. We also regularly review our long term compensation and benefits schemes to ensure they remain market competitive and that they align the interests of our employees with our business strategy and the interests of our shareholders. A proposal for a new remuneration scheme is to be put to the forthcoming AGM for shareholder approval.
- Headcount at 31 March 2010 was 122, down from the 130 at last year end. Prior to 2008, we established our network of local offices and a strong infrastructure platform which now underpin our investment activities. Since then headcount has levelled off as we have sought to consolidate our activities and improved efficiency across the business. Our employee initiated turnover in 2010 is relatively low at 6 per cent, equivalent to the rate of ICG initiated turnover.
- ICG believes that the continued development of our employees is integral to our success. Our staff are encouraged to participate in a wide range of development programmes and courses to assist them to grow and apply their skills. This year we placed greater emphasis on developing the skills of our investment professionals particularly in light of changing market conditions. These included the development of their communications and marketing skills, which constituted over 50 per cent of the 175 training days delivered.

→ Staff retention

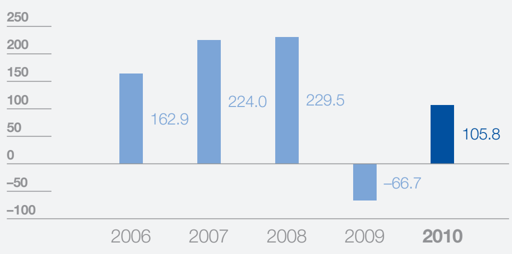


→ Profit before tax

Strong recovery in profit before tax led by materially improved results from the IC.

- Having announced our first loss in our 20 year history last year, we returned to profitability in the 12 months to 31 March 2010 as improvements in the performances of our portfolio companies led to a materially lower level of impairments. In contrast with the prior year, we also benefited from a more dynamic market for realisations which resulted in strong capital gains. This combined with a resilient level of net interest income accounted for a materially higher level of profit for the Investment Company compared to the previous 12 months.
- The FMC also delivered a higher level of profit before tax as explained overleaf.
- As a result, Group profit before tax was £105.8 million compared to a loss of £66.7 million last year.

→ Profit before tax in £m



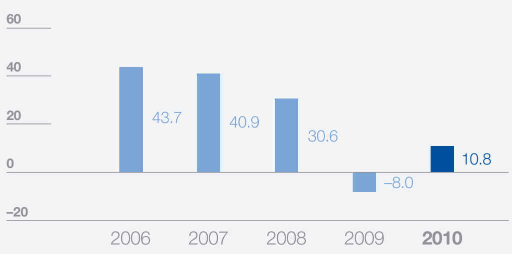
→ Return on equity*

We aim to maximise our over the cycle RoE* through a combination of investment returns and fund management profits.

- The return to profitability of the IC led to a marked improvement in Group RoE*, at 10.8 per cent. This however remained below the historical average as impairments remained high.
- The FMC's increase in profit before tax also contributed to a further improvement in RoE*. FMC profits are highly accretive to RoE* given the low capital intensity of this business.

*before tax

→ Return on equity* %

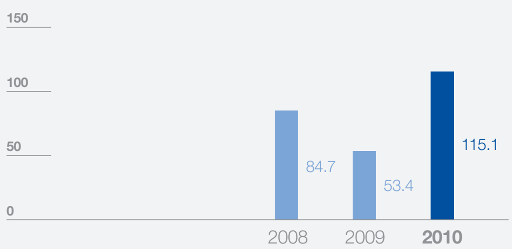


→ Cash core income

Cash core income is a key and predictable measure of the Group's cash earnings and as such, its three year trend is the key driver in setting the dividend.

- Cash core income is defined as profit before tax less impairments, less capital gains (net of MTIS), less accrued rolled interest (net of MTIS), plus realised rolled up interest (net of MTIS).
- Both fee income and cash net interest income proved resilient despite the difficult economic environment of the last 12 months. The marked improvement in market sentiment in the second half of the year led to the resurgence of realisations. This enabled us to crystallise a higher level of rolled up interest, at £52.6 million compared to £13.8 million last year (both net of MTIS).
- As a result cash core income was £115.1 million compared to £53.4 million last year.

→ Cash core income in £m



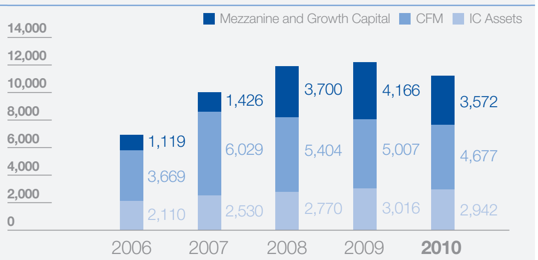
Fund Management Company KPIs

→ Assets under management

It is our ambition to grow AuM to €24 billion over the next five years.

- As over 90 per cent of our AuM are Euro denominated we have used Euros for this KPI.
- Total AuM stood at €11,190 million. This comprises, €2,942 million of assets from the Investment Company, €3,572 million in mezzanine and growth capital funds, and €4,667 million in credit funds.
- Total AuM were down 8 per cent compared to 31 March 2009 due to both lower AuM for the IC and for third party funds.
- Third party funds inflows and outflows are explained below.

→ Third party AuM in €m

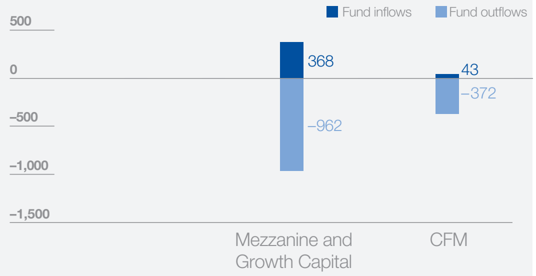


→ Third party fund flows

In March 2010 we stated our ambition to double AuM by 2015. Please refer to the Strategic Review for further details about this strategy.

- Given the nature of the funds we manage, AuM does not increase at a consistent and continuous pace. AuM increases in stages when we raise new funds and will tend to decrease in the interim as older funds realise their assets and return capital to investors.
- Mezzanine and Growth Capital Funds: During the year we raised €368 million of new equity commitments for our ICG Recovery Fund 2008 for which we had a final close at the end of March 2010. Outflows for the year were €962 million, €550 million of which related to the cancellation of a debt facility on our ICG European Fund 2006. In addition, the stronger market for realisations resulted in an acceleration of repayments of capital to our investors in funds that are in realisation mode.
- Credit Funds: Third party funds raised during the year totalled €43 million, principally for our European Loan Fund and dedicated mandates. During the year we launched a dedicated high yield fund, seeded by ICG in order to offer our capabilities in this asset class to third party investors. Outflows totalled €372 million. This was principally due to the fact that our older CDOs are now in realisation mode.

→ Third party fund flows in €m (2010)

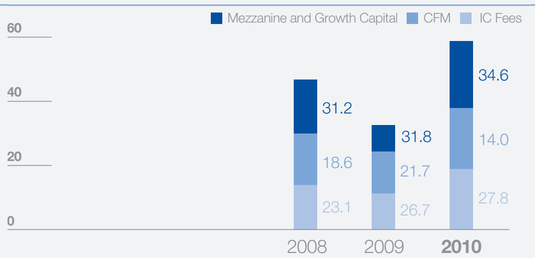


→ Fee income

Fee income is received by the FMC both on third party funds and on assets managed on behalf of the IC. A detailed discussion of fee income is available in the Financial review

- IC Assets: The average carrying value of the IC's portfolio was up 4 per cent at £2,783 million, generating a fee for the FMC of £27.8 million versus £26.7 million last year.
- Mezzanine and Growth Capital Funds: Fee income was up 9 per cent at £34.6 million.
- Credit Funds: Fee income was 36 per cent lower at £14.0 million as a result of lower junior fees.
- As a result fee income was down 5 per cent at £76.4 million.

→ Fee income in £m

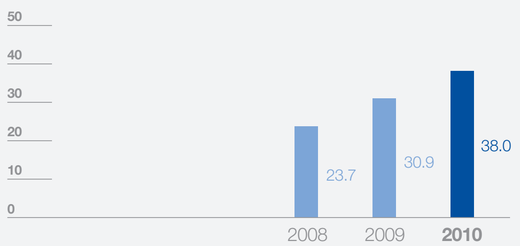


→ Profit before tax

A detailed discussion of Profit before tax is available in the Financial review.

- Profit before tax for the FMC was up 23 per cent at £38.0 million having benefited from a one off £6.9 million release of accrued costs.
- We will introduce operating margin as a KPI for the FMC when the new incentive schemes are in place, as these are expected to allocate a greater proportion of overall compensation to the FMC.

→ Profit before tax in £m



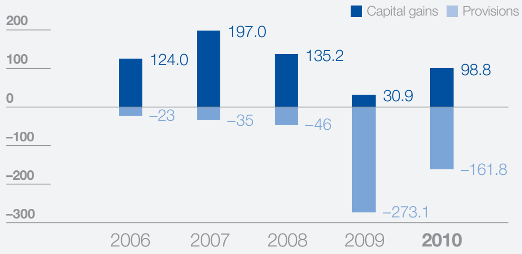
Investment Company KPIs

→ Capital gains and provisions

An improvement in the economic environment and market sentiment in the second half of the year had a positive impact on impairments and realisations.

- Capital gains were up 220 per cent 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.
- Net impairments, were 41 per cent lower at £161.8 million compared to £273.2 million at 31 March 2009. Gross provisions for portfolio companies were 32 per cent lower at £180.3 million compared to £266.2 million in the previous year. Gross provisions for the second half showed a continuing downward trend and were 19 per cent lower than in the first year. Write backs 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 write back for the year.

→ Capital gains and provisions

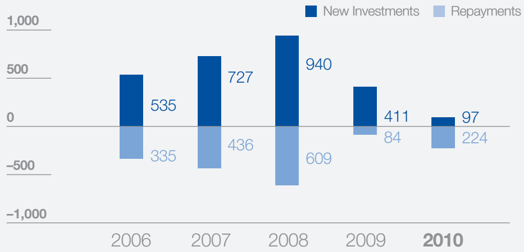


→ New investments and repayments

With a strong and liquid balance sheet we are well placed to seize attractive investment opportunities as they emerge. We however remain cautious as to the pace and strength of the economic recovery.

- We made two investments during the year for £97 million. We expect a rate of investment of between £150 million and £200 million per annum over the coming financial year.
- In the 12 months to 31 March 2010, we received repayments of £224 million, having taken advantage of the improved market for secondary transactions.
- As a result, net new lending was a negative £127 million.

→ New investments and repayments in £m

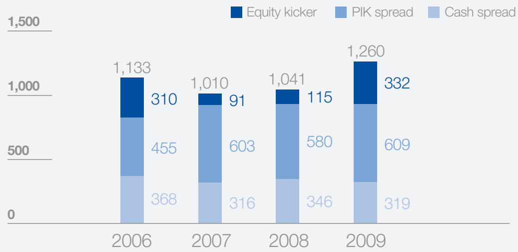


→ Margin on new mezzanine loans

Our track record has been built on our ability to assess and price corporate risk. We will continue to focus on transactions where we perceive an attractive balance between risk and reward.

- As we have only completed two transactions in the year, we cannot disclose the pricing for confidentiality reasons. Neither was a standard mezzanine transaction and therefore pricing would not be comparable to those listed in the previous year.
- We continue to see attractive investment opportunities in non commodity investments in the growth capital and recovery space.

→ Interest rate margins on portfolio companies

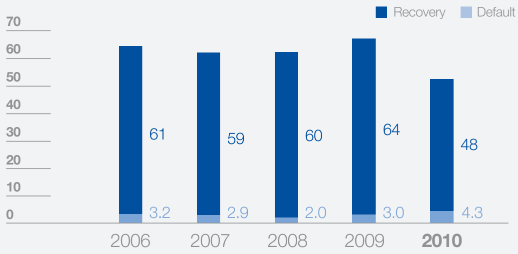


→ Default and recovery rates since inception

As we invest in leveraged assets there will be occasional defaults. Maximising recoveries on these weaker assets has been key to our strong track record.

- Our default rates since inception is 4.3 per cent. Our average recovery rate on principal since inception is 48.4 per cent.
- This marked degradation of these statistics is due to the impact of the recession on the weakest of our assets. We expect this to improve as we start realising defaulted assets which were less severely impacted by the environment and which should see higher recovery rates.
- Our dedicated restructuring team continues to work hard with our local investment teams to maximise value. The write backs achieved in the second half are evidence that our relentless focus on maximising recoveries will pay dividends over time.

→ Default and recovery rates since inception %

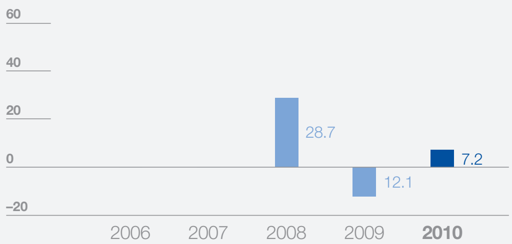


→ Return on equity*

In line with the Group's target, the IC aims to maximise its RoE* over the cycle while maintaining a prudent ratio of net debt to shareholders' funds. This reflects the illiquid nature of the assets it invests in.

- A resilient net interest income combined with the positive trend in impairments and capital gains described above led to a recovery in RoE* for the IC to 7.2 per cent compared to (12.1) per cent last year.
- The level of impairments remained high compared to our historical average. However early signs of improvements in the operating performance of our portfolio assets lead us to expect impairments to continue to trend downwards over time. We however remain cautious given the fragility of the recent economic recovery.
- Investments resumed in the second half of the year and we continue to believe that the current vintage of transactions will deliver superior returns.

→ Return on equity* %



*before tax

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.

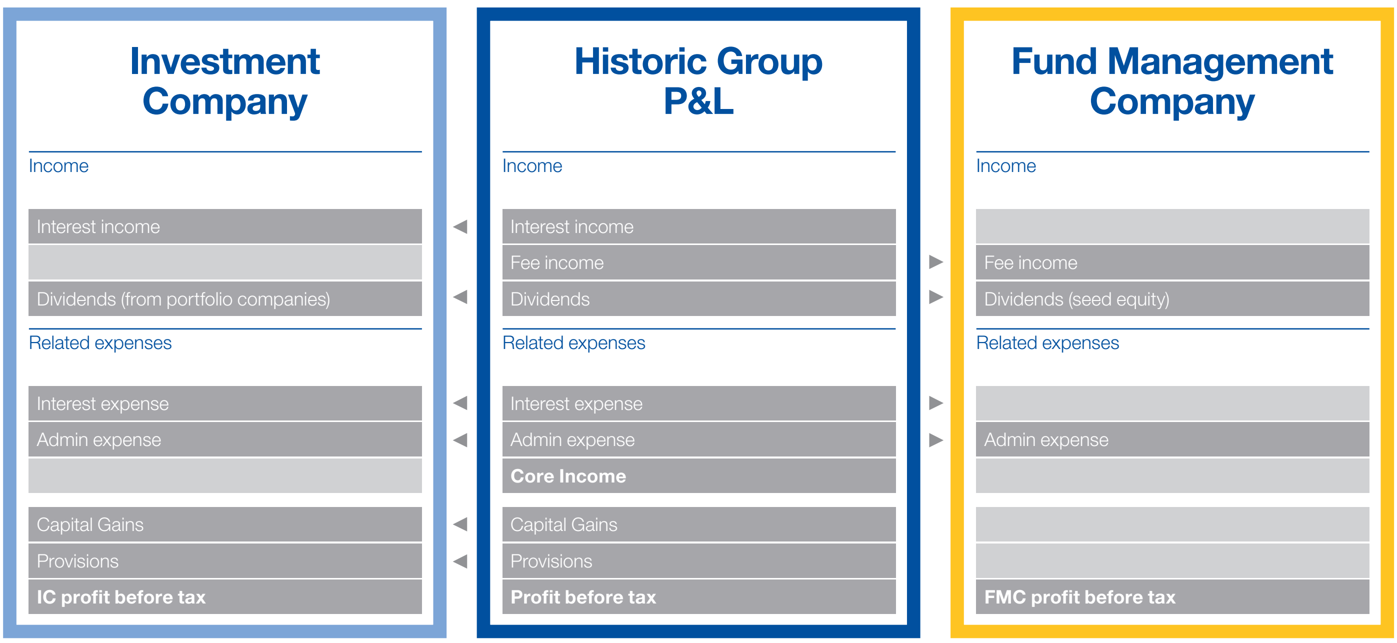
The IC is an investment unit of ICG PLC. It coinvests alongside third party funds, primarily in mezzanine and growth capital assets. It is charged a management fee of 1% of the carrying value of the investment portfolio by the FMC. The costs of finance, treasury, and portfolio administration teams, as 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.

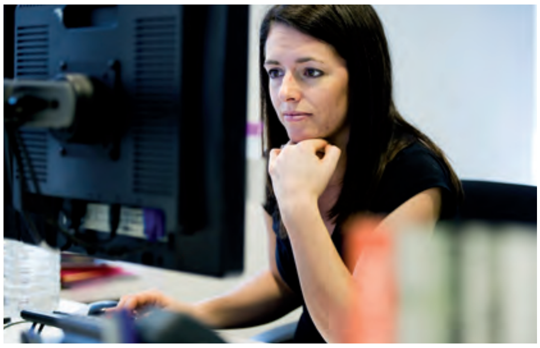
Going concern statement

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.

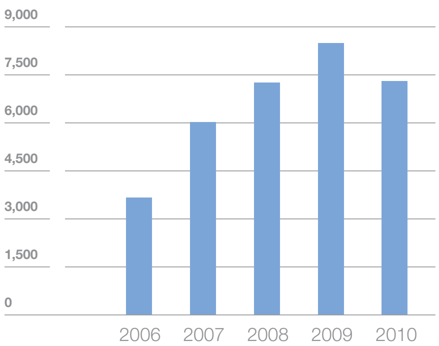
Having reviewed ICG's budget and business plans and taking into account reasonable downside sensitivity, the Directors believe that ICG has adequate financial resources to continue in operational existence for the foreseeable future despite the current uncertain economic climate and accordingly they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

P&L split





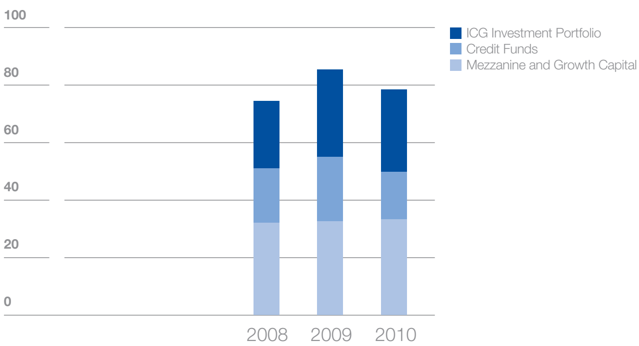
Third party funds under management in £m



Source: ICG

£7.3bn

Fee income in £m



Source: ICG

Overview

The profit of the FMC was up 23 per cent, 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 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 per cent 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 per cent of this 12 per cent decline.

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

Mezzanine and Growth Capital AuM amounted to £3,178 million, down by 18 per cent, 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 per cent 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 €10 million 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 per cent at £76.4 million due to lower junior fees from our Credit Funds.

Mezzanine and Growth Capital Funds fee income was up 9 per cent 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.

Financial review.
Continued.

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 fundraising 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 per cent 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 per cent 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 12 months.

Operating expenses Operating expenses for the FMC were 27 per cent 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 per cent compared to 40.4 per cent in the previous 12 months.

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

Investment Company

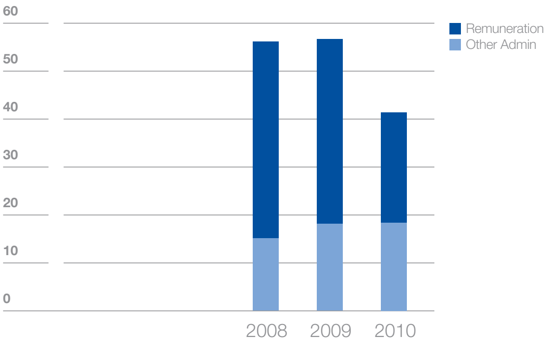
Balance sheet investments The balance sheet investment portfolio amounted to £2,684 million, down 7 per cent compared to 31 March 2009. This excludes £34 million of seed equity in our Credit Funds.

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 per cent of the portfolio is Euro denominated and 12 per cent is USD denominated. Sterling denominated assets only account for 12 per cent of the portfolio.

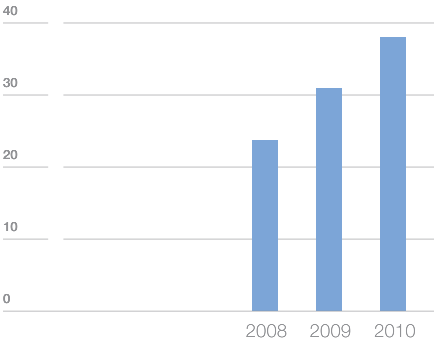
The investment portfolio comprises £1,635 million of senior mezzanine and senior debt (61 per cent), £530 million of junior mezzanine investments (20 per cent) and £519 million of equity investments (19 per cent).

Fund Management Company cost in £m



Source: ICG

Fund Management Company* profit before tax in £m



£38.0m

Source: ICG

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 per cent at £272.2 million, principally due to a much lower average EURIBOR over the 12 months to 31 March 2010 at 0.89 per cent compared to 4.04 per cent 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 per cent 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 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 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 12 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.

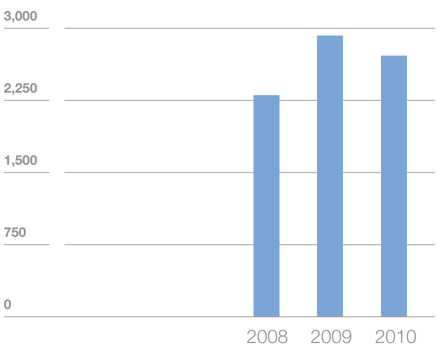
Other income Other income, principally waiver and arranging fees was £3.4 million, compared to £6.0 million in the previous 12 months.

Operating expense Operating expenses were up 6 per cent 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 per cent to £4.0 million (compared to £7.4 million) due to lower staff and administrative costs.

Capital gains Capital gains were up 220 per cent 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.

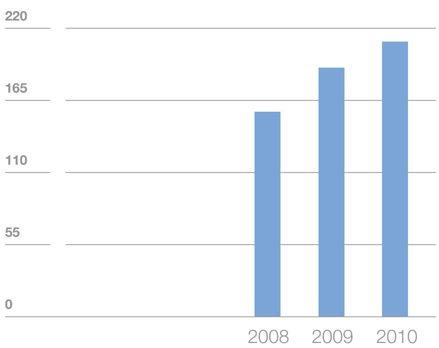
Investment Company portfolio investments in £m



£2.7bn

Source: ICG

Net interest income in £m



£209.7m

Source: ICG

Financial review.
Continued.

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 per cent lower at £180.3 million compared to £266.2 million. Gross provisions in the second half, showed a continuing downward trend and were 19 per cent lower than in the first half. Write backs 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 write back 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 per cent 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 (before tax) of 7.2 per cent compared to (12.1) per cent 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.

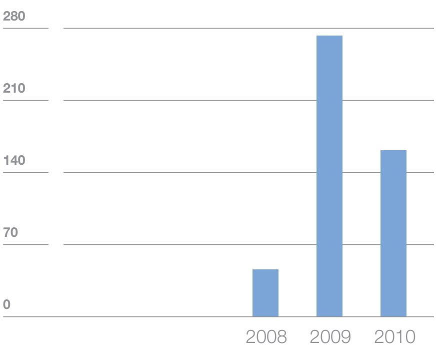
The Board has recommended a final dividend of 11p per share. This would result in a full year dividend of 17p.

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 per cent 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

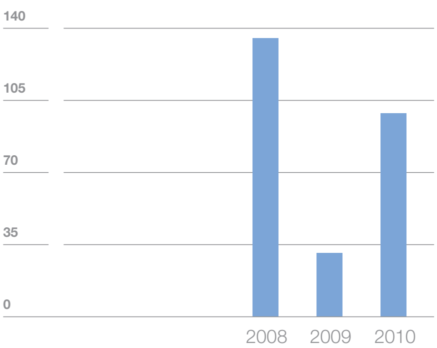
Impairments in £m



£161.8m

Source: ICG

Capital gains in £m



£98.8m

Source: ICG

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 per cent, 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 Cash 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 £37.8 million.

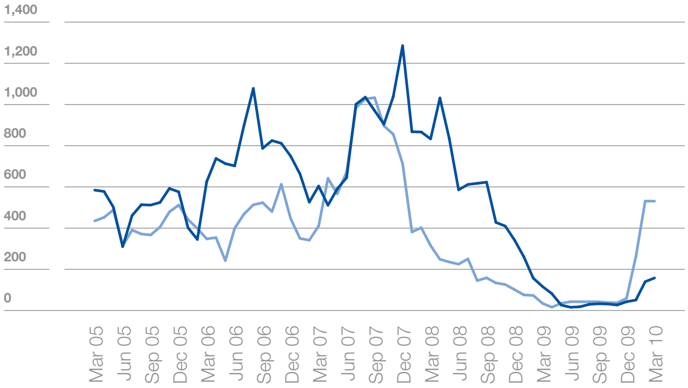
Group balance sheet

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 per cent, due to the return to profitability in the second half.

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

New lending vs repayment in £m



— New Lending — Repayments (six-month moving average; annualised)

Source: ICG

Net debt to shareholder funds' at year end was 127 per cent, down from 270 per cent at the end of last year and 150 per cent at 30 September 2009, as a result of the July 2009 rights issue and the 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 improvements 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 comprises 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 comprises six members including the 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 strategic objectives.

Credit risk

→ Potential impact

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

→ Mitigation

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

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.

→ Mitigation

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

The failure of a counterparty would necessitate ICML entering protracted legal arrangements to recover any net monies due to it from the appointed administrators.

→ Mitigation

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

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.

→ Mitigation

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

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.

→ Mitigation

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

→ Potential impact

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

→ Mitigation

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

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.

→ Mitigation

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

We also have clear investment processes, committees and an information sharing platform, which minimises the over reliance on key executives.

Regulatory risk

→ Potential impact

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

→ Mitigation

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 practice whenever possible.

Business interruption

→ Potential impact

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.

→ Mitigation

We have a business continuity plan in place which ensures that our systems can be rebuilt in the event that 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.

Corporate social responsibility.

Our people

ICG takes great pride in its ability to continue to attract, develop and retain exceptional staff, and believes it is essential to our ability to reach our full potential as an organisation. All 122 employees are of the highest calibre in their chosen field, and have been attracted by the sense of cultural belonging and purpose at work which ICG offers. We are a thriving multi-cultural organisation with our employees coming from 14 nationalities, who speak 28 different languages and have made investments in over 20 countries.

We regularly review our long term compensation and benefits schemes to ensure they are market competitive and that they align the interests of our employees with our business strategy and the interests of our shareholders. A proposal for a new remuneration scheme is scheduled to be proposed at the forthcoming AGM for shareholder approval.

ICG is committed to encouraging the continuous development of its employees. This year almost 175 training days were completed, an average of 1.4 days per employee. A total of 29 training and development initiatives were held to support the personal development of our employees. These courses have covered a variety of topics including commercial, technical, compliance, professional, managerial and personal skills.

It is a legal and regulatory requirement that all executives involved in making or managing investment transactions receive regular compliance training, addressing topics such as anti-money laundering, throughout the course of the year.

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

Our investors and financial partners

We are committed to ensuring we are as transparent as possible with all our investors. This includes financial transparency, by improving continually the amount and timeliness of financial disclosure, and governance transparency, enabling our investors to understand, assess and hold accountable our Directors. In this way we believe we are able to cultivate mutual understanding and appreciation which in turn reinforces our positive reputation and brand sustainability. To support this we have strengthened our Investor Management Group, who have further enhanced the level of service that we provide to our fund investors, and the quality and depth of information they receive around their investments.

Our commitment to our investors extends to our actions as an investor ourselves. As such, we seek to invest in companies who act responsibly, and who comply with environmental, regulatory and social legislation. As minority partners in virtually all of our investments, we do not have direct operational control over the companies in which we invest, but nevertheless we seek to influence their behaviour and to ensure that their ethos, corporate structures and policies are sustainable and in line with good corporate governance practice.

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

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

Community participation

ICG operates a corporate Give As You Earn scheme, and also manages a separate scheme for its staff. The Company encourages employees to give not only financial support but also their time to charities. To support this, we allow each employee to take two paid days a year for direct charity involvement.

ICG has also been actively engaged in a number of initiatives to support the local communities in which we operate in. During the course of the year around a third of our staff donated their time to local charities by participating in "ICG Challenge Days". These included:

The Private Equity Foundation (PEF) is a foundation backed by private equity firms and their advisers with a mission to empower young people by investing both money and expertise from the private equity community, to help excellent charities achieve a step-change in their impact. PEF carefully selects charities that empower young people to reach their full potential. Its investments address the NEET (young people Not in Education, Employment or training) issue and include not just money but also *pro bono* expertise from the private equity community.

By sharing its members' business skills, PEF has developed a model of engaged philanthropy and can maximise the social return on its donors' investments. This is helping charities achieve a step change in their impact so even more young people benefit from effective interventions.

ICG is a founding member of PEF. Our employees support PEF throughout the course of the year by taking part in a range of volunteering initiatives run by the foundation.
www.privateequityfoundation.org

Trees for Cities is an independent charity working with local communities on tree-planting and landscaping projects. Their aim is to tackle global warming, create social cohesion and beautify our cities through tree planting, community education and training initiatives in urban areas of greatest need.
www.treesforcities.org

Connection at St Martin's helps the homeless by providing specialist services – including a day and night centre, outreach for rough sleepers, skills training and career advice, activity programmes and specialist support for complex needs – to over 200 people in central London every day. We offer advice, care and support in a welcoming and friendly environment. By encouraging each person to address the issues which caused their homelessness, we help them to gain the skills and confidence to make lasting changes in their lives.

Through our partnership with Trees for Cities and Connection at St Martin's we are providing support for homeless people to gain recognised qualifications in horticulture and arboriculture which will then enable them to find employment.
www.connection-at-stmartins.org.uk

Spitalfields City Farm is a community farm offering educational and fun activities, skills training for local communities and visiting groups. Spitalfields City Farm is the nearest city farm to London's Square Mile. Despite this, the farm is located in one of the most deprived and densely populated boroughs, although Spitalfields remains a vibrant and colourful multi-cultural area with strong community links.

Receiving over 18,000 visitors a year and spread over 1.3 acres of land, the farm keeps a selection of farm animals and has developed growing areas in every available space.

One of the ways in which ICG supported the charity during the year was to organise a team challenge day at the farm. ICG donated a new boot shed to the farm, and with the help of a team of ICG employees, a new shed was constructed to securely house the farm's collection of boots and safety clothing.
www.spitalfieldscityfarm.org

The Children's Society is a national charity supporting children through a network of community based projects provide targeted, immediate and lasting help for children who feel excluded, isolated and abandoned.

ICG sponsored a teambuilding and communications day in south east England for 15 local children and young adults supported by the charity. During the day the participants were invited to take part in a range of outdoor activities, including orienteering and raft building, with the ultimate aim of helping them improve their confidence, team building and communication skills.
www.childrenssociety.org.uk

Corporate social responsibility. Continued.

The Oxford & Bermondsey' and Bradfield Boys' Clubs are two local boys clubs that provide a stable and supportive environment for young people to relax, interact and develop as members of the community.

Each year the club organises a week long activity trip for approximately 12 of the club's disadvantaged young adults with the aim to teach team building skills and promote a greater sense of personal responsibility. During the week participants have the opportunity to experience a number of outdoor activities including mountain biking, climbing and canoeing, in addition to learning more practical skills such as cooking and cleaning. For many of the children it is the first opportunity that they have had to be away from home. ICG has sponsored this annual trip for the past four years.

Age Concern Hackney provides support to the over 50s in Hackney, including essential services such as day care, training and an information service.

ICG hosted a summer and Christmas party in our London office for Age Concern Hackney and their clients.
www.ageuk.org.uk

Throughout the course of the year ICG also made a number of In Kind donations of office furniture, PCs, and the use of our meeting rooms to local charities.

Our environment

As a corporate citizen, we are continually considering ways in which we can reduce our impact on the environment.

We take pride in the fact that we are one of the first financial companies, with under £1 billion of revenue, to participate in the Carbon Disclosure Project; the only global climate change reporting system. We have reappointed Environmental Resources Management (ERM), the environmental consultancy, to help calculate the energy consumption and greenhouse gas emissions for the year 2009, across our international network of offices.

Our continued involvement in the Carbon Disclosure Project will enable us to set carbon reduction targets and determine performance improvements on an ongoing basis.

Funds and Portfolio.

Our investment culture.

Our investment process

Flexibility and experience to invest across the capital structure ICG is adept at identifying investment opportunities that offer investors attractive returns regardless of where that value may lie in a company's capital structure. Through the investment expertise of our Mezzanine, Growth Capital and Credit Funds teams we have the flexibility to invest in senior loans, high yield, mezzanine and minority equity in well managed businesses across Europe, Asia Pacific and North America. This flexibility coupled with our investment experience positions us well to take advantage of the opportunities emerging from the current economic environment.

Entrenched credit discipline Over our 21 year investment track record we have consistently outperformed the market over several economic and debt cycles. Our success is measured not only by the companies we invest in, but also by those we choose to avoid. We are committed to maintaining our credit culture and adhering to the discipline with which we identify, select and manage our investments.

Record of recoveries By abiding to a stringent credit process throughout the life of an investment, from origination to exit, we have established a track record of defaults and recoveries which is considerably better than the industry average. The annual default rate for our mezzanine and growth capital business is approximately 4.3 per cent and our historical recovery rate on realised, defaulted assets is 48.4 per cent. Similarly, our Credit Funds business has achieved an annualised default rate of 4.5 per cent, which is less than half that experienced by the industry.

Local insights, knowledge and relationships Our 55 investment executives are based in nine countries and provide us with a powerful advantage throughout the life of an investment from origination through to exit. They represent 14 nationalities, speak 28 different languages and manage investments in over 20 countries. Their local insights, specialist knowledge and longstanding relationships with local private equity sponsors, market participants and management teams means they are respected in their local business communities and viewed as a genuine investment partner.

Operational excellence We believe our operational platform is essential to enabling the business to achieve its full potential. We have consistently sought the highest standards in our governance, risk management, IT, human resources, finance and fund administration to ensure they are "best in class" and further enhance the effectiveness and efficiency of the Company.

Credit Funds Management

Since 1999, ICG has been a pioneer in shaping the institutional market in European secured loans and high yield bonds. We have the longest track record of any European institutional investor developed through multiple cycles.

Investment philosophy Our Credit Funds Management ("CFM") team's investment philosophy is based on the belief that risk in the European leveraged finance markets is persistently mispriced. These mispricings are driven by a variety of structural inefficiencies in the market that we seek to exploit through our rigorous bottom up research and an analysis of the fundamentals of the underlying companies. We seek to invest in companies with sustained outperformance, where our deep sector or company specific knowledge provide us with a competitive and information advantage.

Investment approach Our Credit Funds tend to invest in more liquid assets, such as senior loans and high yield bonds, where we have limited influence on the strategic decisions of the business but benefit from the protection of our seniority in the capital structure, security and covenants. Initially we invest and hold our investments, but we also actively manage our portfolios and seek to take advantage of shifts in relative value that arise in a liquid market. Given the nature of these funds, portfolio construction and management techniques are combined with individual asset analysis and monitoring to achieve optimal fund performance.

Mezzanine and Growth Capital

For over two decades, ICG has been at the forefront of mezzanine finance. We were one of the first independent providers of mezzanine finance in both Europe and Asia Pacific. Our investment expertise now spans mezzanine and minority equity, whereby we seek to invest in mid market companies across Europe, Asia Pacific and North America.

Investment philosophy Our team seeks to invest in proven mid market companies, with leading positions in their local market, strong management teams and financial sponsors that we know well. As a patient, long term investor, we invest in companies that have not reached their full potential and have strong prospects for recovery and/or growth.

Investment approach Our Mezzanine and Growth Capital Funds tend to invest for the medium to long term. We typically take a seat on the Board of the companies that we invest in. This enables us to work in close partnership with management teams and sponsors to identify and address issues early; a key driver of our strong track record. We currently hold Board positions on approximately 80 of our portfolio companies, acting as either an active Board member or as a Board observer. We adopt a rigorous monitoring process throughout the life of a Mezzanine or Growth Capital investment. To ensure continuity, ultimate responsibility for monitoring resides with the investment team which originated it.

Funds overview.

ICG provides asset management services for institutional investors wishing to invest in the alternative assets markets in Europe, Asia Pacific and North America. We serve a diverse range of institutional investors located in over 25 countries including sovereign wealth funds, insurance companies, charitable foundations, fund of funds, and government and corporate pension funds.

Mezzanine and Growth Capital Funds

We offer institutional investors the opportunity to invest in a range of co-investment funds.

Mezzanine and Growth Capital Funds

€3.6bn

Mezzanine

Growth Capital

European Mezzanine Investment Funds

Intermediate Capital Managers Limited ("ICML") is the investment advisor to three of ICG's four European mezzanine investment funds with aggregate funds under management of €2 billion. ICML's mezzanine funds are structured as limited partnerships and principally invest in mezzanine assets alongside ICG's balance sheet.

ICG European Fund 2006 is Europe's largest independent mezzanine and related finance fund. The fund held a first close in November 2006 and is a total size of €2.15 billion, comprising €1.25 billion limited partner equity commitments and a €900 million debt facility at close, which we subsequently decided to reduce to €450 million. The fund is 68 per cent invested in 41 portfolio companies.

ICG Mezzanine Fund 2003 has a total size of €1.4 billion comprising €668 million of limited partner equity commitments and a €750 million debt facility at close, which we subsequently decided to reduce. The fund has made a total of 80 investments, of which 47 have been fully realised, and has returned 96 per cent of capital to its limited partner investors. The fund is closed to new investment.

ICG Mezzanine Fund 2000 closed with €307.5 million of limited partner equity commitments and a €80 million debt facility. The fund invested in 50 mezzanine transactions between 2000 and 2003, and has returned 161 per cent of capital to its limited partner investors. There is a €4 million residual portfolio outstanding and the fund is closed to new investment.

ICG Mezzanine Fund 1998 was ICG's first mezzanine fund and closed with £57.5 million of limited partner equity commitments. The fund invested in 25 transactions during 1998 and 1999 and is now nearly fully realised. The fund is closed to new investment.

European Minority Partner and Recovery Funds

In addition to the European Mezzanine Investment Funds, ICML also acts as investment advisor to ICG's Minority Partner and Recovery funds. They represent further funds under management €1 billion.

ICG Minority Partners Fund 2008 has a total size of €132 million of limited partner equity commitments. The fund held a first close in May 2008 and makes mezzanine and minority equity investments to support European management teams in acquiring control of their businesses. The fund has made four investments and is 84 per cent invested.

ICG Recovery Fund 2008 held a final close in March 2010 with a total size of €843 million. The fund comprises limited partner equity commitments of €643 million and a debt facility of €200 million. The fund seeks to exploit market dislocation in buyout debt in Europe by investing in secondary credit opportunities at discounted prices supports the restructuring of private equity backed companies that may benefit from a change in their capital structure and the fund is 26 per cent invested.

Asia Pacific Mezzanine Funds

Intermediate Capital Asia Pacific Limited ("ICAP") acts as investment advisor to ICG's two dedicated Asia Pacific funds.

Intermediate Capital Asia Pacific Fund 2008 held a final close in October 2008. The fund is the largest dedicated Asia Pacific mezzanine fund with US$600 million of third party equity commitments. The fund has invested US$153 million and is 25 per cent invested.

Intermediate Capital Asia Pacific Mezzanine Fund 2005 held a first close in December 2005 with US$300 million limited partner equity commitments. The fund was the largest dedicated pan-Asian mezzanine fund and focused on buyout and growth/expansion capital investment opportunities in the region. The fund has returned US$109 million of capital to limited partners and is closed to new investment.

Our fund managers

Jason Block
Investor Management Group
North American Investments
Investment experience:
15 years

Jeff Boswell
Senior Portfolio Manager – Senior Loans
Funds managed:
Senior loan funds
Investment experience:
13 years

Benoit Durteste
Southern European Investments
Funds managed:
ICG Recovery Fund 2008
Investment experience:
16 years

Garland Hansmann
Senior Portfolio Manager – High Yield
Funds managed:
High Yield Fund
Investment experience:
13 years

Chris Heine
Asia Pacific Investments
Funds managed:
Intermediate Capital Asia Pacific Mezzanine Fund 2005, Intermediate Capital Asia Pacific Fund 2008
Investment experience:
22 years

Dagmar Kent-Kershaw
Credit Fund Management
Investment experience:
18 years

Piers Millar
Minority Partners Investments
Funds managed:
ICG Minority Partners Fund 2008
Investment experience:
18 years

Rolf Nuijens
Northern European Investments
Funds managed:
ICG Mezzanine Fund 2000, ICG Mezzanine Fund 2003, ICG European Fund 2006
Investment experience:
16 years

Credit Funds Management

The Credit Fund Management team manages 15 credit funds. They specialise in senior loans and high yield bonds.

Credit Funds

€4.7bn

Senior loans

High yield bonds

Credit Funds

The CFM team manages 15 Credit Funds, which includes 10 CLOs, several institutional mandates, a Unit Trust and a High Yield Fund. The CFM team specialises in investments in primary and secondary senior and subordinated debt in leveraged buyouts, as well as high yield bonds.

ICG European Loan Fund is a listed unit trust product intended to provide institutional investors with access to the European loan markets. The fund holds a diverse portfolio of predominantly senior secured loans and has performed strongly over the last 12 months. The fund offers investors regular liquidity and a choice of different currency share classes.

ICG European High Yield Bond Fund 1 was launched in December 2009. The fund's investment objective is to seek to provide a return which exceeds the performance of the European High Yield Securities market by holding a diversified portfolio of primarily sub-investment grade bonds.

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

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

Eurocredit CDO III BV Eurocredit CDO III closed in September 2003. It is a €250 million fund invested predominantly in senior loans, with a basket for mezzanine investments. The reinvestment period for this fund expired in October 2008 and the transaction is now amortising. The reinvestment period for this fund expired in February 2010 and the tranches are now amortising. Eurocredit CDO III is rated by S&P and Moody's.

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

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

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

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

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

Market Value Funds

Eurocredit Opportunities Fund 1 PLC Eurocredit Opportunities Fund 1 PLC closed in November 2005, with three subsequent tap issues. Originally a market value fund, Eurocredit Opportunities converted to a cash flow based fund holding a combination of senior loans, mezzanine investments and high yield bonds.

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

In addition the CFM team manages dedicated institutional mandates.

Investment portfolio.

Our investment portfolio

The investment portfolio amounted to £2,718 million at 31 March 2010.

Our investment portfolio comprises £1,635 million of senior mezzanine and senior debt (60 per cent), £530 million of junior mezzanine investments (20 per cent) and £553 million of equity investments (21 per cent) including £34 million of seed equity in our Credit Funds.

It comprises 92 assets based in 17 countries across Europe, Asia Pacific and North America. France represents our largest country exposure with 39 per cent of assets by value, followed by the UK with 16 per cent.

The portfolio is also highly diversified by sector and has a defensive bias. Our largest sector is business services accounting for 21 per cent, followed by healthcare at 17 per cent.

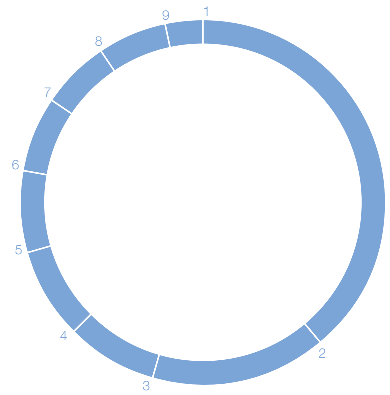
Our top 20 assets account for 48 per cent of our portfolio. Among these large assets, there is a bias towards business services, healthcare and utilities. Our largest asset, Medi-Partenaires, is a private clinics operator in France and accounts for just under 4 per cent of our investment portfolio.

Our 10 largest equity investments account for 49 per cent of our equity portfolio (10 per cent of total investments) and are showing strong relative resilience, with eight of these assets performing above last year's level.

Portfolio by geography

	Region	%
1	France	39.0
2	UK	15.5
3	Asia Pacific	8.2
4	Germany	8.1
5	Nordic	7.1
6	North America	6.8
7	Benelux	6.1
8	Spain	6.1
9	Other Europe	3.2

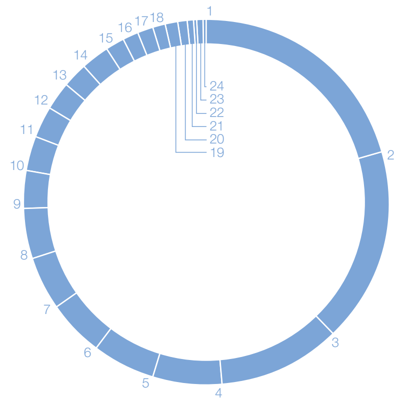
Source: ICG



Portfolio by sector

	Region	%
1	Business services	20.7
2	Healthcare	17.2
3	Financial services	10.9
4	Telephone networks	6.0
5	Shipping & transport	5.5
6	Publishing & printing	5.1
7	Leisure & entertainment	4.7
8	Electronics	4.5
9	Building materials	3.3
10	Waste management	3.1
11	Utilities	2.8
12	Food retailing	2.5
13	Restaurants	2.3
14	Drapery & stores	2.3
15	Motors	1.6
16	Pharmaceuticals	1.5
17	Food manufacturing	1.4
18	Mechanical engineering	1.1
19	Consumer products	1.1
20	Chemicals & plastic	0.9
21	Metal manufacturing	0.5
22	Insurance	0.4
23	Metal forming	0.4
24	Advertising	0.2

Source: ICG



Top 20 Assets

	Company	Country	Sector	Investment year	£m*
1	Médi Partenaires	France	Healthcare	2007	100.6
2	Sebia	France	Healthcare	2006	96.4
3	Bureau Van Dijk	Belgium	Publishing & printing	2007	94.2
4	Elis	France	Business services	2007	90.7
5	BAA	UK	Shipping & transportation	2006	84.3
6	Taiwan Broadcasting Communications	Taiwan	Telephone networks	2007	81.8
7	Applus+	Spain	Business services	2007	81.4
8	Biffa	UK	Waste management	2008	75.4
9	Attendo	Sweden	Healthcare	2007	67.3
10	Materis	France	Building materials	2006	58.9
11	Orizonia	Spain	Leisure & entertainment	2006	55.4
12	LabCo	France	Healthcare	2008	55.2
13	Behavioral Interventions	US	Business services	2008	52.9
14	Visma	Norway	Business services	2006	52.1
15	Veda Advantage	Australia	Financial services	2008	49.7
16	Minimax	Germany	Electronics	2006	47.8
17	CPA Global	UK	Business services	2010	45.3
18	SAG	Germany	Utilities	2008	43.0
19	Ethypharm	France	Pharmaceuticals	2007	40.3
20	Feu Vert	France	Motors	2007	38.6

*carrying value on ICG balance sheet at 31 March 2010

Top 10 Equity Assets

	Company	Country	Sector	Investment year	£m*
1	Sebia	France	Healthcare	2006	51.2
2	CPA Global	UK	Business services	2010	37.4
3	Intelsat	US	Telephone networks	2008	33.6
4	Taiwan Broadcasting Communications	Taiwan	Telephone networks	2007	31.1
5	Allflex	UK	Business services	1998, 2007	24.9
6	Eismann	Germany	Food retailing	2007	23.0
7	Applus+	Spain	Business services	2007	21.0
8	Acromas Holding Ltd	UK	Financial services	2007	19.8
9	Visma	Norway	Business services	2006	16.5
10	Mennisez	France	Food manufacturing	2006	15.4

*carrying value on ICG balance sheet at 31 March 2010

Top 10 PIK* Assets

	Company	Country	Sector	Investment year
1	Médi Partenaires	France	Healthcare	2007
2	Sebia	France	Healthcare	2006
3	Veda Advantage	Australia	Financial services	2008
4	Visma	Norway	Business services	2006
5	Link Market Services	Australia	Financial services	2007
6	American Stock Transfer & Trust Company	US	Financial services	2008
7	LabCo	France	Healthcare	2008
8	Bureau Van Dijk	Belgium	Publishing & printing	2007, 2008
9	Sicurglobal	Italy	Business services	2008
10	Hoyts	Australia	Leisure & entertainment	2007

*payment-in-kind

Portfolio.
Europe.

Company	Description	Sector	Investment year	Country	ICG Fund
1st Credit www.1stcreditltd.com	1st Credit provides outsourcing services to financial institutions. The company purchases third party debtor books and collects third party debts on a commission basis. Bridgepoint Capital acquired the business in a secondary buyout from Gresham.	Financial services	2004	**UK**	ICG Mezzanine Fund 2003
Acromas (AA/Saga) www.theaa.com www.saga.co.uk	AA is the leading provider of roadside assistance and personal insurance in the UK. Saga provides insurance and travel services exclusively for the over 50s. ICG provided mezzanine finance to the buyouts of both the AA and Saga in 2004. It also provided equity to the buyout of the AA. When the companies merged in 2007, the mezzanine loans were repaid and ICG retained an equity position in the combined entity.	Financial services	2004, 2007	**UK**	ICG Mezzanine Fund 2003
Acteon www.acteongroup.com	Acteon is a world leader in small equipment and consumables for dentists. Acteon is positioned in a growing market with an increased demand for cosmetic dental care and oral hygiene. ICG provided mezzanine finance and equity to support the secondary leveraged buyout led by Edmond de Rothschild Capital Partners.	Healthcare	2005	**France**	ICG Mezzanine Fund 2003
A-Katsastus www.a-katsastus.fi	A-Katsastus Group is one of the leading European vehicle inspection, registration and drivers' examination companies. Other services include trade-in inspections, quality consultancy, research and training. A-Katsastus has expanded its activities internationally. ICG provided mezzanine finance to support the leveraged buyout led by Bridgepoint Capital.	Motors	2005	**Finland**	ICG Mezzanine Fund 2003
Albingia www.albingia.fr	Albingia is a leading niche insurance company. The company provides specialised insurance products to SMEs in France. ICG provided mezzanine finance and equity to support the leveraged buyout led by Chevrillon & Associés and Groupe IDI.	Insurance	2006	**France**	ICG Mezzanine Fund 2003
Allflex www.allflex.co.uk	Allflex is the world's leading designer, producer and distributor of animal identification tags. The company enjoys a leading position in each of its markets. ICG provided a mezzanine loan and equity to support the management buyout led by Electra Fleming.	Business services	1998, 2007	**UK**	–
Alma www.almacg.com	Alma is a French consulting company specialising in cost reduction consultancy. The company is a leader in a fast-growing market. ICG provided mezzanine finance and equity in support of Candover's buyout.	Business services	2007	**France**	ICG European Fund 2006
Apem www.apem.fr	Apem is one of the world's largest manufacturers of professional switches and keyboards. The company designs, develops, manufactures and sells professional interface components dedicated to niche markets such as transportation, defence, security, interactive terminals and healthcare appliances. ICG provided a warranted mezzanine finance and also invested in equity to support Barclays Private Equity.	Electronics	2006	**France**	–

Company	Description	Sector	Investment year	Country	ICG Fund
Applus+ www.applus.com	Applus+ is a leading inspection, certification and technological services company, in both the automotive and non-destructive testing and inspection markets. ICG provided mezzanine finance and equity to support the Carlyle Group in the leveraged buyout.	Business services	2007	**Spain**	ICG European Fund 2006
Aster www.aster.pl	Aster City Cable is a leading provider of cable television internet and fixed line telephone services in Poland. It benefits from a very stable core customer base to whom it is broadening its product range. ICG provided mezzanine finance and equity to support the secondary buyout led by Mid Europa Partners. In 2007 ICG participated in the recapitalisation.	Telephone networks	2006, 2007	**Poland**	–
Attendo www.attendo.se	Attendo is a leading Nordic care and healthcare provider. Attendo Care provides elderly, disabled and specialist care in the Scandinavian market. Attendo MedOne operates outsourced primary, specialist and dental healthcare units, healthcare staffing services and elderly care units in Finland. ICG provided mezzanine finance and equity to support Industri Kapital.	Healthcare	2007	**Sweden**	ICG European Fund 2006
Aviapartner www.aviapartner.aero	Aviapartner is a leading European ground-handling business. The company serves airlines in over 30 European airports. ICG provided mezzanine finance to support the leveraged buyout by 3i.	Shipping & transport	2005	**Belgium**	ICG Mezzanine Fund 2003
BAA www.baa.com	BAA operates and owns seven airports in the UK, including London Heathrow, and has interests in a number of other airports overseas. ICG participated in the subordinated debt arranged when BAA was acquired by Ferrovial.	Shipping & transport	2006	**UK**	–
Biffa www.biffa.co.uk	Biffa is a leading UK waste management business with a principal focus on waste collection, recycling, treatment and disposal. ICG provided mezzanine finance and equity to support the leveraged buyout of Biffa led by Montagu and Global Infrastructure Partners.	Waste management	2008	**UK**	ICG European Fund 2006
Bodybell www.bodybell.com	Bodybell is a leading perfumery retail chain in Spain. The company is consolidating its leadership position through acquisitions. ICG provided mezzanine finance to support Nmàs1 in the recapitalisation of Bodybell and in the acquisition of Juteco.	Drapery & stores	2006	**Spain**	ICG European Fund 2006
Bureau van Dijk www.bvdep.com	Bureau van Dijk is a leading provider of customised business information. The company provides detailed company, executive and industry intelligence on over 50 million companies worldwide. ICG provided mezzanine finance to support the secondary buyout. ICG also recently invested in the senior debt.	Publishing & printing	2007, 2008	**Belgium**	ICG European Fund 2006 and ICG Recovery Fund 2008
Casa Reha www.casa-reha.de	Casa Reha is the leading provider of elderly and inpatient care in Germany. ICG provided mezzanine finance and equity to support the secondary buyout led by Hg Capital.	Healthcare	2008	**Germany**	ICG European Fund 2006
CEPL	Compagnie Européenne de Prestations Logistiques (CEPL) is a contract logistics company. The company specialises in the high growth, detailed picking segment of the warehouse logistics industry with a focus on high-end consumer product segments. ICG provided mezzanine finance to support the secondary buyout led by Arcapita.	Business services	2008	**France**	ICG European Fund 2006

Portfolio Continued.
Europe.

Company	Description	Sector	Investment year	Country	ICG Fund
Courtepaille www.courtepaille.com	Courtepaille is a chain of grill restaurants across France that follow a uniform concept. ICG provided mezzanine finance to support the secondary LBO led by ING Parcom in 2005.	Restaurants	2005	France	–
CPA Global www.cpaglobal.com	CPA Global is a leader in the fast-growing market for outsourced legal services. The company employs more than 1,300 people in ten countries around the world. In early 2010 ICG acquired a significant minority stake in the business alongside the company's senior management team and the founding shareholders.	Business services	2010	UK	ICG European Fund 2006 & ICG Minority Partners Fund 2008
Dako www.dako.com	Dako is a global leader in tissue based cancer diagnostics. Dako provides reagents, instruments and software for high-quality cancer diagnosis and efficient laboratory processes. ICG provided mezzanine finance and equity to support EQT in the buyout.	Healthcare	2007	Denmark	ICG European Fund 2006
Eismann www.eismann.de	Eismann is a leading European frozen food home delivery company. Over the last few years, the management team has successfully expanded its model into France, Spain and Italy. ICG provided minority equity and mezzanine finance to support the management-led buyout from ECM and Parcom.	Food retailing	2007	Germany	ICG European Fund 2006 & ICG Minority Partners Fund 2008
Elior www.elior.com	Elior is a leading European contract and concession catering and facilities management group. In 2006 ICG provided mezzanine and equity to support the acquisition of the group by its management alongside Charterhouse.	Hotels & caterer	2006	France	ICG European Fund 2003
Elis www.elis.com	Elis is the European leader in the rental and cleaning of textiles hygiene services. The company serves a wide range of customers, including corporates, hotels, restaurants and healthcare facilities. Following a tertiary buyout in 2007, ICG supported Eurazeo in a restructuring by taking a majority stake in the resulting senior mezzanine tranche.	Business services	2007	France	ICG European Fund 2006
Ethypharm www.ethypharm.com	Ethypharm is a leading Drug Delivery System (DDS) company. The company develops and manufactures medicinal products specialising in controlled release products. ICG provided mezzanine finance and equity in support of Astorg's acquisition of Ethypharm.	Pharmaceuticals	2007	France	ICG European Fund 2006
Eurodatacar www.eurodatacar.fr	The company provides services that complement traditional vehicle theft insurance. In 2005, ICG supported management in the acquisition of the company with mezzanine finance.	Insurance	2005	France	–
Eurofarad www.eurofarad.com	Eurofarad provides customised products and technology to the military, aerospace and medical industries. ICG provided mezzanine finance and equity to support CDC Ixis Private Equity.	Electronics	2004	France	ICG Mezzanine Fund 2003
Feu Vert www.feuvert.fr	Feu Vert is the largest auto centre operator in France and in Spain. The company is also a European leader in the design and distribution of car and cycling products to mass and specialised retailers. ICG provided mezzanine finance and equity to support CDC Capital Investissement.	Motors	2007	France	ICG European Fund 2006
Firth Rixson www.firthrixson.com	Firth Rixson is a leading manufacturer of complex metal components. The company serves the aerospace, power generation and commercial automotive markets. ICG provided mezzanine finance and equity in the secondary buyout led by Oak Hill Capital Partners.	Metal manufacture	2007	UK	ICG European Fund 2006

Company	Description	Sector	Investment year	Country	ICG Fund
FlaktWoods www.flaktwoods.com	FlaktWoods is a global company providing energy-efficient indoor air solutions. ICG provided mezzanine finance and equity to support the acquisition led by Sagard and Barclays Private Equity in 2007.	Electronics	2007	**France**	ICG European Fund 2006
Fraikin www.fraikin.co.uk	Fraikin is one of the largest commercial vehicle fleet services providers in Europe. ICG provided mezzanine finance and equity to support the secondary management buyout led by CVC Capital Partners.	Shipping & transport	2007	**France**	ICG European Fund 2006
Gaucho www.gauchorestaurants.co.uk	Gaucho is the leading UK-based operator of Argentine restaurants. ICG provided minority equity to support the management-led buyout from Phoenix Capital Partners in 2007.	Restaurants	2007	**UK**	ICG European Fund 2006 and ICG Minority Partners Fund 2008
Geoservices www.geoservices.com	Geoservices is a leading provider in the upstream oil industry with a world leading position in mud logging. ICG provided mezzanine finance to support the management buyout led by Astorg.	Business services	2005	**France**	ICG Mezzanine Fund 2003
Gerflor www.gerflor.fr	Gerflor is a leading independent manufacturer of PVC flooring. Gerflor sells most of its products to professionals for contract, sport and transport applications. In 2006, ICG provided mezzanine finance and equity to support the secondary buyout by Axa Private Equity.	Building materials	1998, 2006	**France**	ICG Mezzanine Fund 2003
HMY www.hmy.fr	HMY is the leading French and Spanish manufacturer of retail shelving and checkouts. In 2005, ICG provided mezzanine finance to support the fourth buyout led by Sagard.	Metal manufacture	2005	**France**	ICG Mezzanine Fund 2003
Icopal www.icopal.co.uk	Icopal is an international manufacturer of flat roofing materials, with leading market positions in almost all of its countries. In 2010 ICG invested in the senior debt of the company	Building materials	2010	**Denmark**	ICG European Fund 2006 and ICG Recovery Fund 2008
Indas www.indas.es	Indas manufactures dressings and hygiene products for hospitals and the retail market, and distributes its products in over 30 countries. ICG provided mezzanine finance and equity for the primary buyout by Vista Capital.	Healthcare	2007	**Spain**	ICG European Fund 2006
Inspecta www.inspecta.com	Inspecta is a leading provider of inspection, testing and certification services in the Nordic region. The company offers a wide range of business and health and safety services to a diversified client base across the construction, energy, infrastructure and manufacturing sectors. ICG provided mezzanine finance and equity to support the secondary buyout by 3i.	Business services	2007	**Finland**	ICG European Fund 2006
Interbest www.interbest.nl	Interbest is the leading provider of roadside advertising masts in The Netherlands. ICG provided mezzanine finance and equity to support Waterland and AlpInvest in the acquisition of the company.	Advertising	2007	**The Netherlands**	ICG European Fund 2006
Ista www.ista.de	Ista is a global services provider for consumption based billing in the sub metering and metering industry. The company operates in more than 20 countries, serving more than 300,000 customers with medium and long term contracts. In 2008 ICG invested in the debt of the company.	Utilities	2008	**Germany**	–
LabCo www.labco.eu	Labco is a leading medical diagnostics group with a unique pan-European network of local and regional clinical laboratories. Labco operates in a growing private medical diagnostics market with a total size in Europe of approximately €10 billion. ICG provided mezzanine finance to support the management team and 3i.	Healthcare	2008	**France**	ICG European Fund 2006

Portfolio Continued.
Europe.

Company	Description	Sector	Investment year	Country	ICG Fund
Le Moniteur www.lemoniteur.fr	Le Moniteur is a leading magazine group, which publishes two flagship titles: Le Moniteur des Travaux Publics and La Gazette. In 2006, ICG provided mezzanine finance and equity to support the leveraged buyout led by Bridgepoint Capital and the management team.	Publishing & printing	2006	**France**	ICG Mezzanine Fund 2003
Loewenplay www.loewenplay.de	Loewenplay is the second-largest gaming arcade operator in Germany. The company operates around 240 amusement arcades that provide gaming, sports and amusement machines. The company was acquired by funds advised by AXA Private Equity with ICG providing the mezzanine facility.	Leisure & entertainment	2008	**Germany**	ICG European Fund 2006
Loyalty Partner www.loyaltypartner.de	Loyalty Partner specialises in customer management and operates Germany's most successful multi-partner loyalty programme. ICG provided mezzanine finance in a leveraged buyout to support Palamon Capital Partners	Drapery & stores	2006	**Germany**	ICG Mezzanine Fund 2003
MACH www.mach.com	MACH is the world market leader in clearing mobile telephony roaming billing records. The company has a significant proportion of the largest GSM operators as customers. In 2005, MACH acquired End2End, one of Europe's leading service providers for mobile data services. ICG provided mezzanine finance and equity in a leveraged buyout to support Warburg Pincus.	Telephone networks	2005	**Luxembourg**	ICG Mezzanine Fund 2003
Materis www.materis.com	Materis is the speciality building materials business formerly owned by Lafarge. It is divided into four divisions: aluminates, mortars, paints, and admixtures. ICG provided mezzanine finance to support the acquisition by Wendel Investissement in 2006.	Building materials	2006	**France**	–
Mayborn www.mayborngroup.com	Mayborn has a range of international brands in the baby feeding and hygiene markets, including Tommee Tippee and Sangenic. ICG provided mezzanine finance to support the public to private buyout of Mayborn by 3i in 2006.	Consumer products	2006	**UK**	–
Médi-Partenaires www.medi-partenaires.com	Médi-Partenaires is a leading company in the French acute care private hospital sector. The group currently manages hospitals across France, focusing on short-stay acute care. ICG provided mezzanine finance to support the secondary buyout by management and LBO France in 2007.	Healthcare	2007	**France**	ICG European Fund 2006
Menissez www.menissez.fr	Menissez is a leading manufacturer of specialist part-baked breads, which is one of the fastest-growing product categories in this market. It operates in an industry with high barriers to entry. In 2006, ICG provided mezzanine finance and equity investment to support management's acquisition of the company.	Food manufacturing	2006	**France**	ICG Mezzanine Fund 2003
Meyn www.meyn.com	Meyn is the second-largest manufacturer of poultry processing equipment in the world. The company was sold to Altor in 2005 and ICG provided a mezzanine loan for this leveraged buyout. In 2005 Meyn acquired Systemate and ICG provided equity to support this acquisition.	Food manufacturing	2005	**The Netherlands**	–
Minimax www.minimax.de	Minimax is the third-largest global supplier of fire protection systems and services, focused on solutions for industrial and special hazards. The business serves the international fire protection market, and also supplies portable fire extinguishers and services to the German market. ICG provided mezzanine finance and equity for the leveraged buyout to support Industri Kapital.	Electronics	2006	**Germany**	ICG Mezzanine Fund 2003

Company	Description	Sector	Investment year	Country	ICG Fund
Motip Dupli www.motip.com	Motip is a leading European manufacturer of paints and putty. In 2006, the company was acquired by management and ICG. In 2008, ICG supported management in a refinancing of the company.	Chemicals & plastic	2006, 2008	**The Netherlands**	ICG Mezzanine Fund 2003
N&W Global Vending www.nwglobalvending.com	N&W Global Vending is a vending machine manufacturer, which operates in more than 80 countries worldwide through a network of selected dealers. ICG provided mezzanine finance to support the tertiary buyout led by InvestCorp and Barclays Capital in 2008.	Food retailing	2008	**Italy**	ICG European Fund 2006
Nocibe www.nocibe.fr	Nocibe is a leading distributor of prestige cosmetic and perfume brands in France. In 2006, ICG invested in mezzanine finance and equity to support the leveraged buyout by Charterhouse.	Drapery & stores	2006	**France**	ICG Mezzanine Fund 2003
Orizonia www.orizonia.com	Orizonia is a tour operator in Spain. It benefits from preferential contracts with key suppliers in the airline and travel industry. ICG invested across the capital structure to support Carlyle and Vista Capital in the acquisition of Orizonia from the Fluxa family. ICG also has a minority equity stake in the company.	Leisure & entertainment	2006	**Spain**	ICG Mezzanine Fund 2003
Pages Jaunes www.bienvenue.pagesjaunes.fr	PagesJaunes Groupe is a leading provider of directories for the general public and business users. In 2007, ICG, invested in the senior debt of the company.	Publishing & printing	2007	**France**	–
Parkeon www.parkeon.com	Parkeon provides parking and transport management solutions. Parkeon is located in 40 countries and its innovative systems and products ease congested streets and facilitate mobility in more than 3,000 cities. ICG provided mezzanine finance and equity in support of Barclays Private Equity.	Business services	2007	**France**	ICG European Fund 2006
Pasteur Cerba www.pasteur-cerba.com	Pasteur Cerba is a speciality laboratory, with a leading position in the French market for esoteric clinical laboratory tests. These complex tests are performed for smaller independent clinical labs, hospitals and physicians. ICG provided mezzanine finance and equity for the management buyout to support Industri Kapital.	Health	2006	**France**	ICG Mezzanine Fund 2003
Picard www.picard.fr	Picard is a leading distributor of gourmet frozen foods operating in France. The company specialises in the selection, process, storage, distribution and retail sales of high-quality frozen food. In 2004, ICG provided mezzanine finance and equity to support the secondary buyout by BC Partners. The mezzanine facility was repaid in June 2006.	Food retailing	2004	**France**	ICG Mezzanine Fund 2003
Q-Matic www.q-matic.com	Q-Matic is the global market leader in queue management systems. The company manufactures a wide range of hardware and software products related to management of queues. ICG provided mezzanine finance and equity to support the management buyout led by Altor.	Business services	2007	**Sweden**	ICG European Fund 2006
Raet www.raet.nl	Raet is the leading HR and payroll IT services company in The Netherlands. It also offers a range of related consultancy services. In 2003, ICG provided mezzanine finance for the management buyout to support AlpInvest and Advent International. In 2007, a refinancing took place in which ICG rolled over its mezzanine loan.	Business services	2003, 2007	**The Netherlands**	ICG Mezzanine Fund 2000 and ICG Mezzanine Fund 2003

Portfolio Continued.
Europe.

Company	Description	Sector	Investment year	Country	ICG Fund
SAG www.sag.de	SAG is a leading independent service and technical solutions provider for utilities in Europe. In 2008, ICG provided mezzanine finance and equity to support the secondary buyout.	Utilities	2008	**Germany**	ICG European Fund 2006
Sebia www.sebia.com	Sebia is a manufacturer of medical diagnosis equipment. The company sells innovative laboratory instruments and reagents. It has a dominant market position in France, Italy and Germany; with strong growth potential in the US and Japan. ICG provided mezzanine finance and equity to support the secondary buyout led by Montagu in 2006.	Healthcare	2006	**France**	ICG Mezzanine Fund 2003
Sicurglobal www.sicurglobal.it	Sicurglobal is the leading Italian provider of integrated security services. The company protects the tangible and intangible assets of businesses and private individuals, and safeguards corporate business integrity. ICG provided mezzanine finance and equity to support the secondary buyout led by Stirling Square Capital.	Business services	2008	**Italy**	ICG European Fund 2006
Sogetrel www.sogetrel.com	Sogetrel specialises in communication networks for cable, mobile, fixed and proprietary operators throughout France. Sogetrel has a well-diversified portfolio of activities and holds a strong competitive position. ICG provided mezzanine finance and equity to support the acquisition by Barclays Private Equity.	Telephone networks	2006	**France**	–
Souriau www.souriau.com	Souriau is a world leader in the design, manufacture and marketing of interconnection solutions to the industrial, military and aerospace markets. In 2006, ICG provided mezzanine finance and equity to support the secondary management buyout led by Sagard Private Equity.	Electronics	2006	**France**	ICG Mezzanine Fund 2003
Swets www.swets.com	Swets is a leading global subscription services company. The company acts as an intermediary between publishers and institutional subscribers, by providing products and services to simplify the management of print and electronic subscriptions. In October 2007, ICG supported Gilde in the acquisition of the company with mezzanine finance and equity.	Publishing & printing	2007	**The Netherlands**	ICG European Fund 2006
TDF www.tdf.fr	TDF operates radio relay networks and shared infrastructures. The company provides services across the entire value chain of audiovisual and telecommunications networks. ICG provided equity for the management buyout to support TPG and Axa Private Equity. ICG also invested in the senior debt.	Utilities	2007	**France**	–
Teamsystem www.teamsystem.com	Teamsystem provides software solutions for payroll, tax, accounting, customer and human resources management. ICG invested in a mezzanine loan and equity to support the secondary buyout led by Bain Capital. In 2006, ICG supported Bain Capital in the add-on acquisition of Lince, a leading business information company.	Business services	2004, 2006	**Italy**	ICG Mezzanine Fund 2003
Tractel www.tractel.com	Tractel is the world leader in lifting and access-related products. This includes lifting, material handling, measurement of tension and loads, suspended working platforms, building maintenance installations and fall arrest safety equipment. ICG provided mezzanine and equity to support the management buyout led by LBO France.	Mechanical engineering	2007	**France**	ICG European Fund 2006
V Ships www.vships.com	V Ships is the world's largest ship manager. The company provides technical and crewing services to more than 1,000 ships from the largest oil tankers and containerships to specialty exploration vessels. ICG provided equity to support the Exponent-led buyout.	Shipping & transport	2007	**UK**	–

Company	Description	Sector	Investment year	Country	ICG Fund
Van Gansewinkel (formerly AVR) www.vangansewinkel.com	Van Gansewinkel is the leading waste management and environmental company in The Netherlands. ICG provided a senior shareholder loan and equity for the leveraged buyout to support CVC and KKR. As a result of the financing of the add-on acquisition of Van Gansewinkel in 2007, ICG invested in additional equity while the senior shareholder loan was repaid.	Waste management	2006, 2007	**The Netherlands**	ICG Mezzanine Fund 2003
Veinsur www.jcarrion.es	Veinsur is a truck distributor that also provides maintenance, repair and after-sales services. ICG provided mezzanine finance in the buyout supporting Ibersuizas and the founding family that remained in the equity and management of the business.	Shipping & transport	2008	**Spain**	ICG European Fund 2006
Via Location www.vialocation.fr	Via Location is France's second-largest independent truck rental company. In 2007, ICG provided mezzanine bonds and equity to support the management buyout led by Weinberg Capital Partners.	Shipping & transport	2007	**France**	ICG European Fund 2006
Viadom www.viadom-services.com	Viadom is the leading French provider of household, gardening, beauty and well-being services in the home environment. ICG provided mezzanine and equity finance to support the management buyout led by Edmond de Rothschild Capital Partners.	Consumer products	2006	**France**	ICG Mezzanine Fund 2003
Visma www.visma.com	Visma is a leading supplier in Northern Europe of accounting and administration software and services. ICG provided mezzanine and equity finance to support the public to private transaction led by Hg Capital.	Business services	2006	**Norway**	ICG Mezzanine Fund 2003
Vivarte www.vivarte.fr	Vivarte is a leading French apparel and footwear retail specialist. The company has a well-established and diversified portfolio of stores and brands in Europe. ICG provided equity to support the management buyout led by Charterhouse. ICG also invested in the senior debt.	Drapery & stores	2007	**France**	ICG European Fund 2006

Portfolio Continued.
Asia Pacific.

Company	Description	Sector	Investment year	Country	ICG Fund
Link Market Services www.linkmarket.services.com.au	Link is the second-largest provider of shareholder registry services in Australia, New Zealand, India and South Africa. In 2006, Link combined with Australian Administration Services, one of the largest providers of superannuation funds administration in Australia. ICG provided mezzanine finance and equity to support the leveraged recapitalisation and acquisition finance in a transaction led by Pacific Equity Partners.	Financial services	2007	**Australia**	Intermediate Capital Asia Pacific Mezzanine Fund 2005
Hoyts www.hoyts.com.au	Hoyts is one of the world's leading entertainment corporations. The company owns and operates 45 cinemas with over 400 screens and approximately 75,000 seats in Australia and New Zealand. In both of these countries it is the largest independent film distributor and provider of cinema advertising. ICG provided mezzanine and equity to support the leveraged buyout led by Pacific Equity Partners.	Leisure & entertainment	2007	**Australia**	Intermediate Capital Asia Pacific Mezzanine Fund 2005
Veda Advantage www.vedaadvantage.com	Veda Advantage is Australia and New Zealand's leading credit bureau and provides credit checks and references on individuals and corporations. In September 2008, ICG facilitated the restructuring of Veda's balance sheet by providing mezzanine finance to refinance senior debt and to provide additional working capital. ICG also acquired Veda's subordinated debt in the secondary market.	Financial services	2008	**Australia**	Intermediate Capital Asia Pacific Fund 2008
NZ Yellow Pages Group www.yellowpagesgroup.co.nz	The Yellow Pages Group "YPG" is the provider of Yellow Pages, White Pages and Local Directories services in New Zealand. YPG's portfolio also includes online directory assistance and specialty directories. In 2007, ICG provided mezzanine finance and equity to support the acquisition by CCMP Capital Asia and Ontario Teachers' Pension Plan from Telecom New Zealand.	Publishing & printing	2007	**New Zealand**	Intermediate Capital Asia Pacific Mezzanine Fund 2005
Tegel Foods Ltd www.tegal.co.nz	Tegel is the leading branded and fully-integrated poultry producer in New Zealand. The company offers a broad range of poultry products from fresh and frozen whole birds and portions to value-added main-meal items. In 2006, ICG provided senior and junior mezzanine loans in addition to equity to support Pacific Equity Partners' acquistion from Heinz.	Food manufacturing	2006	**New Zealand**	Intermediate Capital Asia Pacific Mezzanine Fund 2005
Franklin Offshore Holding www.franklin.com.sg	Franklin is the leading provider of rigging, lifting and mooring services to the offshore and marine industries in South East Asia. The company is increasingly involved in high-value deepwater drilling and mooring operations, and has developed a strong, blue chip customer base. ICG provided mezzanine and equity finance to support 3i.	Oil & gas	2007	**Singapore**	Intermediate Capital Asia Pacific Mezzanine Fund 2005
Taiwan Broadband Communications www.tbcom.com.tw	TBC is the leading cable TV broadcaster in Taiwan. Established in 1999, TBC serves over 700,000 cable TV households across Taiwan with a range of video, broadband and communications products. TBC was acquired by funds advised by Macquarie Bank in 2006. The following year, ICG provided mezzanine and equity to support a dividend recapitalisation of the company.	Telephone networks	2007	**Taiwan**	Intermediate Capital Asia Pacific Mezzanine Fund 2005 and 2008

North America.

Company	Description	Sector	Investment year	Country	ICG Fund
American Stock Transfer & Trust Company www.amstock.com	AST is the largest independent share registry and corporate administration service provider in the United States by issuer number. ICG provided mezzanine finance and equity to support the buyout by Pacific Equity Partners.	Financial services	2008	US	Intermediate Capital Asia Pacific Mezzanine Fund 2005 & 2008
Au Bon Pain www.aubonpain.com	Au Bon Pain is a fast casual restaurant chain founded in 1978. The company is based on a marketplace concept and targets high-traffic locations such as urban locations, hospitals, universities, high-end shopping malls, and transportation centres. ICG provided mezzanine finance and equity to support LNK Partners and management in their buyout of the business.	Restaurants	2008	US	–
Behavioral Interventions www.bi.com	Behavioral Interventions is the leading US provider to government agencies in criminal justice of related technology and services. ICG provided mezzanine finance and equity to support AEA Investors and management in their tertiary buyout of the business.	Business services	2008	US	–
CoActive www.coactive-tech.com	CoActive is a leading global manufacturer of industrial switches. These are typically used in the automotive, medical and mobilecom markets. ICG provided a second lien facility and equity to support the buyout led by Littlejohn & Company.	Electronics	2007	US	ICG European Fund 2006
Helicon Cable www.jetbroadband.com	Helicon Cable is a cable operator that operates in predominately rural areas. The company offers basic cable, digital cable, high-speed data and VOIP telephony services. ICG provided mezzanine finance and equity to support an add-on acquisition.	Telephone networks	2007	US	–
Hudson Products www.hudsonproducts.com	Hudson Products is a global leader in the design and manufacture of air-cooled heat exchangers and axial flow fans. The company serves the oil, gas and petrochemical processing industries. ICG provided mezzanine finance and equity to support Riverstone LLC and management in their buyout of the business.	Manufacturing	2008	US	–
Intelsat www.intelsat.com	Intelsat is the leading provider of fixed satellite services worldwide. The company has one of the largest, most flexible and most reliable satellite fleets in the world, covering over 99 per cent of the world's population. ICG invested in equity alongside BC Partners.	Telephone networks	2008	US	ICG European Fund 2006
Press Ganey Associates www.pressganey.com	Press Ganey Associates is the largest US provider of healthcare quality improvement solutions. The company partners with 7,000 healthcare organisations, including 40 per cent of all US hospitals, to measure and enhance the quality of their care and their financial results. ICG provided mezzanine finance and equity to support Vestar Capital Partners and management in their secondary buyout of the business.	Healthcare	2008	US	–

Portfolio Continued.

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

Asco	ICG Mezzanine Fund 1998
Care Management Group	ICG Mezzanine Fund 2003
Dometic	ICG Mezzanine Fund 2003
DSV Miljo	ICG Mezzanine Fund 2003
Dynea	–
Edscha	ICG Mezzanine Fund 2000 and ICG Mezzanine Fund 2003
Gala	ICG Mezzanine Fund 2000 and ICG Mezzanine Fund 2003
Geoxia	–
Ideal Stelrad	ICG Mezzanine Fund 2003
IPT Group	ICG Mezzanine Fund 1998
Lecta	ICG Mezzanine Fund 1998
Medica	ICG Mezzanine Fund 2003
Petroplus	
Retif	ICG European Fund 2006
Sia	–
SSP	ICG Mezzanine Fund 2003
Terreal	ICG Mezzanine Fund 2003
WZG Group	ICG Mezzanine Fund 2000

Repayments

Company	Country	Form of repayment	Investment year	Repayment
Medica	**France**	IPO	2003, 2006	Partial
Springer	**Germany**	Refinance	2003	Full
Ambea/Carema	**Sweden**	Trade sale	2005	Full
Marken	**UK**	Secondary buyout	2007	Full
Accantia	**UK**	Trade sale	2004	Full
easycash	**Germany**	Trade sale	2008	Full
Geoservice	**France**	Trade sale	2005	Full
Welzorg	**The Netherlands**	Refinance	2002, 2008	Full
Gala Coral	**UK**	Secondary Sale	2003, 2005	Full
Hune	**Spain**	Secondary Sale	2006	Full
DSV Miljo	**Denmark**	Refinance	2004	Full
Svenson	**Spain**	Secondary Sale	2006	Full

Governance.
ICG recognises, and is committed to, the highest standards of corporate governance.

Board of Directors.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01 Tom Attwood
Managing Director, Age 57

Tom is Chairman of ICG's Executive Committee and is responsible for fund investors. He also sits on the Company's Investment Committees. Prior to joining ICG in 1996, Tom was a director of James Capel & Co where he worked for eight years.

02 Jean-Daniel Camus
Non Executive Director Age 64

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

03 Justin Dowley
Chairman (incoming)
Non Executive Director, Age 54

Justin is Chairman of the ICG Audit Committee. He is Vice Chairman of Nomura International plc which recently acquired Tricorn Partners LLP, the independent advisory firm which he co founded in 2003, and a Non Executive Director of Ascot Authority (Holdings) Ltd. He was previously head of investment banking at Merrill Lynch Europe and a Director of Morgan Grenfell, and is a Chartered Accountant.

04 Christophe Evain
Chief Executive Officer
Managing Director, Age 48

Christophe has been with ICG for 16 years and a Managing Director since 2005. In addition to his strategic remit as Chief Executive Officer, Christophe will chair the Company's Investment Committees. Christophe was responsible for the establishment of ICG's international franchise, opening the Paris office in 1995, Hong Kong office in 2001 and New York office in 2007. Prior to joining ICG, he worked for Banque de Gestion Privée in Paris.

05 Peter Gibbs
Non Executive Director, Age 52

Peter was appointed to the Board of ICG in March 2010. He was until 2005 Chief Investment Officer of Merrill Lynch's Investment Management activities outside the US, and prior to this Co-Head of Equity Investments worldwide. He currently serves as a Non Executive Director of Evolution Group plc, Impax Asset Management Group plc, Director of Merrill Lynch (UK) Pension Plan Trustees Ltd and as a Director of UKFI.

06 Philip Keller
Managing Director, Age 44

Philip is Finance Director and responsible for the ICG's finance, compliance and operations. He is also a member of the Executive Committee. Previous positions he has held include Finance Director at ERM Holdings Ltd, and a number of financial directorships in the GlaxoSmithKline and Johnson & Johnson groups.

07 John Manser, CBE DL
Chairman (outgoing)
Non Executive, Age 70

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

08 François de Mitry
Managing Director, Age 44

François joined ICG in 1997. He is responsible for the Company's mezzanine and growth capital business, and sits on the Mezzanine Investment Committee. François is also a member of the Executive Committee. Prior to joining the Company he worked for Société Générale.

09 James Nelson
Non Executive Director, Age 62

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

10 Kevin Parry
Non Executive Director, Age 48

Kevin was appointed to the Board of ICG in June 2009. He is Chief Financial Officer at Schroders plc, the FTSE 100 asset management and private banking group, and was Chairman of their Audit Committee from 2003 to 2008. He was previously Chief Executive at Management Consulting Group plc and a managing partner at KPMG. He is a chartered accountant with extensive experience of auditing and advising large international groups.

Directors' report.

The Directors present their annual report and the audited financial statements for the 12 months ended 31 March 2010.

Principal activities and business review

The principal activities of the Group are those of providing mezzanine and equity finance to companies throughout Europe, Asia Pacific and North America and the management of third party funds in mezzanine, debt, high yield bonds and related assets. The Group's profit before taxation was £105.8m (year ended 31 March 2009: loss of £66.7m). The Directors consider the state of the Company's affairs to be satisfactory. The review of the Group's business (as required by section 417 of the Companies Act 2006) including its likely future development is contained in Our business, the Managing Directors' strategic review, the Business review and on pages 45 to 62, which are incorporated into this report by reference. The Pillar 3 disclosure is available on request and may be obtained from our registered office, details of which are on page 123.

Investment process

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

As far as credit fund management is concerned, the investment process is more straightforward as the Investment Committee rules on the basis of a pre-negotiated documentation and information pack.

In order to avoid any conflict of interests between both ICG's businesses, namely mezzanine investment and credit fund management, two separate and independent Investment Committees have been set up. All investments are reviewed by the corresponding Investment Committee. The approving committees, led by the Chief Executive Officer (CEO), namely Christophe Evain, comprise up to seven additional members for mezzanine investment and five additional members for credit fund management. The CEO selects the members among two pre-defined lists of people including Managing Directors and senior investment executives. One of these members will be nominated as Sponsor member, depending on the specificities of the investment (geography, size, nature of the transaction). By chairing at both Investment Committees, the CEO ensures consistency in the Global Investment Strategy of the firm.

Key Performance Indicators (KPIs)

Details of the KPIs are shown in the Business review on pages 28 to 31.

Financial risk management

The financial management of the Group is detailed in the Corporate Governance Report on pages 71 to 74. Financial risk management policies and disclosures are in note 27 to the accounts and in the Business review on pages 38 to 41.

Principal risks and uncertainties

These are discussed in the Business review on pages 38 to 41.

Directors

The present membership of the Board is as set out below. All the Directors shown below served throughout the year except for Peter Gibbs who was appointed as a Director by the Board of Directors on the 25 March 2010 and Kevin Parry who was appointed as a Director by the Board of Directors on the 23 June 2009. In accordance with the Articles of Association Peter Gibbs will retire and stand for reappointment at this year's Annual General Meeting. Kevin Parry retired and was reappointed to the Board in July 2009 at the Annual General Meeting. Also in accordance with the Articles of Association and best practice, François de Mitry, James Nelson and Philip Keller retire by rotation and will all stand for reelection at this year's Annual General Meeting. At the conclusion of this year's Annual General Meeting John Manser will retire from the Board of Directors. John Manser will be replaced as Chairman of the Board by Justin Dowley. Justin Dowley's appointment as Senior Independent Director will be taken over by Kevin Parry. Christophe Evain was appointed as successor to Tom Attwood in the role of Chief Executive Officer on 16 March 2010. Tom Attwood will remain on the Board of the Company and will continue to chair the Executive Committee.

The interests of the Directors of the Company and their connected persons, as defined by the Companies Act, in the shares of the Company as at 31 March 2010 are as follows:

	31 March 2010 Number of 20p ordinary shares	31 March 2009 Number of 20p ordinary shares
Tom Attwood	**871,149**	298,374
Jean-Daniel Camus	**–**	–
Justin Dowley	**109,998**	24,444
Christophe Evain (Chief Executive Officer)	**409,350**	150,961
Peter Gibbs	**–**	–
Philip Keller	**39,500**	10,000
Kevin Parry	**–**	–
John Manser (Chairman)	**97,122**	41,922
François de Mitry	**255,109**	98,062
James Nelson	**40,180**	8,929

No changes to the Directors' interests in shares at 31 March 2010 as set out above had been notified up to 4 June 2010.

Directors' share options

Details of Directors' share options are provided in the Report of the Remuneration Committee on pages 76 to 89. The Directors had no interests in the shares of any subsidiary company. No Company shares were issued under the Executive Share Option Schemes during the year.

Substantial shareholdings

As at 20 May 2010 the Company had been notified of the following interests pursuant to the Disclosure Rules and the Transparency Rules representing 3 per cent or more of the issued share capital of the Company:

Institution	Number of shares	Percentage of voting rights	Disclosed
Aviva Plc and its Subsidiaries	48,609,679	12.46	08/04/2010
BlackRock Inc	23,479,958	6.02	07/12/2009
Baillie Gifford	22,200,397	5.71	15/09/2009
Mirabaud Investment Management Limited	19,321,829	4.97	20/11/2009
Ameriprise Financial Inc[1]	19,351,979	4.96	17/03/2010
Legal & General Group Plc[2]	15,489,288	3.98	20/07/2009
Prudential Plc Group[2]	14,967,761	3.86	13/02/2009
Newton Investment[2]	12,320,168	3.18	10/10/2008

1 Includes Threadneedle Asset Management.

2 Number of shares adjusted for July 09 rights issue.

The Company has received no further notifications since 20 May 2010.

Dividend

The Directors recommend a final net dividend payment in respect of the ordinary shares of the Company at a rate of 11p per share (31 March 2009: 8.5p, adjusted for the rights issue), which when added to the interim net dividend of 6p per share (31 March 2009: 8.5p, adjusted for the rights issue), gives a total net dividend for the year of 17p per share (31 March 2009: 17p, adjusted for the rights issue). The amount of dividend paid in the year was £41.1m (31 March 2009: £56.9m).

Trade creditors

It is Group policy to agree and clearly communicate terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms, based upon the timely receipt of an accurate invoice. The Group does not follow any code regarding terms of payment, and the average number of creditor days throughout the year was 33 (2009: 33).

Auditors

A resolution for the reappointment of the current auditors, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting. Details of auditors' remuneration for audit and non audit work are disclosed in note 9 to the accounts.

Disclosure of information to auditors

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

– so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

– the Director has taken all reasonable steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to ensure that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Executive Committee

The Executive Committee comprises the four Managing Directors of ICG, each of whom has a specific area of responsibility. The Executive Committee has general responsibility for ICG's resources, determining strategy, financial and operational control and managing the business worldwide. Christophe Evain is Chief Executive Officer and, in addition to his strategic and operational remit, he chairs the Company's Investment Committees. Tom Attwood chairs the Executive Committees and focuses on fund investors, Philip Keller is responsible for finance and infrastructure, and François de Mitry is responsible for the mezzanine and growth capital business.

Charitable and political contributions

During the year the Group made charitable donations of £7,800 (2009: £20,800) principally to local charities serving the communities in which the Group operates. No donation (2009: £50,000) has been made to the Private Equity Foundation this year. This is a foundation backed by the private equity industry which invests both money and expertise to help charities achieve a step change in their impact. The Group also allows employees, to take two days paid leave a year to devote to charitable causes supported by the Group further to its Corporate Social Responsibility programme, further details of which are given on pages 42 to 44. No contributions were made during the year (2009: nil) for political purposes.

Directors' report.
Continued.

Directors' indemnity
The Company has entered into contractual indemnities with the Directors pursuant to the amendment to the Articles authorised at the 2007 AGM and these remain in force.

Acquisition of own shares
The Company purchased 1,028,575 shares of 20p each, for consideration of £2.8m, to hedge future liabilities arising under long term incentive plans.

This represented 0.26 per cent of the Group's share capital at 31 March 2010.

Share capital and rights attaching to the Company's shares
As at 31 March 2010 the issued share capital of the Company was 390,138,826 ordinary shares of 20p each.

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

At a general meeting of the Company every member present in person and/or as a duly appointed proxy has one vote on a show of hands and on a poll, one vote for each share held. The Intermediate Capital Group Employee Benefit Trust 2002 holds shares which may be used to satisfy options and awards granted under the Company's employee share schemes. The voting rights of these shares are exercisable by the Trustees in accordance with their fiduciary duties. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

No shareholder is, unless the Board decide otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if he or she or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or she or any interested person failed to supply the Company with the information requested within 14 days' where the default shares represent at least 0.25 per cent of their class or in any other case 28 days' after delivery of the notice. Where the default shares represent 0.25 per cent of their class the Board may also decide that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days' after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier.

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

The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than:
- certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares.

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

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

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

The Director's authority to effect purchases of the Company's shares on the Company's behalf is conferred by resolution of shareholders. At the 2009 Annual General Meeting the Company was granted authority to purchase its own shares, up to an aggregate value of 10 per cent of the issued ordinary share capital of the Company as at 31 March 2009. During the year the Company purchased 1,028,575 of its own shares for consideration of £2.8m to hedge future liabilities arising under long term incentive plans. This represented 0.26 per cent of the Group's share capital at 31 March 2010.The authority to effect purchases of the Company's shares is renewed annually and approval will be sought at the forthcoming Annual General Meeting for its renewal.

At the 2009 Annual General Meeting the Directors were given the power to allot new shares, up to an aggregate nominal amount of £5,756,070. Authority to allot new shares up to an aggregate nominal amount of £61,825,169, in connection with the rights issue, was granted at the extraordinary general meeting of the Company held on 20 July 2009. A resolution will be proposed to renew the Company's authority to allot further new shares at the forthcoming Annual General Meeting. In accordance with the latest institutional guidelines issued by the Association of British Insurers (ABI), the proposed new authority will allow the Directors to allot ordinary shares equal to an amount of up to one third of the Company's issued ordinary share capital as at 26 May 2010 plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional one third of the Company's issued share capital as at 26 May 2010.
Further details of the resolutions proposed at the forthcoming Annual General Meeting are set out on pages 69 to 70.

Change of control agreements

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

1) The multi currency revolving loan facility agreement of £1,067m dated 5 April 2005 as amended and restated on 8 December 2006 where a change of control gives lenders the right, but not the obligation, to cancel their commitments to the facility and declare the loans repayable on demand.

   The multi currency forward start revolving loan facility agreement of £250m dated 1 July 2009 where a change of control gives lenders the right, but not the obligation, to cancel their commitments to the facility and declare the loans repayable on demand.

2) The four Private Placement arrangements totalling £396m dated between 27 April 2000 and 28 February 2007 where a change of control gives rise to a downgrade in the credit rating and the loans are thereafter repayable on demand.

3) The Private Placement arrangement totalling £34m dated 26 June 2008 where a change of control in the Company gives rise to an event of default under the agreements. The loans are thereafter repayable on demand.

4) The £450m loan facility agreement dated 31 March 2008 where a change of control gives lenders the right, but not the obligation, to cancel their commitments to the facility and declare the loans repayable on demand.

   The forward start loan facility agreement of £150m dated 1 June 2009 and amended and restated 1 July 2009 where a change of control gives lenders the right, but not the obligation, to cancel their commitments to the facility and declare the loans repayable on demand.

5) The employee share schemes, details of which can be found in the Report of the Remuneration Committee on pages 76 to 89. Awards and options under the 2001 Approved and Unapproved Executive Share Option Schemes become exercisable for a limited period following a change of control, whereas awards under the KERSP will only become exercisable if the Remuneration Committee so decides. There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid apart from the usual payment in lieu of notice.

Annual General Meeting

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

Resolutions 11, 12, 15 and 16 will be proposed as special resolutions. All other will be proposed as ordinary resolutions. To pass special resolutions 75 per cent or more of the votes cast must be in favour.

Ordinary business

Annual Report and Accounts – Resolution 1 The Directors are required to present to shareholders at the AGM the Annual Report and Accounts for the year ended 31 March 2010.

Report of the Remuneration Committee – Resolution 2
The Directors are required to seek approval of the shareholders for the Report of the Remuneration Committee for the year ended 31 March 2010. The resolution is an advisory vote, as permitted by law, and no entitlement to remuneration is made conditional on the resolution being passed. The Report of the Remuneration Committee is on pages 76 to 89.

Dividend – Resolution 3 The Directors recommend a dividend of 11p per share. The final dividend cannot exceed the amount recommended by the Directors. If approved by shareholders, the final dividend will be paid on 20 August 2010 to those shareholders on the register as at 16 July 2010.

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

Reappointment of Director – Resolution 6 Peter Gibbs was appointed as a Director of the Company by the Company's Board of Directors on 25 March 2010. In accordance with the Articles of Association of the Company, he will retire and stand for reappointment at the AGM. Biographies of all the Directors appear on pages 64 and 65.

Re-election of Directors – Resolutions 7, 8 and 9 François de Mitry, James Nelson and Philip Keller are retiring by rotation in accordance with the Articles of Association of the Company and will be standing for re-election. Biographies of all the Directors appear on pages 64 and 65 of the Annual Report and Accounts.

Directors' report.
Continued.

Authority to allot shares – Resolutions 10 The Directors may allot relevant securities only if authorised to do so by shareholders. The authority granted at the 2009 AGM is due to expire at this year's AGM. Resolution 10 seeks to renew this authority for a period until 30 September 2011, or the date of the 2011 AGM, whichever is the earlier.

Paragraph (a) of Resolution 10 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £26,009,255, representing approximately one third (33.33 per cent) of the Company's existing issued share capital and calculated as at 26 May 2010 (being the latest practicable date prior to publication of the Notice of AGM). In accordance with the latest institutional guidelines issued by the ABI, paragraph (b) of Resolution 10 will also allow directors to allot, including the ordinary shares referred to in paragraph (a) of Resolution 10, further ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £52,018,510, representing approximately two thirds (66.67 per cent) of the Company's existing issued share capital calculated as at 26 May 2010. The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow emerging best practice as regards its use (including, where appropriate, the Directors standing for re-election) as recommended by the ABI.

Issue of Shares – Resolution 11 If the Directors wish to allot equity securities or sell treasury shares for cash, the Companies Act 2006 requires that these shares are offered first to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre emption rights. There may be occasions, however, when, in order to act in the best interests of the Company, the Directors need flexibility to finance business opportunities as they arise without offering securities on a pre emptive basis. Resolution 11 asks shareholders to renew the Directors' authority to allot equity securities for cash up to an aggregate nominal value of £3,901,388 (being equivalent to approximately 5 per cent of the ordinary issued share capital as at 26 May 2010) without the shares being offered first to existing shareholders. If given, this power will expire on 30 September 2011 or at the conclusion of the 2011 AGM, whichever is the earlier.

Repurchase of own Shares – Resolution 12 The Company may buy its own shares with the authority of shareholders. Resolution 12 seeks to renew the current authority given at the 2009 AGM. The resolution specifies the maximum number of shares that may be purchased (approximately 10 per cent) of the Company's issued share capital and the highest and lowest prices at which they may be bought. In the event that shares are purchased, they would be treated as cancelled (and the number of shares in issue would be reduced accordingly).

The Omnibus Plan – Resolution 13 It is proposed in Resolution 13 to approve a new long term incentive plan, the ICG Omnibus Plan, a summary of the terms of which are attached at Appendix 1 of the Notice of AGM. The resolution also asks that the Directors of the Company be authorised to establish further plans based on the Omnibus Plan and contained in schedules to the Omnibus Plan, but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on participation in the Omnibus Plan. The resolution also asks shareholders to approve, pursuant to section 190 of the Companies Act 2006, the transfer of beneficial interests in shares in ICG FMC Limited to the Directors, or any future Directors, of the Company, where this is required to make an award and the acquisition of those beneficial interests from such Directors.

The Balance Sheet Carry Plan – Resolution 14 It is proposed in Resolution 14 to approve a new long term cash bonus plan, the proposed ICG Balance Sheet Carry Plan, a summary of the terms of which are attached at Appendix 2 of the Notice of AGM.

Articles of Association – Resolution 15 It is proposed in Resolution 15 to adopt new Articles of Association (New Articles) in order to update the Company's current Articles of Association. The New Articles primarily take account of changes made under the Companies (Shareholders' Rights) Regulations 2009 and the implementation on 1 October 2009 of the last parts of the Companies Act 2006. The principal changes introduced in the New Articles are summarised in Appendix 3 of the Notice of Annual General Meeting.

General Meetings – Resolution 16 Resolution 16 is required to meet the requirements of the Shareholder Rights Directive, which requires the notice period for general meetings of the Company to be not less than 21 days.

The Shareholder Rights Directive provides that the Company must have shareholder approval to allow the Company to call general meetings (other than an AGM) on 14 clear days' notice. The approval given at the 2009 AGM is due to expire at this year's AGM. If granted, the 2010 AGM approval will be effective until the 2011 AGM or 30 September 2011, whichever is the earlier. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

By Order of the Board

Aneta Polk
Company Secretary

4 June 2010

Corporate governance.

The Group recognises, and is committed to, the highest standards of corporate governance. Throughout the year ended 31 March 2010, the Group complied with the provisions of the 2006 Financial Reporting Council (FRC) Combined Code on Corporate Governance ("the Code") issued by the FRC in June 2006, except for provision A.3.2 (which provides that at least half the Board, excluding the Chairman, should comprise independent Non Executive Directors). The Group complied with the provision of A.3.2 from 23 June 2009 onwards due to the appointment of Kevin Parry as an independent Non Executive Director on that date. The composition of the Board is kept under regular review by the Nominations Committee. A copy of the Code is publicly available on the Financial Reporting Council's website (www.frc.org.uk).

The Board's responsibilities and processes

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

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

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

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

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

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

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

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

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

The roles of the Chairman and Chief Executive

The Chairman of the Board, John Manser, leads the Board in the determination of its strategy and in achieving its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman has no involvement in the day to day business of the Group. The Chairman facilitates the effective contribution of Non Executive Directors and ensures that there is effective communication with the Group's shareholders. John Manser will not be standing for re election at this year's Annual General Meeting having completed his term in office. Justin Dowley will succeed John Manser as Chairman of the Board. In accordance with good practice, John Manser was not involved in the selection or appointment of Justin Dowley as his successor. Justin Dowley was selected as the new Chairman due to his effective performance as Senior Independent Director and as part of ICG's long term succession planning. As a result neither an external search consultancy nor open advertising was used in relation to the appointment of the incoming Chairman.

Christophe Evain succeeded Tom Attwood as Chief Executive Officer on 16 March 2010. The Chief Executive Officer has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group. The Chief Executive is supported in his role by a committee called the Executive Committee who enable him to carry out the responsibilities delegated to him by the Board. The Committee comprises the four Executive Directors and is chaired by Tom Attwood. The Committee meets on a regular basis to consider operational matters and the implementation of the Group's strategy with no one Director being able to significantly affect the running of the Company without consulting his colleagues.

Corporate governance.
Continued.

Senior Independent Director
Justin Dowley holds the position of Senior Independent Director of the Company. In accordance with the Combined Code, any shareholder concerns not resolved through the existing mechanisms for investor communication can be conveyed to the Senior Independent Director. Upon the appointment of Justin Dowley as Chairman of the Board, the position of the Senior Independent Director will be held by Kevin Parry.

Board of Directors
As at 31 March 2010, the Board comprised four Executive Directors, an independent Non Executive Chairman and five Non Executive Directors of whom all five are independent. The Non Executive Directors are as follows:

– John Manser was appointed a Non Executive Director in January 2001 and Non Executive Chairman in May 2001.
– James Nelson was appointed a Non Executive Director in May 2001.
– Justin Dowley was appointed a Non Executive Director in February 2006.
– Jean-Daniel Camus was appointed a Non Executive Director in March 2007.
– Kevin Parry was appointed as a Non Executive Director in June 2009.
– Peter Gibbs was appointed as a Non Executive Director in March 2010.

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

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

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

Board and Committee meetings

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings held	9	3	8	6
Tom Attwood	8	3*	3*	5*
Tom Bartlam	4	1*	1	2
Jean-Daniel Camus	8	3	8	6
Justin Dowley	8	3	7	5
Christophe Evain	8	3*	1*	–
Peter Gibbs	1	1	1	–
Philip Keller	9	3*	8*	–
John Manser	9	3*	5*	6
François de Mitry	8	2*	6*	–
James Nelson	9	3	8	6
Kevin Parry	5	2	2	3

* Attended these meetings but is not on the Committee.

Board performance
In line with the requirements of the Combined Code, the Board reviews its own performance annually using a predetermined template designed as a tool to facilitate the evaluation process.

The assessment covers the functioning of the Board as a whole, the functioning of the Executive Committee, the evaluation of individual Directors and includes a review of the effectiveness of the Board Committees. The Board considers the results of the performance evaluation when making its recommendations regarding the re election of Directors.

The Board does not consider it necessary to employ the services of an external third party to conduct the evaluation process. A review was performed in September 2009 and the Board concluded that its performance and that of its Committees, Chairman and Directors were satisfactory.

Election and re election of Directors
One third of the Directors retire by rotation each year in accordance with the Articles of Association and all Directors are re elected at least once every three years. François de Mitry, James Nelson and Philip Keller retire by rotation at the forthcoming Annual General Meeting and all shall be standing for re election. Any Director appointed during the year must offer himself for election at the next Annual General Meeting. In accordance with this provision Peter Gibbs will retire and shall stand for re election at the forthcoming Annual General Meeting. The terms and conditions of appointment of the Directors and terms of reference for the Committees are available for inspection at the Company's registered office during normal business hours, until the close of the AGM.

The Board recommends that François de Mitry, James Nelson and Philip Keller should be re elected to the Board because, based upon a formal performance evaluation during the year, their performance continues to be effective. The Board recommends that Peter Gibbs should be re elected to the Board because his skills and experience has already proved valuable to the effective functioning of the Board.

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

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

Audit Committee The Audit Committee, chaired by Justin Dowley, consists of five (2009: three) independent Non Executive Directors, these being Jean-Daniel Camus, Justin Dowley, Peter Gibbs, James Nelson and Kevin Parry. John Manser is not a member of the Audit Committee but is invited to attend the meetings. The Executive Directors are not members of the Audit Committee but are invited to attend. Deloitte LLP, the Company's auditor, is also invited to attend and has direct access to Committee members. The Board is satisfied that the Chairman has recent and relevant financial experience as do other members of the Committee.

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

– selecting and recommending the appointment of the external auditors to the Board, approving their terms of reference and fees;
– reviewing the performance of the external auditors and ensuring appropriate rotation of audit partner;
– acting as a forum for discussion of internal control issues and giving input to the Board's review of the Company's internal control and risk management systems and procedures;
– reviewing the independence of the external auditors and the relationship between audit and non audit work performed by the external auditors. Procedures are in place to ensure that all significant non audit work performed by the auditors is approved in advance by the Committee and they assess whether such appointments impair, or appear to impair, the auditors' judgement or independence. The Audit Committee also undertakes an annual evaluation to assess the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. The results of the evaluation were last reported to the Board in March 2010. An analysis of fees paid to Deloitte LLP is shown in note 9 on page 105;
– reviewing the annual and interim accounts before they are presented to the Board, in particular any significant issues arising from the audit; accounting policies and clarity of disclosures; compliance with applicable accounting and legal standards; issues regarding a significant element of judgement; and the statements on internal controls and business risk assessment; and
– reviewing the provisioning policy for the investment portfolio on a six monthly basis; and reviewing and approving the Company's whistleblowing policy;
– reviewing the Company's procedures for detecting fraud and for handling, in confidence, allegations from whistleblowers and to ensure these procedures allow proportionate and independent investigation of such matters and appropriate follow up action;
– reviewing management's and the internal risk's reports on the effectiveness of systems for internal financial control, financial reporting and risk management, including non financial risk management; and
– monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.

During the year the Audit Committee:

– reviewed and recommended to the Board the accounting disclosures comprised in the interim and annual financial statements of the Group and reviewed the scope of the external audit plan and audit findings;
– evaluated the independence and objectivity of the external auditors and the effectiveness of the audit process;
– met with the external auditors in the absence of management;
– reviewed the effectiveness of the internal control environment of the Group;
– reviewed the Risk Management of and Operational Control over the Funds under Management; and
– reviewed and approved the updated ICAAP.

Remuneration Committee The Committee, chaired by James Nelson, consists of five (2009: three) independent Non Executive Directors, these being Jean-Daniel Camus, Justin Dowley, James Nelson, Peter Gibbs and Kevin Parry. John Manser is not a member of the Remuneration Committee but is invited to attend the meetings. The Committee supports the Board in determining the level of remuneration of the Chairman and reviews the remuneration policy applicable to senior management. Further details regarding remuneration policy and payments made can be found in the Report of the Remuneration Committee on pages 76 to 89.

Nominations Committee The Committee, chaired by John Manser, consists of six (2009: four) independent Non Executive Directors, these being Jean-Daniel Camus, Justin Dowley, Peter Gibbs, Kevin Parry, James Nelson and John Manser.

The Committee is responsible for considering the composition of the Board to ensure that the balance of its membership as between Executive and Non Executive Directors is appropriate. Appointments of Executive and Non Executive Directors are made as necessary as a result of discussions by the Committee and are subject to full Board approval and election or reelection at a general meeting of the shareholders.

Relationships with shareholders

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

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

Internal control

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

Corporate governance. Continued.

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

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

The Board has considered the need for an internal audit function, but has decided that because of the nature of the current internal control system and size of the Company, it cannot be justified at present. The Board will review this decision next year. The Board undertook a formal annual assessment of the risk management and control arrangements in May 2009 in order to form a view on the overall effectiveness of the system of internal control. The Board also authorised the Executive Committee to undertake a special review of the risks and internal control systems with a view to build a plan to assist the growth of the Company's business. The Executive Committee, assisted by consultants, commenced the project in January and it is expected to be completed by mid 2010.

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

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

The key elements of this process are:

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

Directors' responsibilities statement.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the Board

Christophe Evain
Chief Executive Officer

4 June 2010

Philip Keller
Finance Director

4 June 2010

Report of the Remuneration Committee

Statement from James Nelson

Dear Shareholder

The financial year 2009/10 has been a challenging period for our business.

Despite a difficult fundraising environment, we have attracted a substantial number of new and quality investors from Asia, the Middle East and the US, which will assist with the growth of the fund management business. The rights issue in July and an extension of a significant part of our bank debt have provided significant opportunities to invest at attractive prices. We emerge from one of the most severe financial crises as a clear global leader in mezzanine and a leading European credit manager.

The next phase of growth of the business will be driven by:

- accelerating the expansion of our alternative fund management business;
- maximising returns/recoveries on existing assets;
- continuing to invest successfully; and
- attracting and retaining key talent.

As ICG establishes its position as a leading global alternative asset investor and manager, the remuneration arrangements are being realigned to support the shift in business strategy and to compensate employees for the achievement of business success in line with market practice.

The Remuneration Committee of ICG (the "Committee") commissioned PriceWaterhouseCoopers ("PwC") to review the compensation structure of ICG and to advise upon appropriate benchmarking against which remuneration could be set. The objective was to design a compensation structure and offer rewards which would better support ICG's long term strategic objectives and, at the same time, retain and attract key talent.

The aim of the revised compensation schemes is not to alter the quantum of the present schemes, but to:

- improve alignment between staff and shareholders;
- support long term corporate strategy;
- promote staff share ownership;
- facilitate understanding and be more transparent; and
- retain the "cash on cash" principle of the current schemes.

We are seeking shareholder approval at the AGM for an Omnibus Plan and a Balance Sheet Carry Plan, the terms of which will govern all our future medium and long term incentives. The Omnibus Plan provides for various types of award: "Deferred Share Awards", "PLC Equity" (which are over shares in ICG) and "FMC Equity" (which are over shares in the "FMC", a fund management subsidiary of ICG). The Balance Sheet Carry Plan has the same objective as the Medium Term Incentive Scheme ("MTIS") of encouraging employees to maximise cash returns on investments but has the added benefit to shareholders of taking full account of the risk, through the inclusion of losses on these investments. We have committed to shareholders to operate all our variable pay arrangements within a single overall limit, based upon a percentage of cash profit. These Plans are described in more detail in the body of the remuneration report.

Subject to receiving shareholder approval, the first awards under the revised compensation schemes will be made in the 2010/11 financial year. No further awards will be made under the Medium Term Incentive Scheme, the CDO Remuneration Plan, the CDO Carried Interest Plan, the Executive Share Option Scheme or the Key Executive Retention Share Plan.

The revised compensation schemes will bring the structure of ICG's remuneration more into line with the companies with which ICG competes for employees. Remuneration will be linked to performance in three principal ways:

- by the overall limit on the aggregate expected value of awards (the "Annual Award Pool"), expressed as a percentage of cash profits;
- by ensuring that Executive Directors' principal remuneration is in ICG shares which they are required to hold for an average of four years; and
- by the achievement of "hurdles" on carried interest arrangements, requiring a predetermined level of return on investment before payments of carried interest are made.

I recommend this remuneration report and the new Omnibus Plan and Balance Sheet Carry Plan to you and trust that you will support these important resolutions at the AGM.

James Nelson
Chairman of the Committee

Contents of the 2009/10 Remuneration Report

We have structured the remuneration report in four parts:

1 Remuneration policy for 2010/11 at a glance

The policy outlined in this section is dependent on shareholder approval of the Omnibus Plan and the Balance Sheet Carry Plan at the 2010 AGM. Details of these plans are set out in the "Remuneration explained" section of this report.

Remuneration principles

Five guiding principles reflected in the design of the new executive compensation arrangements

1. Alignment between staff and shareholders	Annual Award Pool (30 per cent of cash profit) for expected value of awards ensures long term affordability
2. Support the long term corporate strategy	Balance Sheet Carry awards reflect the long term corporate strategy to invest successfully and maximise returns. Key staff remunerated to grow value in the FMC
3. Promote staff ownership	The majority of executive remuneration is in the form of equity and shareholding guidelines are being introduced
4. Transparent	All aspects of remuneration are clear to employees and openly communicated to employees and shareholders
5. "Cash on cash"	The "cash on cash" principle ensures that employees are only rewarded for realised gains

How do the elements of remuneration for 2010/11 align with ICG's remuneration principles?

	Principle				
Element of remuneration	Alignment	Support the long term corporate strategy	Promote staff share ownership	Transparent	Cash on cash
Salary	–	Sufficient to ensure that variable pay can be reduced to zero	–		–
Annual Bonus (including Deferred Share Awards)	Portion awarded as Deferred Share Awards aligns with overall shareholders interests	Introducing performance metrics aligned with business strategy	Deferred Share Awards deliver ICG shares		
PLC Equity	Rewards creation of overall shareholder value	Rewards creation of overall shareholder value	Delivers ICG shares		Aggregate expected value of awards are subject to Annual Award Pool driven by cash profit
FMC Equity	Rewards creation of shareholder value in FMC	Rewards creation of shareholder value in FMC	Delivers ICG shares	All aspects of remuneration are clear and openly communicated to employees and shareholders	
Balance Sheet Carry	Ensures management is exposed to outcome of investment decisions	Encourages staff to invest successfully and maximise returns and recoveries	–		Subject to Annual Award Pool and payments only made in respect of realised gains
Carried Interest on third party funds	Rewards creation of value for third party investors	Encourages staff to invest successfully and maximise returns and recoveries	–		Payments only made in respect of realised gains

Report of the Remuneration Committee.
Continued.

How will the components of remuneration change under the 2010/11 remuneration policy?

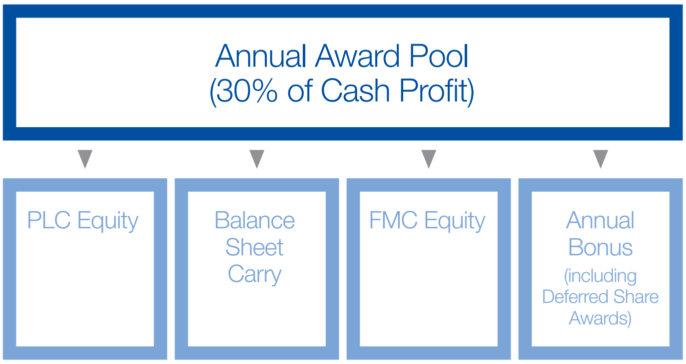
		2009/10	2010/11 and thereafter
Fixed	Base salary	Held at 2008/09 levels for Directors and executives	4 per cent increase for Executive Directors and an average 7 per cent increase for all staff, depending on role, on 2009/10 levels
	Pension and other benefits	Held at 2008/09 levels	Held at 2008/09 levels (subject to salary increases)
Variable	Short term bonus/ Annual bonus	Discretionary awards to individuals for retention reasons, where Medium Term Incentive Scheme ("MTIS") payments are insufficient or the individual does not participate in the MTIS	Annual bonus awards allocated on basis of individual performance from Annual Award Pool 50 per cent of any bonus over £100,000 is awarded as Deferred Share Awards (will apply to bonuses paid to Executive Directors in 2010/11, in respect of 2009/10 performance year)
	Deferred Share Awards PLC Equity FMC Equity Balance Sheet Carry	n/a (plan not adopted)	Awards to be made according to allocation guidelines
	MTIS	Awards under the MTIS are made in respect of investments made in each financial year. Payments made in financial years in respect of realised investments, subject to the MTIS performance condition	No awards to be made in respect of investments made after 2009/10 Payments will continue to be made in respect of the realisation of investments from prior financial years
	MTIS performance condition	Compound EPS growth of 4 per cent (threshold payment) to 8 per cent (maximum payment) for points awarded in 2009/10 financial year (5 per cent and 10 per cent for previous years)	n/a (plan to be run off)
	CDO Remuneration Plan	Awards are made on an annual basis to senior employees in the CFM team in respect of the value of the business at that time Payments are made in financial years in respect of the increase in the valuation of the CFM business	n/a (plan to be run off)
	CDO Carried Interest Plan	Awards are made on an annual basis to employees in the CFM team with respect to funds being managed Payments are made in financial years in respect of performance fees received on these funds	n/a (plan to be run off)
	ESOS	Awards to Executive Directors subject to performance condition relating to Adjusted Pre-tax Cash Profit	n/a (plan to be run off)
	KERSP	Awards are linked to payments under the MTIS. Consequently no awards made in 2009/10	n/a (plan to be run off)
	Carried interest on third party funds	Discretionary awards according to role	Discretionary awards according to role

Calculation of the Annual Award Pool and the target basis of allocation of this pool to the New Remuneration Schemes

The Annual Award Pool, which will be up to 30 per cent of cash profit, will be used as a limit on the aggregate variable compensation that can be awarded over a five year rolling period beginning with the 2012/13 financial year. Carried Interest on third party funds is not regarded as variable compensation costs of ICG, and therefore will not form part of the Annual Award Pool.

The Committee considers 30 per cent to be an appropriate limit for ICG having reviewed market data provided by PwC. However, the Annual Award Pool may be exceeded during a "transition period" (prior to the 2012/13 financial year) to enable the Committee to ensure that awards are close to the compensation guidelines for each role, adjusted for performance and approved by the Committee during the financial year.

Cash profit will be defined as pre-incentive operating profit (including net provisions) adjusted for unrealised gains, unrealised payments-in-kind and fair value movement on derivatives.



- Annual Award Pool is a cap on the aggregate value of variable compensation awarded.
- Annual Award Pool will be 30 per cent of cash profits for the most recently ended financial year.
- Will be measured over a five year rolling period starting in 2012/13.
- May be exceeded in any year but must not be exceeded on an aggregate average basis over five years.

There will be a transition period of up to two years (2011 and 2012) during which the Remuneration Committee expect to award the benchmark approved by the Remuneration Committee, based upon advice provided by PwC. During this period, for investments undertaken prior to the adoption of the new schemes that are realised in cash, MTIS payments will be made subject to the relevant EPS criteria being met, while awards will be also be granted under the new schemes. At the end of the transition period, the MTIS will be phased out and any accrued MTIS will be released to the income statement. This release is expected to neutralise the cost of running the two schemes over the transition period. Over the longer term the new schemes are designed to award the same quantum to staff as the old schemes and to have a similar impact to the Profit and Loss account.

In exceptional circumstances, it may be appropriate for the Committee to allocate a greater percentage than the envisaged 30 per cent in order to maintain the retention value of an individual's remuneration package.

At the end of each performance year the Committee will be asked to approve the final Annual Award Pool as well as the final awards and payments for Executive Directors and other members of executive management within their remit.

The Annual Award Pool will apply to the aggregate value of the following awards types:

- Annual Bonus;
- Deferred Share Awards;
- PLC Equity;
- FMC Equity; and
- Balance Sheet Carry.

Following the end of the transition period, the Committee intends to include the following information in each year's remuneration report in order to ensure that the operation of the Annual Award Pool is transparent to shareholders:

- a statement that the Committee has:
  (i) approved the calculation of the Annual Award Pool and the methodology and assumptions used to determine the value of awards for the relevant year; and
  (ii) determined that the aggregate value of the Annual Bonus (including Deferred Share Awards), PLC Equity Awards, FMC Equity Awards and Balance Sheet Carry is within the stated parameters for the Annual Award Pool,
- the percentage of cash profit representing the value of aggregate variable compensation awarded for the relevant year;
- the cumulative average of the Annual Award Pool as a percentage of cash profit over the five year period;
- the cumulative average of the aggregate value of compensation awarded over the five year period as a percentage of cash profit; and

any exercise of discretion to allow the aggregate value of awards over the five year period to exceed the cumulative Annual Award Pool.

Report of the Remuneration Committee.
Continued.

Target split between elements of variable remuneration for Executive Directors for 2010/11 based on expected payments

1. PLC Equity 70%

PLC Equity maintains alignment between Executive Directors and overall shareholder value and comprises the majority of Executive Directors' remuneration.

2. Balance Sheet Carry 20%

Balance Sheet Carry links remuneration to the performance of ICG's balance sheet investments.

3. Annual Bonus 10%

The allocation of annual bonus includes the element that will be delivered in Deferred Share Awards.

Carried Interest on third party funds

It is not possible to put a monetary value on Carried Interest at grant (and consequently it is not included in the target split), as the amounts paid out depend on the performance of investments in future years.

Carried Interest is an important incentive to provide alignment of interests between investment managers and third party fund investors.

Performance linkage for Executive Directors

c.10% Fixed Remuneration

c.90% Variable Remuneration subject to Annual Award Pool of 30% of cash profit

2 Remuneration for 2009/10
Remuneration explained

Basic salary and benefits for 2009/10 An Executive Director's basic salary is determined by the Committee at the beginning of each year.

In deciding appropriate levels the Committee is guided by objective research and observations on pay and conditions. Although ICG has no direct comparators, the research provides up to date information on a group of companies engaged in similar activities to ICG. The Committee determined that the base salaries of the Executive Directors should not be increased at 1 April 2009. The annual salaries for the Executive Directors at 1 April 2009 and throughout the year were as follows:

	Basic salaries at 1 April 2009 £000
Tom Attwood	315
Christophe Evain	315
Philip Keller	315
François de Mitry	315

The Company also provides all Executive Directors, along with all other employees, with healthcare and prolonged disability and life assurance cover.

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

Medium Term Incentive payments in respect of 2009/10 The Committee believes that any incentive compensation awarded should be tied to the interests of the Company's shareholders and that the principal measure of those interests is shareholder value. The key variable element of the remuneration package in 2009/10 is the MTIS, reapproved by the shareholders in 2003.

Historically, in May each year, individuals were awarded a notional share in any investments made in that financial year ("a vintage"). Payments from the MTIS are calculated by reference to the individual's notional share of the realised gains on investments and rolled up interest in each vintage. Payments can only be made if a performance condition relating to annual compound growth in earnings per share is met. The current and previous targets are shown below.

Percentage of MTIS paid	EPS compound annual growth rate Previous years	EPS compound annual growth rate 2009/10
4% of realised gains	5%	4%
20% of realised gains	10%	8%
And on a straight line basis in between		

The payment from the MTIS this year is 19.5 per cent (maximum 20 per cent) as the full performance target has not been achieved.

The MTIS does not form part of ICG's new compensation structure, and no further awards will made in respect of investments made after 31 March 2010. Payments will continue to accrue to participants in respect of investments made before this date, subject to the satisfaction of the performance condition.

Share options in 2009/10 There are a number of share option schemes currently operated by the Company. The schemes are:

– The ICG 2001 Approved Executive Share Option Scheme.

Under this scheme options are granted each year with an exercise price based on the previous five days' closing share price. Individual grants are restricted to the equivalent of 200 per cent of salary (400 per cent for the first grant to an individual) based upon the exercise price.

Options may only normally be exercised between three and 10 years after the date of grant if performance targets are met.

For options granted in 2009/10, the performance condition is:

Average growth in adjusted Pre-tax Cash Profit	Proportion of option exercisable
< 3% per annum above RPI	None
3% per annum above RPI	1/3
4% per annum above RPI	2/3
5% per annum above RPI or more	All
And on a straight line basis in between	

For awards made in the 2009/10 financial year to staff below the level of partner, no performance conditions applied.

Options granted to directors in earlier years are subject to an earnings per share performance condition (from 1 February 2005, core income per share) as shown below.

Average growth in earnings per share	Proportion of option exercisable
<3% per annum above RPI	Nil
3% per annum above RPI	1/3
4% per annum above RPI	2/3
5% per annum above RPI	All
And on a straight line basis in between	

Options granted in earlier years to executives are subject to an earnings per share performance condition (from 1 February 2005, core income per share) of 4 per cent per annum above RPI.

– The ICG 2001 Unpproved Executive Share Option Scheme, the provisions of which are substantially similar to those of the ICG 2001 Approved Executive Share Option Scheme.

– The Key Executive Retention Share Plan (KERSP). This which was adopted on 23 May 2005, under which an amount (up to 15 per cent of the value of the MTIS pool) may be distributed to key executives in the form of share options with an exercise price equal to nil. In order to exercise these options, the Company must achieve a growth in EPS of 5 per cent per annum from the date of grant to the vesting date and the limit to any individual is 20 per cent of the value of their monetary remuneration in the year. No KERSP awards are to be made for the Financial Year 2009/10.

– The Intermediate Capital Group PLC SAYE Plan 2004. This was approved by shareholders on 25 May 2004 and amended on 20 November 2007 and 21 May 2009. UK employees are offered the opportunity to save a regular amount each month over 36 months and receive a bonus at the end of the saving contract. At maturity, employees can exercise their option and purchase shares in ICG at the discounted price set at the launch of the plan or receive the accumulated cash.

The Committee considers that performance conditions attaching to the options granted were appropriate. No value is delivered to participants if performance is below threshold performance, and the requirement for growth to exceed the Retail Price Index ensures that they are stretching in the context of the prevailing economic conditions.

Shareholder dilution For all awards made during the 2010/11 financial year and subsequent financial years, ICG intends to use market purchased shares to satisfy any equity settled incentive awards.

The Committee will also set a dilution limit for FMC Equity Awards (the "FMC Equity Pool") of 25 per cent of the issued share capital of the FMC that may be made the subject of FMC Equity Awards.

Employee Benefit Trust The Company established the Intermediate Capital Group PLC 2002 Employee Benefit Trust which may be used to hold shares and cash in conjunction with employee share schemes established by the Company from time to time.

Carried Interest on third party funds in 2009/10 There are a number of carried interest schemes operated by the Company. Carried interest is a share of the profits of a successful fund that is paid to the Company as a manager of the fund and certain employees who are involved in the management of the fund.

Although carried interest is a cost to external investors, they value the fact that it aligns the interests of the fund management team with their own, encouraging the best returns to be obtained.

These funds are managed by the Company for external investors, and no payments are made to carried interest holders until these investors have been returned their initial capital contribution and an Internal Rate of Return (IRR) of 8 per cent (the "Hurdle") on the whole of the fund.

Once the returns exceed the Hurdle, a high proportion of these cash flows (80 per cent) are allocated to carried interest holders, until they have received 20 per cent of all aggregate cash flows from the fund (known as "catch up"). Carried interest holders then receive 20 per cent of any further returns.

The Company currently operates carry schemes for the following funds:

– ICG Mezzanine Fund 1998;
– ICG Mezzanine Fund 2000;
– ICG Mezzanine Fund 2003;
– Intermediate Capital Asia Pacific Mezzanine Fund 2005;
– ICG European Fund 2006;
– Intermediate Capital Asia Pacific Fund 2008;
– ICG Minority Partners Fund 2008; and
– ICG Recovery Fund 2008.

Report of the Remuneration Committee. Continued.

Remuneration for 2010/11

The Omnibus Plan and Balance Sheet Carry Plan described in this section are subject to shareholder approval at this year's general meeting.

Basic salary in 2010/11 Based upon objective research and information relating to pay and conditions elsewhere in the ICG Group, it is proposed that the basic salary for Executive Directors will be increased by 4 per cent from 2008/9 levels, and by an average of 7 per cent from 2009/10 levels for all other staff, depending upon their role. The Committee will approve this increase during the 2010/11 financial year.

The proposed annual salaries for the Executive Directors, with effect from 1 April 2010, are as follows:

	Basic salaries at 1 April 2010 £000
Tom Attwood	328
Christophe Evain	328
Philip Keller	328
François de Mitry	328

The Company will continue to provide all Executive Directors, along with all other employees, with healthcare and prolonged disability and life assurance cover.

Long Term Incentive Awards made during the transition periods 2010/11 and 2011/12

There will be a transition period of up to two years (2010/2011 and 2011/2012). Awards will be made under the Omnibus Plan and Balance Sheet Carry Plan, subject to shareholder approval of these plans at this year's general meeting

In these transition years, the Remuneration Committee expect to award the benchmark approved by the Remuneration Committee, based upon advice provided by PwC.

During transition, for investments undertaken prior to the adoption of the new schemes that are realised in cash, MTIS payments will be made subject to the relevant EPS criteria being met. The dynamics of the transition will be designed to broadly neutralise the income statement impact over five years. At the end of the transition the MTIS will be phased out and any accrued MTIS will be released to the income statement. This release is expected to more than cover any shortfall arising as a result of the transition.

Intermediate Capital Group PLC Omnibus Plan

The first awards under the Intermediate Capital Group PLC Omnibus Plan (the "Omnibus Plan") will be made in the 2010/11 financial year, subject to receiving the Omnibus Plan shareholder approval at the 2010 AGM. The Omnibus Plan provides for three different award types to be made over Company shares: Deferred Share Awards, PLC Equity awards and FMC Equity awards.

Deferred Share Awards

This Omnibus Plan provides a vehicle for any deferred element of the Annual Bonus. The award is over shares in the Company.

Annual Bonus

This scheme will reward employees for increasing ICG profits, managing the cost base, employing sound risk and business management.

It replaces the current "Short Term Bonus" which is used to reward infrastructure/junior staff who are not in the MTIS and as a "bridge" for new joiners who will not receive MTIS payments for several years.

All employees will be eligible to participate. Bonuses will be determined on a discretionary basis at the end of the performance year.

There will be mandatory deferral into Company shares of 50 per cent of any amount of an individual's bonus that exceeds £100,000. The deferred element will vest in equal amounts after one, two and three years.

Dividend Equivalents will accrue to participants during the vesting period.

The vesting of deferred shares will not be contingent upon a performance condition. Good Leaver treatment (automatic vesting) will apply in circumstances of death, disability and ill health. The treatment of other leavers will be subject to Committee discretion.

PLC Equity Awards

This Omnibus Plan will reward senior employees for increasing long term shareholder value and will align their interests with shareholders. The award is over shares in the Company.

This scheme will form the largest proportion of the remuneration of Executive Directors, but other senior staff will also be eligible to participate.

Awards will be made at the end of the performance year on a discretionary basis, based on performance as determined by the annual appraisal process.

Dividend Equivalents will accrue to participants during the vesting period.

The vesting of shares will not be contingent upon a performance condition. These awards will vest one third at the end of each of the third, fourth and fifth anniversaries of grant. Good Leaver treatment will apply in circumstances of death, disability and ill health (where vesting will be automatic) and redundancy (where vesting will occur at the normal vesting date). The treatment of other leavers will be subject to Committee discretion.

FMC Equity Awards

This scheme will incentivise those employees charged with accelerating the expansion of our alternative fund management business. The award is over shares in FMC. The value of a share will be determined by an independent valuation.

The shares will vest, one third at the end of each of the first, second and third anniversaries of grant. A holding period applies until the third anniversary of grant.

On the third anniversary, all vested shares will be automatically "exchanged" for Company shares of an equivalent value. No further restrictions will apply.

Good Leaver treatment (automatic vesting) will apply to both unvested awards and (prior to the end of the holding period) vested awards in circumstances of death, disability and ill health, and, in respect of vested awards only, redundancy. The treatment of other leavers will be subject to Committee discretion.

Although Executive Directors are eligible, it is not currently intended that they will participate.

Balance Sheet Carry

This arrangement will encourage Investment Executives to seek the required returns on investments, whilst minimising defaults and losses.

It will take the form of an "in house" carry arrangement (i.e. on the returns from investments made by ICG on its balance sheet) and awards will pay out by reference to a year of investment ("vintage") and therefore take losses into account.

Awards vest in three equal tranches on the first, second and third anniversaries of grant and payment will be made on the realisation of investments, once a hurdle rate of return has been achieved on these investments.

The hurdle rate will be fixed by the Committee prior to making the first awards in each vintage, calculated as the base rate plus 4 per cent per annum, with a floor of 5 per cent per annum. The hurdle for the 2010/11 vintage will be 5 per cent per annum.

After repayment of capital and the payment of the related hurdle rate of return to ICG, participants will become entitled to catch up until they have received up to 20 per cent of the aggregate returns on investments in that vintage. Thereafter, participants will be entitled to receive up to 20 per cent of any further returns on those investments.

Leaver provisions will be consistent with Private Equity industry standard. In summary, good leaver treatment (accelerated vesting) will apply to both vested and unvested awards in circumstances of death, disability and ill health, and in respect of vested awards only, redundancy. The treatment of other leavers will be subject to Committee discretion.

Carried Interest on third party funds

Carried Interest on third party funds will continue unchanged from the 2009/10 financial year and generally new allocations of interests will be made as new funds are raised.

The same schemes operated in the 2009/10 financial year will be continue to be operated in the 2010/11 financial year, namely:

- ICG Mezzanine Fund 1998;
- ICG Mezzanine Fund 2000;
- ICG Mezzanine Fund 2003;
- Intermediate Capital Asia Pacific Mezzanine Fund 2005;
- ICG European Fund 2006;
- Intermediate Capital Asia Pacific Fund 2008;
- ICG Minority Partners Fund 2008; and
- ICG Recovery Fund 2008.

Shareholding requirements

In addition to the alignment between the Executive Directors and Senior employees and shareholders provided by the Balance Sheet Carry awards, PLC Equity Awards, FMC Equity Awards and Deferred Share Awards, further alignment will be provided by a minimum shareholding policy of two times salary for Executive Directors and one times salary for other senior employees. A reasonable period of up to two years from 1 April 2011 will be permitted to build up to the required shareholding.

Compliance with these shareholding guidelines will be assessed by the Committee and may have an impact on the future remuneration of Executive Directors and Partners.

Following the end of the period for Executive Directors to build up their shareholding, the extent to which the shareholding guidelines have been satisfied by each Executive Director will be set out in the remuneration reports for subsequent years.

3 Remuneration in detail for 2009/10

Carried interest on third party funds

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

Report of the Remuneration Committee.
Continued.

It is not possible to put a monetary value on these interests, as they are dependent upon the performance of the relevant funds in the future. No amounts will be payable until the third party investors in the funds have had all their capital returned, plus a minimum return. The allocation of carried interest entitlements as at 31 March 2010 was as follows:

	ICG Mezzanine Fund 1998 %	ICG Mezzanine Fund 2000 %	ICG Mezzanine Fund 2003 %	Intermediate Capital Asia Pacific Mezzanine Fund 2005 %	ICG European Fund 2006 %	Intermediate Capital Asia Pacific Fund 2008 %	ICG Minority Partners Fund 2008 %	ICG Recovery Fund 2008 %
Executive Directors	13.4	12.9	19.6	22.1	22.6	21.7	43.1	23.8
Former Executive Directors	27.5	16.0	9.6	9.4	2.8	0.7	1.2	1.4
Other executives	20.6	27.9	39.4	43.5	54.6	57.6	35.7	54.8
ICG	38.5	43.2	31.4	25.0	20.0	20.0	20.0	20.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Executive Directors’ contracts
Executive Directors have one year “rolling” contracts which are deemed appropriate for the nature of the Company’s business. The Company is obliged to pay damages for wrongful termination. No other payments are made for compensation for loss of office. The details of the service contracts for Executive Directors serving during the year are shown below.

	Date of agreement	Notice periods	Non-compete provisions	Compensation on termination by the Company without notice or cause
Tom Attwood	30 May 2006	12 months	Restraint period of 12 months	The salary for any unexpired period of notice. The cost to the Company (ignoring NI contributions) of providing insurance benefits for the same period.
Christophe Evain	30 May 2006	12 months	Restraint period of 12 months	The salary for any unexpired period of notice. The cost to the Company (ignoring NI contributions) of providing insurance benefits for the same period.
Philip Keller	12 October 2006	12 months	Restraint period of 12 months	The salary for any unexpired period of notice. The cost to the Company (ignoring NI contributions) of providing insurance benefits for the same period.
François de Mitry	30 May 2006	12 months	Restraint period of 12 months	The salary for any unexpired period of notice. The cost to the Company (ignoring NI contributions) of providing insurance benefits for the same period.

Non Executive Directors
The remuneration of the Non Executive Directors is determined by the Board within the limits set out in the Articles of Association, which currently limits the total amount paid to Non Executive Directors to £600,000. In arriving at these levels of fees, the Committee relies upon objective research from PwC and Deloitte LLP which contains up to date relevant information for similar companies. Fees are reviewed every two years and the latest review will take effect from 1 April 2010.

Details of the fee levels in 2009/10 are shown below.

			Committee chairman/Membership		
Non Executive Directors	Board membership fees £000	Non Executive Chairman fee £000	Audit £000	Remuneration £000	Total fees £000
John Manser	–	127.5	–	–	127.5
Jean-Daniel Camus	40.0	–	2.5	2.5	45.0
Justin Dowley	40.0	–	10.0	2.5	52.5
Peter Gibbs*	0.6	–	0.1	0.1	0.8
James Nelson	40.0	–	2.5	10.0	52.5
Kevin Parry	30.9	–	1.9	0.5	33.3

* Appointed 25 March 2010

Non Executive Directors cannot participate in any of the Company’s share option schemes. However, Tom Bartlam, a former Executive Director and a Non Executive Director during the year participates in carried interest arrangements in third party funds.

The proposed fees for 2010/11 are as follows.

Non Executive Directors	Board membership fees £000	Non Executive Chairman fee £000	Senior Independent Director fee £000	Committee Chairman/Membership Audit £000	Remuneration £000	Total fees £000
John Manser	–	150.0	–	–	–	150.0
Jean-Daniel Camus	50.0	–	–	5.0	5.0	60.0
Justin Dowley	50.0	–	5.0	10.0	5.0	70.0
Peter Gibbs	50.0	–	–	5.0	5.0	60.0
James Nelson	50.0	–	–	5.0	20.0	75.0
Kevin Parry	50.0	–	–	5.0	5.0	60.0

Non Executive Directors do not have contracts of service and are not eligible to join the designated Group pension plan. Details of Non Executive Directors' letters of appointment are as follows:

Non Executive Directors	Date appointed	Last re-elected
John Manser	January 2001	July 2006
Kevin Parry	June 2009	July 2009
Jean-Daniel Camus	March 2007	July 2007
Justin Dowley	February 2006	July 2008
Peter Gibbs	March 2010	–
James Nelson	May 2001	July 2007

Reelection of Directors

François de Mitry, James Nelson and Philip Keller retire by rotation and offer themselves for re election at the Annual General Meeting. Peter Gibbs was appointed during the year and therefore will retire and stand for reappointment at the Annual General Meeting.

Directors' remuneration – audited

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

Executive Directors	Basic salaries £000	Employee benefit trust interests £000	Short and medium term scheme £000	Pension scheme allowances £000	Benefits in kind £000	**Total for year ended 31 March 2010 £000**	Total for year ended 31 March 2009 £000**
Tom Attwood	315	2,102	–	–	4	**2,421**	366
Christophe Evain	315	2,055	–	47	4	**2,421**	366
Philip Keller	315	1,112	258*	47	4	**1,736**	366
François de Mitry	315	–	2,055	47	4	**2,421**	366
	1,260	5,269	2,313	141	16	**8,999**	1,464

* This award will be made as a Deferred Share Award, if the Omnibus Plan is approved by the shareholders in the Annual General Meeting,

**Excluding MTIS which has been awarded, as below, to the Directors following achievement of the threshold performance hurdle in 2009/10.

The performance hurdle achieved this year for the MTIS is 19.5 per cent (maximum 20 per cent), therefore 97.5 per cent of amounts awarded under MTIS for 2009/10 will be paid to participants. The Directors will therefore be paid 97.5 per cent of the MTIS portion of their bonus for 09/10.

The threshold performance hurdle for MTIS was not attained in 2008/09 and therefore no payments were made. In accordance with the rules of the MTIS, once the threshold performance hurdle has been met in a subsequent year, catch up payments will be made for any prior years where a full payout has not been made.

Accordingly, the Directors have been awarded the following amounts in respect of their 2008/09 Bonus, 97.5 per cent of which will be distributed this year:

Executive Directors	Employee benefit trust interests £000	Short and medium term scheme £000	**Total for year ended 31 March 2009 £000**
Tom Attwood	806	–	**806**
Christophe Evain	806	–	**806**
Philip Keller	400	–	**400**
François de Mitry	–	806	**806**
	2,012	806	**2,818**

Report of the Remuneration Committee. Continued.

The emoluments paid to the Executive Directors include an amount of £7.1m (97.5 per cent of bonus awarded) which was contributed by Intermediate Capital Group PLC to the Intermediate Capital Group Employee Benefit Trust ("the Trust") with the recommendation that it was appointed for the benefit of the above Directors and their families in the amounts shown. It is understood that the trustees of the Trust followed that recommendation.

Upon approval of the new Remuneration Schemes at the forthcoming AGM, Tom Attwood and Christophe Evain intend to voluntarily recommend to the trustees of the Trust that half of their share of the Employee benefit trust interests for 2009/10 is used to purchase shares in ICG and, if this is approved, they will commit to hold these shares for a period of at least two years.

The emoluments paid to former Executive Directors amounted to £6.6m and these were contributed by Intermediate Capital Group PLC to the Intermediate Capital Group Employee Benefit Trust ("the Trust") with the recommendation that it was appointed as follows: Paul Piper £1,865,000 (2009: £785,000), Andrew Phillips £1,861,000 (2009: £485,000), Tom Bartlam £376,000 (2009: 324,000), Andrew Jackson £226,000 (2009: 122,000) and Jean Loup de Gersigny £226,000 (2009: £319,000).

Fees paid to Non Executive Directors were:

Non Executive Directors	**Total for year 2010 £000**	Total for year 2009 £000
John Manser	**127.5**	127.5
Kevin Parry	**33.3**	–
Jean-Daniel Camus	**45.0**	45.0
Justin Dowley	**52.5**	52.5
Peter Gibbs	**0.8**	–
James Nelson	**52.5**	52.5
	311.6	277.5

Share option scheme – audited

At 31 March 2010, the following Executive Directors had share options in the Company, which had not been exercised. The number of shares over which options are held is:

	At 1 April 2009 (or later date of appointment)	Granted during the year	Adjustment for July rights issue	Lapsed during the year	At 31 March 2010 or date of leaving	Exercise price*	Exercise periods From	To
Tom Attwood	49,684	–	70,300	–	119,984	£2.875	April 2004	April 2011
	37,749	–	53,412	–	91,161	£3.256	April 2005	April 2012
	45,813	–	64,822	–	110,635	£3.322	June 2006	April 2013
	44,202	–	62,543	–	106,745	£4.731	June 2007	April 2014
	52,175	–	73,824	–	125,999	£4.286	June 2008	June 2015
	46,162	–	65,316	–	111,478	£4.844	June 2009	June 2016
	35,023	–	49,555	84,578	–	£6.503	June 2010	June 2017
	1,909	–	2,701	4,610	–	£6.503	June 2010	June 2017
	42,134	–	59,617	–	101,751	£5.897	June 2011	June 2018
	–	116,969	165,503	–	282,472	£2.230	June 2012	June 2019
Christophe Evain	31,863	–	45,084	–	76,947	£2.875	April 2004	April 2011
	30,518	–	43,181	–	73,699	£3.256	April 2005	April 2012
	31,788	–	44,978	–	76,766	£3.322	June 2006	April 2013
	30,635	–	43,347	–	73,982	£4.731	June 2007	April 2014
	46,377	–	65,620	–	111,997	£4.286	June 2008	June 2015
	41,032	–	58,058	–	99,090	£4.844	June 2009	June 2016
	32,795	–	46,403	79,198	–	£6.503	June 2010	June 2017
	1,909	–	2,701	4,610	–	£6.503	June 2010	June 2017
	42,134	–	59,617	–	101,751	£5.897	June 2011	June 2018
	–	116,969	165,503	–	282,472	£2.230	June 2012	June 2019

* The number of outstanding options has been adjusted by a factor of 2.4149 and the exercise price has been adjusted by a factor of 0.414 following the rights issue in July 2009.

Share option scheme – audited continued

	At 1 April 2009 (or later date of appointment)	Granted during the year	Adjustment for July rights issue	Lapsed during the year	At 31 March 2010 or date of leaving	Exercise price*	Exercise periods From	To
Philip Keller	2,067	–	2,925	–	4,992	£6.008	Dec 2009	Dec 2016
	73,065	–	103,382	–	176,447	£6.008	Dec 2009	Dec 2016
	34,705	–	49,105	–	83,810	£6.503	June 2010	June 2017
	42,134	–	59,617	–	101,751	£5.897	June 2011	June 2018
	–	116,969	165,503	–	282,472	£2.230	June 2012	June 2019
François de Mitry	34,905	–	49,388	–	84,293	£3.322	June 2006	April 2013
	28,896	–	40,886	–	69,782	£4.729	June 2007	April 2014
	48,463	–	68,572	–	117,035	£4.101	June 2008	June 2015
	41,032	–	58,058	–	99,090	£4.844	June 2009	June 2016
	32,795	–	46,403	79,198	–	£6.503	June 2010	June 2017
	1,909	–	2,701	4,610	–	£6.503	June 2010	June 2017
	42,134	–	59,617	–	101,751	£5.897	June 2011	June 2018
	–	116,969	165,503	–	282,472	£2.230	June 2012	June 2019

* The number of outstanding options has been adjusted by a factor of 2.4149 and the exercise price has been adjusted by a factor of 0.414 following the rights issue in July 2009.

KERSP option scheme – audited

At 31 March 2010, the following Executive Directors had nil cost options in the Company under the KERSP scheme, which had not been exercised. The number of shares over which options are held is:

	At 1 April 2009 (or later date of appointment)	Adjustment for July rights issue	No. of dividend equivalent shares awarded*	Lapsed during the year	At 31 March 2010 or date of leaving	Exercise price	Exercise periods From	To
Tom Attwood	25,289	35,782	4,433	65,504	–	Nil	May 2010	May 2018
	30,898	43,718	4,426	–	79,042	Nil	June 2011	June 2019
	49,217	69,638	5,647	–	124,502	Nil	June 2012	June 2020
Christophe Evain	22,183	31,387	3,888	57,458	–	Nil	May 2010	May 2018
	27,559	38,994	3,948	–	70,501	Nil	June 2011	June 2019
	49,217	69,638	5,647	–	124,502	Nil	June 2012	June 2020
Philip Keller	13,191	18,664	1,889	–	33,744	Nil	June 2011	June 2019
	22,371	31,653	2,566	–	56,590	Nil	June 2012	June 2020
François de Mitry	22,183	31,387	3,888	57,458	–	Nil	May 2010	May 2018
	27,559	38,994	3,948	–	70,501	Nil	June 2011	June 2019
	49,217	69,638	5,647	–	124,502	Nil	June 2012	June 2020

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

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

The market price of each share at 31 March 2009 and 31 March 2010 was £3.00 per share and £2.71 per share respectively.

Directors' share options

There were no share options exercised by Directors during the year.

Report of the Remuneration Committee. Continued.

4 Remuneration Committee

Composition and operation

The Committee is authorised by the Board to determine and agree the framework for the remuneration of the Chairman of the Company, the Executive Directors and such other members of the executive management as it is instructed by the Board to consider and is also responsible for determining the total individual remuneration package of each Executive Director, having given due regard to the contents of the Code as well as the Listing Rules. The Committee is responsible for determining targets for any performance related pay schemes operated by the Company as well as the policy for pension arrangements for each Executive Director.

The Committee comprises five independent Non Executive Directors:

- Jean-Daniel Camus
- Justin Dowley
- Peter Gibbs
- James Nelson (Chairman)
- Kevin Parry

Non Executive Directors who are not members of the Committee are invited to attend the meetings. None of the Committee members have any personal financial interests (other than as shareholders), conflicts of interest arising from cross directorships or day to day involvement in running the business. The Company therefore considers that it complies with the Code recommendations regarding the composition of the Committee.

The Committee meets at least three times a year and more frequently if necessary. Executive Directors attend the meetings by invitation and the Committee consults the Executive Directors about its proposals and has access to professional advice from outside the Company. The Human Resources Director also attends the meetings by invitation. No Director is involved in any decisions as to his own remuneration.

A table showing the number of Committee meetings held during the year and the attendance record of individual Directors can be found in the Corporate Governance section on page 72.

Advisers to the Committee

PricewaterhouseCoopers LLP ("PwC") has been appointed by and advises the management of ICG on remuneration issues. PwC also provides advice to the Committee on request.

Mayer Brown and Ashurst advised the Committee on a broad range of legal issues for the Group during the year to 31 March 2010.

Activities during the year

The focus of the Committee during the year has been on the strategic review of compensation to ensure that remuneration policy aligns with business strategy.

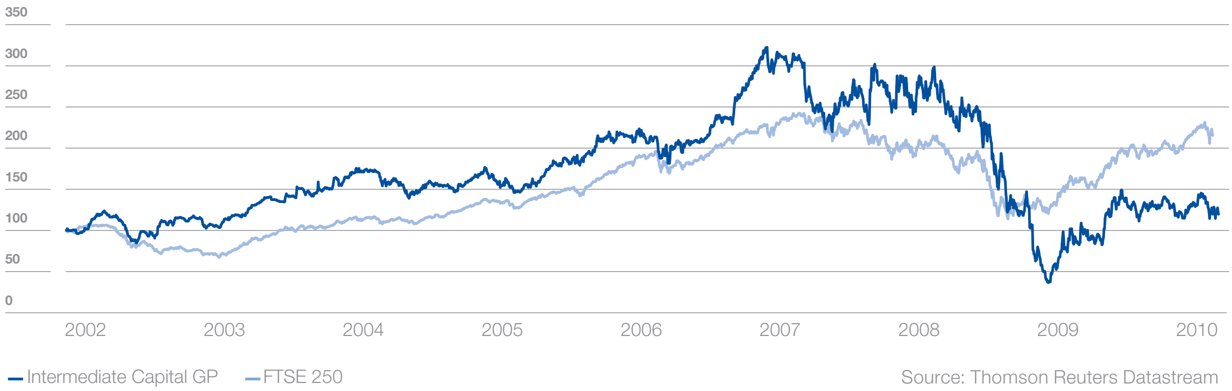
In addition to the above, the following topics were discussed and addressed as required:

Meetings	Topics addressed
March	Approval of use of market purchase shares to satisfy awards under the ESOS
	Approval of French Addendum to share options
	Amendment to the ESOS to allow for the net settlement of awards
	Review of Non Executive Director remuneration
May	Approval of compensation recommendations for 2008/09 and Awards for 2009/10
	Carry allocation approvals for ICG Minority Partners Fund 2008, ICG Recovery Fund 2008. ICG European Fund 2006, Intermediate Capital Asia Pacific Fund 2005 and Intermediate Capital Asia Pacific Fund 2008
	Targets for cumulative growth in earnings per share ("EPS") for MTIS awards made in 2009/10 and subsequent financial years decreased from 5% and 10 per cent to 4 per cent and 8 per cent (for threshold payments and maximum payments) respectively
	Approval of new performance conditions for awards under ESOS to Executive Directors, and the removal of performance conditions for staff below the level of director
July	Approval of one-off retention awards to key staff below the level of Director
September	Consideration of the Rights Issue adjustments to EPS criteria for MTIS and KERSP
November	Approval of early payments under the MTIS to staff below the level of Director

Performance graph

The graph below shows a comparison between the Company's total shareholder return performance and the companies in the FTSE 250 index. The graph compares the value, at 31 March 2010, of £100 invested in Intermediate Capital Group PLC on 1 February 2002 with the value of £100 invested in the FTSE 250 over the subsequent eight years. The FTSE 250 Group has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other major UK companies of a similar size to the Company.

Performance graph



Source: Thomson Reuters Datastream

Audited information

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

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

This report was approved by the Board of Directors on 4 June 2010.

Signed on behalf of the Board of Directors by:

James Nelson
Chairman of the Remuneration Committee

4 June 2010

Independent Auditors' Report.
to the members of Intermediate Capital Group PLC.

We have audited the financial statements of Intermediate Capital Group PLC for the year ended 31 March 2010 which comprise the Group Income Statement, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

– the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2010 and of the Group's profit for the year then ended;

– the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

– the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

– the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and

– the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

– the Parent Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or

– certain disclosures of directors' remuneration specified by law are not made; or

– we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

– the Directors' statement contained within the Corporate Governance Statement in relation to going concern; and

– the part of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

David Rush

David Rush (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom 4 June 2010

Accounts.

Consolidated Income Statement.
for the Year Ended 31 March 2010.

	Notes	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Interest and dividend income	5	**274.1**	303.7
Gains on investments	7	**98.8**	30.9
Fee and other operating income		**52.0**	59.5
		424.9	394.1
Interest payable and other related financing costs	6	**(62.4)**	(95.5)
Provisions for impairment of assets	8	**(161.8)**	(273.1)
Administrative expenses	9	**(94.9)**	(92.2)
Profit/(loss) before tax	3	**105.8**	(66.7)
Tax expense	10	**(24.1)**	(6.5)
Profit/(loss) for the year attributable to the equity holders of the parent		**81.7**	(73.2)
Earnings per share*	13	**25.0p**	(35.1)p
Diluted earnings per share	13	**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 share rights issue in July 2009.

All activities represent continuing operations.

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

Consolidated Statement of Comprehensive Income.
for the Year Ended 31 March 2010.

Group	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Profit/(loss) for the year	**81.7**	(73.2)
AFS 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)

Company	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Profit/(loss) for the year	**111.8**	(125.7)
AFS financial assets		
Gains/(losses) arising in the year	**2.0**	(36.4)
Less: Reclassification adjustment for (gains)/losses included in profit and loss	**(2.0)**	36.4
	–	–
Tax on items taken directly to or transferred from equity	**–**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**111.8**	(125.7)

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

Consolidated Statement of Financial Position.
31 March 2010.

	Notes	31 March 2010 Group £m	31 March 2010 Company £m	31 March 2009 Group £m	31 March 2009 Company £m
Non current assets					
Property, plant and equipment	14	**7.6**	**6.8**	9.7	8.5
Financial assets: loans, investments and warrants	15	**2,718.1**	**1,977.3**	2,922.6	2,151.6
Derivative financial instruments	15	**21.4**	**21.4**	33.5	33.5
		2,747.1	**2,005.5**	2,965.8	2,193.6
Current assets					
Trade and other receivables	16	**56.0**	**452.9**	50.7	407.9
Financial assets: loans and investments	17	**8.9**	**8.9**	19.9	19.9
Derivative financial instruments		**9.8**	**9.8**	2.1	2.1
Cash and cash equivalents		**83.7**	**4.4**	23.7	5.3
		158.4	**476.0**	96.4	435.2
Total assets		**2,905.5**	**2,481.5**	3,062.2	2,628.8
Equity and reserves					
Called up share capital	18	**78.0**	**78.0**	17.3	17.3
Share premium account		**642.5**	**642.5**	348.5	348.5
Capital redemption reserve		**1.4**	**1.4**	1.4	1.4
Own shares reserve		**(2.8)**	**–**	–	–
Other reserves		**35.2**	**4.3**	23.7	8.9
Retained earnings		**429.2**	**279.7**	384.6	203.8
Shareholders' funds		**1,183.5**	**1,005.9**	775.5	579.9
Non current liabilities					
Financial liabilities	19	**1,409.0**	**976.1**	2,057.7	1,605.4
Derivative financial instruments	19	**22.4**	**21.8**	31.7	30.5
Deferred tax liabilities	21	**32.3**	**19.0**	6.2	0.8
		1,463.7	**1,016.9**	2,095.6	1,636.7
Current liabilities					
Trade and other payables	20	**166.5**	**350.5**	127.9	358.4
Financial liabilities	19	**66.4**	**66.4**	19.2	19.2
Liabilities for current tax	20	**0.5**	**17.2**	9.4	–
Derivative financial instruments	19	**24.9**	**24.6**	34.6	34.6
		258.3	**458.7**	191.1	412.2
Total liabilities		**1,722.0**	**1,475.6**	2,286.7	2,048.9
Total equity and liabilities		**2,905.5**	**2,481.5**	3,062.2	2,628.8

Company Registration Number: 2234775

These financial statements were approved and authorised for issue by the Board of Directors on 4 June 2010.

Signed on behalf of the Board of Directors by:

John Manser
Director

Philip Keller
Director

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

Consolidated Statement of Cash Flow.
for the Year Ended 31 March 2010.

	Notes	31 March 2010 Group £m	31 March 2010 Company £m	31 March 2009 Group £m	31 March 2009 Company £m
Net cash from operating activities					
Interest receipts		**168.3**	**119.2**	151.5	87.5
Fee receipts		**52.4**	**7.6**	68.4	10.0
Dividends received	5	**1.9**	**56.6**	10.0	10.2
Gain on disposals		**79.3**	**3.6**	30.9	1.1
Interest payments		**(81.0)**	**(69.2)**	(119.8)	(101.6)
Cash payments to suppliers and employees		**(51.0)**	**(31.6)**	(96.4)	(81.7)
(Payment for)/proceeds from (purchase)/sale of current financial assets		**(18.6)**	**(18.6)**	87.4	89.6
Purchase of loans and investments		**(96.7)**	**(53.2)**	(410.6)	(347.3)
Proceeds from sale of loans and investments		**235.9**	**205.8**	108.9	80.3
Cash generated/(used in) operations		**290.5**	**220.2**	(169.7)	(251.9)
Taxes (paid)/received		**(14.5)**	**8.8**	(50.7)	0.8
Net cash generated/(used in) operating activities		**276.0**	**229.0**	(220.4)	(251.1)
Investing activities					
Proceeds from subsidiary undertakings		**–**	**(17.9)**	–	58.2
Purchase of property, plant and equipment		**(1.5)**	**(1.5)**	(5.4)	(4.6)
Net cash (used in)/from investing activities		**(1.5)**	**(19.4)**	(5.4)	53.6
Financing activities					
Dividends paid	12	**(37.8)**	**(37.8)**	(56.9)	(56.9)
(Decrease)/increase in long term borrowings		**(528.1)**	**(524.1)**	255.5	252.5
Proceeds on issue of shares		**351.4**	**351.4**	–	–
Net cash (used in)/from financing activities		**(214.5)**	**(210.5)**	198.6	195.6
Net increase/(decrease) in cash		**60.0**	**(0.9)**	(27.2)	(1.9)
Cash and cash equivalents at beginning of year		**23.7**	**5.3**	50.9	7.2
Cash and cash equivalents at end of year		**83.7**	**4.4**	23.7	5.3

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

Consolidated Statement of Changes in Equity.
for the Year Ended 31 March 2010.

Group	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale 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
AFS financial assets	–	–	–	–	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)
Scrip dividend	0.3	3.0	–	–	–	–	–	3.3
Credit for equity settled share schemes	–	–	–	0.7	–	–	–	0.7
Amortisation for 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**

Company	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Retained earnings £m	Total £m
Balance at 31 March 2009	17.3	348.5	1.4	8.9	203.8	579.9
Profit for the year	–	–	–	–	111.8	111.8
Total comprehensive income for the year	–	–	–	–	111.8	111.8
Proceeds from rights issue	60.4	291.0	–	–	–	351.4
Scrip dividend	0.3	3.0	–	–	–	3.3
Credit for equity settled share schemes	–	–	–	0.6	–	0.6
Amortisation for lapsed options	–	–	–	(5.2)	5.2	–
Dividends paid	–	–	–	–	(41.1)	(41.1)
Balance at 31 March 2010	**78.0**	**642.5**	**1.4**	**4.3**	**279.7**	**1,005.9**

Group	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale 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)
AFS 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 equity settled share schemes	–	–	–	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**

Company	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Retained earnings £m	Total £m
Balance at 31 March 2008	17.2	348.5	1.4	5.0	386.4	758.5
Loss for the year	–	–	–	–	(125.7)	(125.7)
Total comprehensive income for the year	–	–	–	–	(125.7)	(125.7)
Exercise of share options	0.1	–	–	–	–	0.1
Credit for equity settled share schemes	–	–	–	3.9	–	3.9
Dividends paid	–	–	–	–	(56.9)	(56.9)
Balance at 31 March 2009	**17.3**	**348.5**	**1.4**	**8.9**	**203.8**	**579.9**

Notes to the Accounts.

1. General information

Intermediate Capital Group PLC is a company incorporated in the United Kingdom under the Companies Act with Companies registration number 2234775. The address of the registered office is on page 123. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 66.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

International Financial Reporting Standards (IAS/IFRS)		Accounting periods commencing after
IFRS 7 (Amendment)	Financial Instruments: Disclosure	1 January 2011
IAS 27 (Amendment)	Consolidated and Separate Financial Statements (2008)	1 July 2010
IAS 34 (Amendment)	Interim Financial Reporting	1 January 2011
IFRS 9	Financial Instruments: Clarification and measurement	1 January 2013
IFRS 2 (Amendment)	Group cash settled share based payments	1 January 2010
IAS 1 (Amendment)	Presentation of Financial Statements	1 January 2011

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, except for the treatment of certain financial assets when IFRS 9 comes into effect. The impact of this cannot be estimated at this time.

2. Significant accounting policies

(a) Basis of accounting

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

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

(ii) Going concern – The Financial review on pages 32 to 37 describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities together with its objectives, factors likely to affect its future development and policies and processes for managing its capital. The Group's financial risk management objectives and its exposure to credit risk and liquidity risk are described in the Principal risks and uncertainties section on pages 38 to 41 and details of its financial instruments and hedging activities are described in note 27. Having reviewed the Group's budget and business plan and, taking into account reasonable downside sensitivity, the Directors believe that the Group has adequate financial resources to continue in operational existence for the foreseeable future despite the current uncertain economic climate and accordingly they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

(iii) Adoption of new and revised standards – In the current financial year, the Group has adopted the following, new and revised Standards and Interpretations, which have affected the amounts reported in the financial statements.

International Accounting Standard 1 (revised 2007) "Presentation of Financial Statements" requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each year presented.

International Financial Reporting Standard 8 "Operating Segments" has been adopted with effect from 1 April 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources and assess performance of segments.
The predecessor standard IAS 14 "Segmental Reporting" required the Group to identify business and geographical segments using a risk and reward approach, with the Group's internal financial reporting to key management personnel, serving only as a starting point for the identification of such segments. Following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed, however the allocation of income and expenses is presented differently as explained in note 4. This has had no impact on the Group's previously reported net cash flows, financial position or total comprehensive income. Accordingly, a comparative consolidated statement of financial position at 31 March 2008 has not been reported.

Amendments to IFRS 7 "Financial Instruments: Disclosures" expands the disclosures in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

The principal accounting policies are set out below:

(b) Basis of consolidation

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

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

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

(c) Investment in subsidiaries

Investments in subsidiaries are recorded in the Company statement of financial position at cost less provision for impairments.

2. Significant accounting policies continued

(d) Investment in associates

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

(e) Interest income and expense

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

(f) Fee income and expense

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

(g) Dividend income

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

(h) Share based payments

The Group has applied the requirements of IFRS 2 Share Based Payment.

The Group issues equity-settled share options to certain employees. These are measured at fair value at the date of grant using a Black Scholes option pricing model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest, with a corresponding adjustment to reserves for share based payments. Details regarding the determination of the fair value of equity-settled share options are set out in note 22.

(i) Pension costs

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

(j) Value added tax

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

(k) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds Sterling which is the presentation currency for the consolidated financial statements. The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing on the balance sheet date. The income and expense items are translated using the exchange rates at the date of the transactions. Exchange differences are recognised in other comprehensive income and accumulated in equity.

Foreign currency monetary transactions are translated into pounds Sterling using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated at the rates prevailing on the balance sheet date. Exchange differences on the translation of monetary items are recognised in the income statement for the year. Non monetary items carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at that date when fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts. The treasury policies of the Group are described in more detail in note 27.

(l) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the Accounts.
Continued.

2. Significant accounting policies continued

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(m) Property, plant and equipment and depreciation

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

Furniture and equipment – 20 per cent to 33 per cent per annum
Short leasehold premises – 20 per cent per annum

(n) Financial assets

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

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

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

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

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

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

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

2. Significant accounting policies continued

(o) Impairment of financial assets

A financial asset, other than one classified as fair value through the profit and loss, is impaired and impairment losses are incurred if, and only if, there is objective evidence of a fall in value of that asset as a result of events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows.

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

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

With the exception of AFS assets, if in a subsequent period the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying value of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value, subsequent to an impairment loss is recognised in other comprehensive income.

(p) Shares and warrants

Shares and warrants are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis, applying the valuation policies of ICG as detailed in note 15.

(q) Financial liabilities

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

(r) Derivative financial instruments and hedge accounting

Derivatives, including embedded derivatives which are not considered to be closely related to the host contract, are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at their fair value using an independent third party valuation. Changes in fair values of derivatives are recognised immediately in the income statement.

The Group does not apply hedge accounting per IAS 32 "Financial Instruments – Presentation".

(s) Significant estimates/uncertainties

The significant accounting estimates used in preparing these financial statements are considered to relate to the valuations of impaired assets, equity investments, warrants, share based payment and the effective interest rate calculations. The estimates and associated assumptions are based on historical experience and other relevant factors, and are reviewed on an ongoing basis. Actual results may differ from these estimates.

The methodology for valuing impaired assets and for valuing warrants and equities is as detailed in note 15 on pages 108 and 109, for valuing share based payment is as detailed in note 22 on pages 112 to 114 and for deciding upon the maturity date for the effective interest rate on loans and investments in note 2(e) on page 99.

3. Profit/(loss) of Parent Company

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the year amounted to £111.8m (year ended 31 March 2009: £125.7m loss).

Notes to the Accounts.
Continued.

4. 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, as reviewed by the Chief Executive Officer, is presented below in (i) and (ii):

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 ended 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 and 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 per cent 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, and 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. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

(i) Analysis of income and profit before tax

	Mezzanine Fund Management						
Year ended 31 March 2010	Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	26.6	8.0	–	14.0	48.6	–	48.6
Fee income from Balance Sheet (inter segment)	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.

4. Business and geographical segments continued

Year ended 31 March 2009	Mezzanine Fund Management: Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	24.8	7.0	–	21.7	53.5	–	53.5
Fee income from Balance Sheet (inter segment)	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.

(ii) Loan book by sector

	Year ended 31 March 2010 £m	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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

(iii) Group revenue by geographical segment from external customers

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Europe	**370.4**	354.2
Asia	**37.1**	24.2
US	**17.4**	15.7
	424.9	394.1

(iv) Property, plant and equipment by geographical segment

Information about the Group's non current assets, excluding financial instruments and deferred tax assets, is detailed below by geographical location.

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Europe	**7.2**	9.2
Asia	**0.3**	0.4
US	**0.1**	0.1
	7.6	9.7

Notes to the Accounts.
Continued.

5. Interest and dividend income

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Income on interest bearing loans and investments designated as FVTPL	–	0.2
Interest income on other interest bearing loans and investments	**272.1**	292.1
Dividend income from equity investments	**1.9**	10.0
Interest on bank deposits	**0.1**	1.4
	274.1	303.7

Interest income on other interest bearing loans and investments includes £30.7m (2009: £11.6m) accrued on impaired loans.

6. Interest payable and other related financing costs

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Interest expense recognised under the EIR method	**56.1**	94.0
Fair value movements on assets and liabilities held at fair value through the profit and loss*	**(0.1)**	(8.3)
Other related financing costs	**6.4**	9.8
	62.4	95.5

* This relates to foreign exchange gains and losses arising in translation of monetary assets and liabilities at the exchange rate prevailing at the balance sheet date, and other fair value movements on derivative assets and liabilities.

7. Gains on investments

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Fair value movements on warrants	**28.1**	25.2
Fair value movements on financial assets designated as FVTPL	**(0.5)**	–
Gains recycled from equity reserves on AFS financial assets	**71.2**	5.7
	98.8	30.9

8. Impairment of assets

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Impairment on loans and receivables:		
New and increased	**169.9**	243.7
Write off	**4.0**	0.5
Recoveries	**(16.6)**	(28.2)
Total impairment on loans and receivables:	**157.3**	216.0
Impairment on AFS financial assets		
New and increased	**6.6**	50.1
Recoveries	**–**	(0.6)
Total impairment on AFS financial assets	**6.6**	49.5
(Reversal of impairment)/impairment on fair value through the profit and loss assets	**(2.1)**	7.6
	161.8	273.1

(Reversals of impairments)/impairments arose on assets in our Mezzanine Investment business.

9. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Administrative expenses include:		
Amounts due under the Medium Term Incentive Scheme ("MTIS")	**50.6**	29.5
Depreciation	**3.1**	1.8
Loss on disposal of fixed assets	**0.5**	–
Auditors' remuneration	**0.9**	0.9

Information regarding Director and employee costs is provided in note 11. Impairment losses are detailed in note 8.

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

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Audit fees:		
Fees payable to the Company's auditor for the audit of the Group's annual accounts	**0.3**	0.3
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.1**	0.1
Total audit fees	**0.4**	0.4
Non audit fees:		
– Tax services	**0.1**	0.2
– Remuneration services	**–**	0.3
– All other services	**0.4**	–
Total non audit fees	**0.5**	0.5
Total auditors' remuneration	**0.9**	0.9

10. Tax expense

Analysis of tax on ordinary activities	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Corporate tax at 28% (2009: 28%) based on the profit for the year	**7.9**	8.9
Prior year adjustment	**(3.6)**	5.1
	4.3	14.0
Deferred taxation:		
Current period	**16.2**	(9.7)
Prior year adjustment	**3.6**	2.2
Tax on profit/(loss) on ordinary activities	**24.1**	6.5

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Profit/(loss) on ordinary activities before tax	**105.8**	(66.7)
Tax at 28% (2009: 28%) thereon	**29.6**	(18.7)
Effects of:		
Adjustment in respect of other items including share based payments	**(0.9)**	1.8
Non deductible expenditure	**11.0**	15.9
Prior year adjustment	**–**	7.3
Overseas tax (credit)/charge	**(15.6)**	0.2
Current tax charge for the year	**24.1**	6.5

Deferred tax has been accounted for at the current corporation tax rate of 28 per cent (2009: 28 per cent).

Notes to the Accounts.
Continued.

11. Information regarding Directors and employees

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Directors' remuneration:		
Emoluments and benefits	**9.3**	2.1
	9.3	2.1
Employee costs during the year including Directors:		
Wages and salaries	**72.2**	68.0
Social security costs	**2.1**	2.7
Pension costs	**1.0**	1.2
	75.3	71.9

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

	Year ended 31 March 2010 No.	Year ended 31 March 2009 No.
Investment Executives	**68**	66
Support staff	**54**	70
Directors	**4**	5
	126	141

The performance related element included in wages and salaries is £50.6m (2009: £29.5m), which is derived as a result of the Medium Term Incentive Scheme and contributions to the Company's Employee Benefit Trust.

12. Dividends paid and proposed

	2010		2009	
	Per share pence	£m	Per share pence	£m
Ordinary dividend:				
Final dividend for the years ended 31 March 2009/08	**20.5**	**17.7**	45.5	39.2
Interim dividend for the periods to 30 September 2009/08	**6.0**	**23.4**	20.5	17.7
	26.5	**41.1**	66.0	56.9

The proposed final dividend for the year ended 31 March 2010 is 11.0p per share (2009: 20.5p per share (8.5p per share restated following ICG's ordinary share rights issue in July 2009)) which will amount to £42.9m (2009: £18m).

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

In the year to 31 March 2010 £41.1m (2009: £56.9m) of dividends were paid. Of these £3.3m were taken as scrip dividends.

13. Earnings per share

Earnings	Year ended 31 March 2010 £m	Year ended 31 March 2009* £m
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**81.7**	(73.2)

Number of shares	2010	2009
Weighted average number of ordinary shares for the purposes of basic earnings per share	**326,563,481**	208,434,048
Effect of dilutive potential ordinary shares share options	**–**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**326,563,481**	208,434,048

* The earnings per share for the year ended 31 March 2009 has been restated following ICG's ordinary share rights issue in July 2009, by multiplying the prior year EPS by the adjustment factor of 0.414. The weighted average number of shares has therefore been adjusted by dividing by 0.414.

14. Property, plant and equipment

Year ended 31 March 2010	Furniture and equipment £m	Short leasehold premises £m	Total £m
Group			
Cost			
At 31 March 2009	10.0	5.1	15.1
Additions	1.2	0.3	1.5
Disposals	(1.0)	(0.8)	(1.8)
At 31 March 2010	**10.2**	**4.6**	**14.8**
Depreciation			
At 31 March 2009	3.1	2.3	5.4
Charge for the year	2.0	1.1	3.1
Depreciation on disposals	(0.8)	(0.5)	(1.3)
At 31 March 2010	**4.3**	**2.9**	**7.2**
Net book value			
At 31 March 2010	**5.9**	**1.7**	**7.6**
At 31 March 2009	6.9	2.8	9.7

Company			
Cost			
At 31 March 2009	8.4	4.4	12.8
Additions	1.2	0.3	1.5
Disposals	(1.0)	(0.8)	(1.8)
At 31 March 2010	**8.6**	**3.9**	**12.5**
Depreciation			
At 31 March 2009	2.2	2.1	4.3
Charge for the year	1.7	1.0	2.7
Depreciation on disposals	(0.8)	(0.5)	(1.3)
At 31 March 2010	**3.1**	**2.6**	**5.7**
Net book value			
At 31 March 2010	**5.5**	**1.3**	**6.8**
At 31 March 2009	6.2	2.3	8.5

Notes to the Accounts.
Continued.

14. Property, plant and equipment continued

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

15. Financial assets – non current

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Loans and receivables held at amortised cost	**2,436.6**	2,701.2	**1,784.2**	1,985.4
Investment in subsidiaries	**–**	–	**129.8**	129.8
AFS financial assets held at fair value	**238.3**	220.6	**37.1**	35.9
Financial assets designated as FVTPL	**22.7**	0.3	**17.0**	–
Derivative financial instruments held at fair value – warrants	**20.5**	0.5	**9.2**	0.5
Other derivative financial instruments held at fair value	**21.4**	33.5	**21.4**	33.5
	2,739.5	2,956.1	**1,998.7**	2,185.1

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

15. Financial assets – non current continued

AFS financial assets	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Additional information in respect of movements during the year is as follows:				
Balance at 31 March 2009/08	**220.6**	197.3	**35.9**	34.9
Additions*	**22.7**	38.3	**2.6**	21.5
Change in fair value*	**72.5**	(52.0)	**–**	(35.6)
Transferred from group companies	**–**	–	**–**	7.3
Realisations	**(69.7)**	(7.0)	**–**	–
Currency movement on non Sterling denominated loans	**(7.8)**	44.0	**(1.4)**	7.8
Balance at 31 March 2010/09	**238.3**	220.6	**37.1**	35.9

* £15.7m of the additions relate to conversion of existing Loan and Receivables to AFS financial assets.

Impairment	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Additional information in respect of movements during the year is as follows:				
Balance at 31 March 2009/08	**407.3**	134.5	**275.9**	90.8
Charged to income statement	**161.8**	273.6	**120.7**	190.6
Recovery of written off assets	**–**	14.1	**(15.4)**	3.7
Assets impaired in prior years written off	**–**	(50.8)	**–**	(41.2)
Assets written off in year	**(45.2)**	(0.5)	**(45.8)**	–
Impairments recovered on extinguishment of assets	**(60.1)**	–	**(40.1)**	–
Impairments arising through restructuring of assets	**60.1**	–	**40.1**	–
Currency translation and other adjustments	**(8.9)**	36.4	**(5.5)**	32.0
Balance at 31 March 2010/09	**515.0**	407.3	**329.9**	275.9

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

16. Trade and other receivables

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Other receivables	**54.6**	49.0	**37.3**	29.3
Current tax asset	**–**	–	**–**	14.5
Amount owed by group companies	**–**	–	**414.7**	362.8
Prepayments	**1.4**	1.7	**0.9**	1.3
	56.0	50.7	**452.9**	407.9

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

Notes to the Accounts.
Continued.

17. Financial assets – current

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Loans and investments	**8.9**	19.9	**8.9**	19.9

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

18. Called up share capital and own shares reserve

	2010 £m	2009 £m
Authorised: 450,000,000 (2009: 120,000,000) ordinary shares of 20p	**90.0**	24.0
Allotted, called up and fully paid: 390,138,826 (2009: 86,341,058) ordinary shares of 20p	**78.0**	17.3

No shares were issued under the Company's Approved and Unapproved Executive Share Option Schemes 2001 during the year.

The own shares reserve represents the cost of shares in ICG purchased in the market and held by the ICG Employee Benefit Trust ("EBT"). The EBT purchased 1,028,575 shares of 20p each, for consideration of £2.8m, to hedge future liabilities arising under long term incentive plans (2009: £nil). This represented 0.26 per cent of the Group's share capital at 31 March 2010.

19. Financial liabilities

	2010		2009	
Group	**Current £m**	**Non current £m**	Current £m	Non current £m
Liabilities held at amortised cost				
Private placement	**66.4**	**363.9**	19.2	449.8
£1,032m Revolving credit facility	**–**	**459.5**	–	942.5
£450m Loan facility agreement	**–**	**152.7**	–	213.1
Floating rate secured notes	**–**	**432.9**	–	452.3
Derivative financial instruments held at FVTPL	**24.9**	**22.4**	34.6	31.7
	91.3	**1,431.4**	53.8	2,089.4

The floating rate secured notes are secured on the debt portfolio of a subsidiary company Intermediate Finance II plc. The carrying value of the portfolio is £504.7m (2009: £582.9m).

	2010		2009	
Company	**Current £m**	**Non current £m**	Current £m	Non current £m
Liabilities held at amortised cost				
Private placement	**66.4**	**363.9**	19.2	449.8
£1,032m Revolving credit facility	**–**	**459.5**	–	942.5
£450m Loan facility agreement	**–**	**152.7**	–	213.1
Derivative financial instruments held at FVTPL	**24.6**	**21.8**	34.6	30.5
	91.0	**997.9**	53.8	1,635.9

19. Financial liabilities continued

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

As at 31 March 2010	Contractual maturity analysis Less than one year	One to two years	Two to five years	More than five years	Total
$95m private placement	**13.7**	**–**	**–**	**–**	**13.7**
£25m private placement	**25.8**	**–**	**–**	**–**	**25.8**
$110m private placement	**–**	**27.3**	**–**	**–**	**27.3**
£25m private placement	**–**	**20.6**	**–**	**–**	**20.6**
$200m private placement	**26.9**	**–**	**47.1**	**0.7**	**74.7**
£30m private placement	**–**	**–**	**10.0**	**–**	**10.0**
$240m private placement	**–**	**23.1**	**85.8**	**49.5**	**158.4**
€39m private placement	**–**	**34.8**	**–**	**–**	**34.8**
£30m private placement	**–**	**–**	**–**	**30.0**	**30.0**
£20m private placement	**–**	**–**	**–**	**20.3**	**20.3**
$22m private placement	**–**	**–**	**–**	**14.7**	**14.7**
£1032m revolving credit facility	**–**	**–**	**459.5**	**–**	**459.5**
£450m loan facility agreement	**–**	**–**	**152.7**	**–**	**152.7**
€325m class A secured notes	**–**	**–**	**–**	**259.2**	**259.2**
€78m class B secured notes	**–**	**–**	**–**	**69.5**	**69.5**
€78m class C secured notes	**–**	**–**	**–**	**69.5**	**69.5**
€39m class D secured notes	**–**	**–**	**–**	**34.7**	**34.7**
	66.4	**105.8**	**755.1**	**548.1**	**1,475.4**

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

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

Notes to the Accounts.
Continued.

20. Trade, other payables and liabilities for current tax

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Trade payables	**7.1**	17.3	**4.8**	11.3
Accruals	**154.7**	110.0	**137.7**	85.7
Amounts owed to group companies	**–**	–	**203.3**	260.8
Taxation – corporation tax	**0.5**	9.4	**17.2**	–
Taxation – social security	**4.7**	0.6	**4.7**	0.6
	167.0	137.3	**367.7**	358.4

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

21. Deferred tax

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

	Share based payment £m	Other derivatives £m	Warrants and investments £m	Other temporary differences £m	Total £m
At 31 March 2008	(1.8)	11.0	3.2	0.5	12.9
Prior year adjustment	–	0.2	1.5	0.5	2.2
Charge/(credit) to income	1.8	5.7	–	(17.2)	(9.7)
Credit to equity	–	–	0.8	–	0.8
At 31 March 2009	–	16.9	5.5	(16.2)	6.2
Prior year adjustment	–	–	–	3.6	3.6
(Charge)/credit to income	(0.5)	2.2	2.0	12.5	16.2
Credit to equity	–	–	6.3	–	6.3
At 31 March 2010	**(0.5)**	**19.1**	**13.8**	**(0.1)**	**32.3**

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

22. Share based payments

Equity settled share option schemes

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

The Company has a number of share option schemes for certain employees of the Group. The terms of the Intermediate Capital Group PLC 2001 Approved Executive Share Option Scheme and the Intermediate Capital Group PLC 2001 Unapproved Executive Share Option Scheme are shown on page 81.

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

	Number		Weighted average exercise price (£)	
	2010	2009	**2010**	2009
Outstanding at 1 April	**4,378,099**	3,379,486	**12.87**	11.96
Granted	**1,050,728**	1,681,564	**5.39**	14.24
Forfeited	**(3,100,578)**	(240,823)	**5.45**	14.16
Exercised*	**–**	(442,128)	**–**	10.20
Adjustment following rights issue**	**7,645,186**	–	**4.74**	–
Outstanding at 31 March	**9,973,435**	4,378,099	**4.37**	12.87
Of which are currently exercisable:	**4,163,056**	1,980,612		

* 2009: 442,128 were issued on a net basis.

** In July 2009 ICG completed a seven for two rights issue at 121.0p per share. In accordance with the terms of the ICG PLC 2001 Approved Executive Share Option Scheme and the ICG PLC 2001 Unapproved Executive Share Option Scheme all outstanding option exercise prices were adjusted by a factor of 0.414 and the number of all outstanding options were adjusted by a factor of 2.41493. The purpose of these adjustments was to preserve the rights of the holders after such a capital change.

22. Share based payments continued

The weighted average share price at the date of exercise for share options exercised in 2009 was £14.16. The options outstanding at 31 March 2010 have a range of exercise prices between £2.230 and £6.008 following the rights issue adjustment (2009: £6.944 and £15.704) as follows, and a weighted average remaining contractual life of 6.56 years (2009: 7.46 years).

Exercise price	2010 Number
£2.230	**2,475,611**
£2.947	**25,601**
£5.897	**3,211,657**
£5.902	**97,510**
£6.008	**314,604**
£4.844	**1,290,484**
£5.048	**68,922**
£4.286	**963,808**
£4.101	**88,471**
£4.731	**475,667**
£4.729	**93,033**
£3.322	**390,255**
£3.256	**243,930**
£2.875	**233,882**

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

In the year to 31 March 2010 1,050,728 share options were granted on 11 June 2009 (2009: 1,681,564 were granted on 12 June 2008). The aggregate of estimated fair values of the options granted on these dates are £2.2m (2009: £6.8m).

Notes to the Accounts.
Continued.

22. Share based payments continued
The inputs into the Black-Scholes model are as follows:

For options granted	11 June 2009	12 June 2008
Exercise price	£5.39	£14.24
Expected volatility	78.58%	38.52%
Expected life	4.63 years	4.76 years
Risk free rate	2.17%	4.88%
Dividend yield	7.27%	3.90%

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

Key Employee Retention Share Plan ("KERSP")
In the year to 31 March 2010, no new shares were granted under the KERSP scheme. (2009: 365,361 shares were granted on 12 June 2008 with an aggregated estimated fair value of £3.9m).

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

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

For shares granted on 13 June 2008, the expected volatility was determined by calculating the historical volatility of the Group's share price over the previous two years. 20 per cent of the options granted vest in each successive year starting four years from the date granted.

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

The Group recognised total expenses of £0.6m and £4.2m related to equity settled share based payment transactions in 2010 and 2009 respectively.

23. Financial commitments
At 31 March 2010, the Group estimated that it had no contractual obligations to provide further funding apart from an obligation to lend a further £36.5m (2009: £46.8m) on four existing investments and one new investment, and one co-investment agreement with Intermediate Capital Asia Pacific Fund 2008.

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

24. Operating Leases

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Minimum lease payments recognised under operating leases	**2.5**	2.5

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows:

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Within one year	**2.4**	2.5
In the second to fifth years inclusive	**7.3**	7.0
After five years	**8.0**	9.3

25. Related party transactions

All transactions between the Parent Company and its subsidiary undertakings are classified as related party transactions. All significant Company balances with subsidiary undertakings are disclosed in notes 15, 16 and 20. Aggregated significant transactions with subsidiary undertakings are as follows:

	Year ended 31 March 2010 £m	Year ended 31 March 2009 £m
Management fees received	**13.5**	1.6
Service charges paid	**10.5**	12.7
Dividends received	**104.8**	121.2

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

26. Principal subsidiary companies

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

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

Notes to the Accounts.
Continued.

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

(i) Interest rate risk
The Group's assets include both fixed and floating rate loans and non interest bearing equity investments. The Group's operations are financed with a combination of shareholders' funds, bank borrowings, private placement notes and floating rate notes. The Group manages its exposure to market interest rate movements by matching, to the extent possible, the interest profiles of assets and liabilities and by using derivative instruments. As a result, the Group does not have material financial exposure to interest rate movements. The sensitivity of assets and liabilities to interest rate risk is disclosed in (d), page 121.

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

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

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

The financial assets and liabilities by currency and the sensitivity of the assets and liabilities to foreign exchange rates is shown in (d) page 121. This is before the effect of derivative instruments.

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

The table below shows the liquidity profile of the Group's financial liabilities, based on contractual repayment dates of principal and interest payments. Future interest and principal cash flows have been calculated based on exchange rates and floating rate interest rates as at 31 March 2010. It is assumed that borrowings under the Group's revolving credit facility remains at the level as at 31 March 2010 until contractual maturity.

	Contractual maturity analysis				
As at 31 March 2010	Less than one year	One to two years	Two to five years	More than five years	Total
$95m private placement	13.8	–	–	–	13.8
£25m private placement	26.0	–	–	–	26.0
$110m private placement	2.1	27.4	–	–	29.5
£25m private placement	1.5	20.8	–	–	22.3
$200m private placement	22.2	2.9	53.2	–	78.3
£30m private placement	0.3	0.3	10.5	–	11.1
$240m private placement	10.3	33.3	106.5	55.9	206.0
€39m private placement	1.4	36.1	–	–	37.5
£30m private placement	2.0	2.0	5.9	34.0	43.9
£20m private placement	1.8	1.8	5.4	26.3	35.3
$22m private placement	1.2	1.2	3.5	15.1	21.0
£1,032m revolving credit facility	6.5	6.5	477.6	–	490.6
£450m loan facility agreement	4.9	5.0	173.2	–	183.1
€325m class A secured notes	1.0	1.0	2.9	293.0	297.9
€78m class B secured notes	1.1	1.1	3.2	73.7	79.1
€78m class C secured notes	0.7	0.7	2.0	72.0	75.4
€39m class D secured notes	0.6	0.6	1.9	37.2	40.3
Interest rate swaps	(10.1)	(8.3)	(15.4)	(5.6)	(39.4)
Cross currency swaps	(5.6)	6.1	(16.2)	4.0	(11.7)
Forward foreign exchange contracts	11.7	–	–	–	11.7
Total liabilities	**93.4**	**138.5**	**814.2**	**605.6**	**1,651.7**

27. Financial assets and liabilities continued

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

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

(iv) Refinancing risk

The Group's policy is to maintain continuity of funding. Due to the long term nature of the Group's assets the Group seeks to ensure that the maturity of its debt instruments is matched to the expected maturity of its assets. This has been achieved by the ongoing private placement programme with notes maturing between five and 10 years, short term borrowings under bank facilities and by issuing floating rate notes.

(v) Credit risk

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

The carrying amount of financial assets before any impairments best represents both the Group and Company's maximum credit risk exposure at the balance sheet date. The Group believes that all financial assets that are neither past due or impaired will be recovered in full. Details on impairments are included in note 15, which sets out the factors the Group considers when determining if a financial asset is impaired.

Additional information on the concentrations of credit risk are provided by industry and country on page 50.

Notes to the Accounts.
Continued.

27. Financial assets and liabilities continued
(b) Fair value
The carrying amount and estimated fair value of the Group's and Company's financial instruments is set out below:

	2010		2009	
Group	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables	**2,445.5**	**2,445.5**	2,721.1	2,721.1
AFS financial assets	**238.3**	**238.3**	220.6	220.6
FVTPL				
Designated as FVTPL	**22.7**	**22.7**	0.3	0.3
Derivative financial instruments – Warrants	**20.5**	**20.5**	0.5	0.5
Other derivative financial instruments	**31.2**	**31.2**	35.6	35.6
Trade and other receivables	**56.0**	**56.0**	50.7	50.7
Cash at bank	**83.7**	**83.7**	23.7	23.7
Financial liabilities				
Amortised cost				
Senior debt and bank overdraft	**612.2**	**612.2**	1,155.6	1,155.6
Private placements	**430.3**	**430.3**	469.0	469.0
Secured notes	**432.9**	**432.9**	452.3	452.3
FVTPL				
Derivatives financial instruments	**47.3**	**42.8**	66.3	66.3
Trade and other payables	**167.0**	**167.0**	137.3	137.3

	2010		2009	
Company	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in subsidiaries	**1,793.1**	**1,793.1**	2,005.3	2,005.3
Loans and receivables	**129.8**	**129.8**	129.8	129.8
AFS financial assets	**37.1**	**37.1**	35.9	35.9
FVTPL				
Designated as FVTPL	**17.0**	**17.0**	–	–
Derivative financial instruments – Warrants	**9.2**	**9.2**	0.5	0.5
Other derivative financial instruments	**31.2**	**31.2**	35.6	35.6
Trade and other receivables	**452.9**	**452.9**	407.9	407.9
Cash at bank	**4.4**	**4.4**	5.3	5.3
Financial liabilities				
Amortised cost				
Senior debt	**612.2**	**612.2**	1,155.6	1,155.6
Private placements	**430.3**	**430.3**	469.0	469.0
FVTPL				
Derivatives financial instruments	**46.4**	**46.4**	65.1	65.1
Trade and other payables	**350.5**	**350.5**	358.4	358.4

The Group and Company hold a number of investments in unlisted shares and warrants which include some which are measured at cost because their fair value cannot be measured reliably for the reasons set out in note 15. The total carrying amount of these instruments is £266.3m (2009: £221.1m).

The fair value of these warrants and unlisted shares cannot be reliably measured. The range of estimates within which the aggregate fair value is highly likely to lie is £60m to £100m higher than the carrying value (2009: £55m to £95m).

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

27. Financial assets and liabilities continued

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

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

Loans and receivables designated as FVTPL The maximum exposure to credit risk of loans and receivables designated as FVTPL is £11.9m (2009: £0.3m). Of the change in fair value in the period £2.1m (2009: £nil) is due to changes in credit risk of the asset. £9.5m relates to an acquisition.

Other derivatives The fair value of the derivatives used for hedging purposes is derived from pricing models which take account of the contract terms, including maturity, as well as quoted market parameters such as interest rates and volatilities. The Group has loans and receivables with a conversion option embedded. Given the low probability of conversion by the Group, the value attributed to these embedded derivatives is nil.

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

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

Notes to the Accounts.
Continued.

27. Financial assets and liabilities continued
(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2010			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Designated as FVTPL	12.7	–	10.0	22.7
Derivative financial instruments – warrants	–	–	20.5	20.5
Other derivative financial instruments	–	21.4	–	21.4
AFS financial assets				
Unquoted equities	–	–	238.3	238.3
	12.7	21.4	268.8	302.9
Financial liabilities at FVTPL				
Derivative financial liabilities	–	42.8	–	42.8

There were no transfers between Level 1 and 2 during the year.

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL		AFS	
	Financial assets at FVTPL £m	Derivative financial instruments – warrants £m	Unquoted equities £m	Total £m
At 31 March 2009	0.3	–	220.6	220.9
Transfers to Level 3 in the year	–	–	15.7	15.7
Total gains or losses in profit and loss				
– Capital gains	–	20.5	67.7	88.2
– Impairments	2.2	–	(19.3)	(17.1)
– Foreign exchange	–	–	(6.5)	(6.5)
Total gains or losses in other comprehensive income				
– Unrealised gains	–	–	24.0	24.0
– Foreign exchange	–	–	(1.2)	(1.2)
Purchases	7.5	–	7.0	14.5
Realisations	–	–	(69.7)	(69.7)
At 31 March 2010	10.0	20.5	238.3	268.8

The table above includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases.

All gains and losses included in other comprehensive income relate to unquoted equities held at the balance sheet date and are reported as changes in the AFS reserve in the consolidated statement of changes in equity.

27. Financial assets and liabilities continued

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

	Financial assets 2010				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	**Fixed £m**	**Total £m**		**Floating £m**	**Fixed £m**	**Total £m**
Sterling	**250.4**	**124.3**	**374.7**	Income	**2.5**	–	**2.5**
Euro	**1,405.8**	**475.2**	**1,881.0**	Income	**14.1**	–	**14.1**
Other currencies	**168.9**	**442.1**	**611.0**	Income	**1.7**	–	**1.7**
	1,825.1	**1,041.6**	**2,866.7**		**18.3**	–	**18.3**

	Financial liabilities 2010				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	**Fixed £m**	**Total £m**		**Floating £m**	**Fixed £m**	**Total £m**
Sterling	**77.2**	**249.5**	**326.7**	Income	**(0.8)**	–	**(0.8)**
Euro	**830.1**	**47.8**	**877.9**	Income	**(8.3)**	–	**(8.3)**
Other currencies	**147.8**	**289.5**	**437.3**	Income	**(1.5)**	–	**(1.5)**
	1,055.1	**586.8**	**1,641.9**		**(10.6)**	–	**(10.6)**

	Financial assets 2009				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	Fixed £m	Total £m		Floating £m	Fixed £m	Total £m
Sterling	304.5	154.3	458.8	Income	3.1	–	3.1
Euro	1,586.1	371.1	1,957.3	Income	15.9	–	15.9
Other currencies	186.5	414.2	600.8	Income	1.9	–	1.9
	2,077.1	939.6	3,016.8		20.9	–	20.9

	Financial liabilities 2009				Sensitivity of financial assets to 1% interest rate increase		
	Floating £m	Fixed £m	Total £m		Floating £m	Fixed £m	Total £m
Sterling	436.1	210.2	646.3	Income	(4.4)	–	(4.4)
Euro	908.7	50.8	959.5	Income	(9.1)	–	(9.1)
Other currencies	272.1	326.9	59.09	Income	(2.7)	–	(2.7)
	1,616.9	587.9	2,204.8		(16.2)	–	(16.2)

Current and non current derivative financial assets and liabilities are excluded from the above analysis of financial assets and liabilities by currency and interest rate profile.

Notes to the Accounts.
Continued.

27. Financial assets and liabilities continued

The Group sensitivity to movements in exchange rates is assumed by applying a measure, based on the volatility of the applicable currency, as defined in the Group's Treasury Policy, to the net currency asset or liability at the balance share date. The sensitivity was calculated at £13.0m (2009: £8.3m).

(e) Derivatives

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

	Group			Company		
	Contract or underlying principal amount	Fair values		Contract or underlying principal amount	Fair values	
As at 31 March 2010		**Asset £m**	**Liability £m**		**Asset £m**	**Liability £m**
Foreign exchange derivatives:						
Forward foreign exchange contracts	**909.1**	**9.3**	**(19.1)**	**717.0**	**9.3**	**(19.1)**
Cross currency swaps	**247.8**	**7.8**	**(27.3)**	**211.1**	**7.8**	**(27.3)**
Total	**1,156.9**	**17.1**	**(46.4)**	**928.1**	**17.1**	**(46.4)**
Interest rate derivatives:						
Interest rate swaps	**431.3**	**14.1**	**(0.9)**	**351.2**	**14.1**	–
Total	**431.3**	**14.1**	**(0.9)**	**351.2**	**14.1**	–

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

(f) Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with externally-imposed capital requirements by the Financial Services Authority and ensure that the Group maximises the return to shareholders through the optimisation of the debt and equity balance. The Group's strategy has remained unchanged from the year ending 31 March 2009.

The capital structure comprises debts, which includes the borrowings disclosed in note 19, cash and cash equivalents, and capital and reserves of the parent, comprising called-up share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

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

Shareholder information.

Timetable

The major timetable dates are as follows:

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

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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