**Embargoed until 7.00am on Wednesday 28th May 2008**

**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2008**

Intermediate Capital Group PLC ("ICG"), a leading independent fund manager and specialist provider of mezzanine finance in Europe, Asia Pacific and North America, announces its preliminary results for the year ended 31 March 2008.

**Financial highlights:**

| | **12 months to 31 March 2008** | **12 months to 31 March 2007** | **% increase/ (decrease)** |
|---|---|---|---|
| Pre-tax profits | £230m | £224m | 2% |
| Core income* | £136m | £112m | 22% |
| Gains on investments | £135m | £197m | (31)% |
| Basic earnings per share | 213.4 | 194.0p** | 10% |
| Total dividend for the year | 65p | 55p** | 18% |
| Investment portfolio | £2.3bn | £1.7bn | 32% |
| Funds under management | £7.3bn*** | £5.8bn | 25% |

* The composition of core income can be found as part of the analysis of profit before tax.
** Adjusted for 2008 Rights Issue
*** 78% of these funds were invested at the year end (2007: 69%).

**Operational Highlights**:

- Core income increased by 22% to £136m
- Gains on investments of £135m, down from record gains of £197m last year, reflecting much lower levels of early repayments
- Profit before tax up 2% to £230m, £36m of which relates to fair value movements on derivatives held for hedging purposes
- Strong balance sheet; recent Rights Issue and a new £500m debt facility to fund growth
- Record £1.7bn of investments arranged or provided in 36 companies
- Funds under management increased by 25% to £7.3bn (6% adjusted for foreign exchange)
- New office opened in New York

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

"The past year has been another one of considerable achievement for ICG. Despite volatile markets, I am pleased to report core income up 22% to £136m ( 2007 : £112m), and pre-tax profits of £230m (2007: £224m) up 2% on last year's record level including the £36m gains on derivatives held for hedging purposes.

The change in the credit markets has greatly improved the competitive landscape in which we operate and therefore the balance of risk and reward. We are well positioned to take advantage of this more favourable environment.

Given the economic outlook we will be highly selective in choosing new investments. We believe that ICG will prove to be successful in this cycle, as it has in previous cycles, given our disciplined approach to investment, the calibre of our people, our high quality and diverse portfolio, and the strength of mezzanine as an asset class."

**Enquiries:**

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Interviews with Tom Attwood, Managing Director, and Philip Keller, Finance Director, Intermediate Capital Group PLC, in video, audio and text format are available at www.icgplc.com and www.cantos.com

## CHAIRMAN'S STATEMENT

The past year has been another one of considerable achievement for ICG. Despite volatile markets, I am pleased to report core income up 22% to £136m ( 2007 : £112m), and pre-tax profits of £230m (2007: £224m) up 2% on last year's record level including the £36m gains on derivatives held for hedging purposes. The Board has proposed a final dividend of 45.5p, making a total of 65.0p for the year, an increase of 18% compared to last year's dividend of 55p (adjusted for the Rights Issue). The dividend will be paid on 4 July 2008 to shareholders on the register on 6 June 2008.

ICG has an excellent track record of creating significant value for shareholders. Over the past five years we have more than doubled profit before tax, earnings per share and dividend per share. Since we listed in 1994, total return for our shareholders - as measured by the increase in the value of a share including re-invested dividends - has been top quartile within the FTSE 250. Our strong performance is an endorsement of ICG's rigorous credit culture, the high quality of our employees, and the strength of mezzanine as an asset class.

Looking forward, we believe that there is considerable scope for further increasing shareholder value over the longer term. The change in the credit markets has considerably improved the balance of risk and reward. Whilst the pace of early repayments has fallen sharply, reducing our capital gains, we welcome the opportunity to invest in better structures for longer periods, creating the potential to deliver strong core income well into the future.

We have further expanded our investment teams in local offices across Europe and Asia Pacific, and opened an office in the United States. Our team of investment professionals are supported by the strength of our balance sheet and our infrastructure team. With a diversified, high quality portfolio which is performing satisfactorily, and a well financed balance sheet, we are in a good position to take advantage of the increasingly attractive investment opportunities that are emerging as a consequence of the crisis in credit markets.

We do believe that companies in the US and some European countries may be negatively affected by the deteriorating economic outlook, leading to greater risks for mezzanine investors. In this context we will be particularly vigilant in monitoring and managing our existing portfolio, and highly selective in choosing new investments. ICG has a strong track record for delivering value throughout many economic and debt cycles, due to its proven and rigorous investment discipline.

We are a people business. Indeed, the high calibre and dedication of our employees is one of our key strengths. I am particularly pleased with the results of a recent employee survey which showed high levels of commitment and pride in our business amongst our employees as well as confidence in our leadership.

I would like to thank our management and staff, as well as business associates and investors for their continued confidence in ICG and for helping us to scale new heights. I would like to particularly thank our shareholders who demonstrated their belief in ICG and its prospects for growth by supporting our recent £175m Rights Issue, and our bank lenders who have arranged our new £500m debt facility. These were accomplished in difficult markets, and we take seriously the stewardship responsibilities entrusted to us.

I am confident that together we can continue to grow our business profitably and to deliver value to our shareholders.

**MANAGING DIRECTORS' REVIEW**

In the last twelve months there have been a number of profound changes in the credit markets in which we operate.

After several years of asset price inflation and almost zero defaults, it did not take unrivalled genius for a private equity or credit manager to deliver great results. In the future it is not going to be so easy. We believe that ICG will prove to be successful in this period, as it has in previous cycles, given our disciplined approach to investment, the calibre of our people, our high quality and diverse portfolio, and the strength of mezzanine as an asset class.

In our view, sub-prime was merely a catalyst to bursting the credit bubble last year. It was going to happen anyway, as credit disciplines across almost all markets were bypassed in favour of loan book growth at almost any cost. We believe the problem (and the solution) was the way people were paid. Bankers were paid to lend money fuelled by record levels of liquidity. CDO and credit hedge fund managers were paid to manage bigger and bigger portfolios, and a whole industry was built up and paid increasing sums to serve a larger and larger credit market. People were paid to lend more and more money, so they did.

The growth in the ABS (Asset Backed Securities) market has fuelled the availability of cheap credit for both the consumer and the corporate borrower, in the form of mortgages, credit cards and other loans. Although margins were slim, the debt was syndicated into the ABS market and thus was very efficient for lenders' balance sheets. Now the ABS market is closed, balance sheets are more inefficient and, with little prospect of repackaging and selling the debt, banks must charge higher premiums for lending. This impacts not only consumer spending, but also companies who are now less able to access cheap debt. Initiatives led by the US Federal Bank, the Bank of England and the European Central Bank are helping provide liquidity to this market but it is unclear whether these are long term solutions.

In this context, credit hedge funds are suffering. It is now almost impossible to believe CDO managers will raise new funds in any quantity any time in the near future. The layers of leverage that make up a CDO are no longer available in the required amounts and, even when they are available, the pricing is at extremely high levels compared to previous years. Banks which also provided substantial liquidity to this market are no longer so accommodating, not least because of the remaining overhang of "hung" deals priced and structured before the liquidity crisis. Their appetite is also restricted by the syndication market which is all but closed. This means that the cash flowing into the European leveraged loan market has essentially dried up.

This gives rise to an enormous opportunity for cash investors like ICG. According to Fitch Ratings: "…notwithstanding the severe contraction in all leveraged credit issuance since summer 2007, the mezzanine product has emerged as the one primary market unreservedly open for business, and remains poised for long-term expansion." (*Mezzanine Reigns in Europe*, 21 April 2008). They are right but not at any price.

We see three opportunities in European credit markets:

- Primary, mid-market deals where the market is still active. Gearing is lower and structures are stronger in these deals and mezzanine has rapidly regained its place in the capital structure;

- Buying hung deals from banks at a discount. ICG has invested £130m in such deals in the past six months. Investment opportunities are increasing daily as banks recognise their losses and begin to accept discounted prices for their hung assets; and

- Buying discounted senior debt in the secondary markets.

We remain convinced of the significant benefits of the private equity model to all stakeholders. It delivers better returns to investors, improved productivity and more jobs. After the bursting of the asset bubble, there will be increasingly attractive opportunities for private equity investors and credit investors alike.

However, this is not without risk and, when making new investments, we assume that there will be a recession in the US, the UK and Spain and a slowdown elsewhere. The problems in the credit

markets will not be solved soon and we expect further and considerable volatility. We will approach the resulting opportunities selectively, be patient and invest wisely.

ICG, which is at its best in difficult markets, has the experience and, moreover, the right people to thrive in the new investment climate.

## Strategy

Given the credit crisis, we have two vital short term priorities: ensure that our balance sheet is properly and prudently financed to take advantage of the opportunities before us; and maintain the tightest control possible over the credit process both in making new investments and in monitoring existing ones.

Nevertheless, our long term strategy remains the same. We aim to be amongst the world's most innovative and successful investors, doubling in size every five years by employing and motivating great people. We invest for the long term, in our people, in our regional offices and in our portfolio.

ICG has consistently benefited by expanding its office network, hiring great talent and ensuring they have the means and support to secure the best transactions. We reward our investment executives for successful cash realisations and not for simply lending money.

In Europe we now have 47 investment executives, and are opening an office in Amsterdam to complement our local office network. In Asia Pacific, our team of 10 investment executives have delivered impressive growth now supplemented by our second fund in the region. This new fund held a first close in April 2008, totalling USD $542m, and is on target to raise significantly more before the end of the year. We also expect our investment activities in North America to grow, led by our 6 experienced investment professionals. They have already completed five transactions in the US and have developed a good pipeline into the new financial year.

We have carefully expanded the breadth of financing products which we offer our clients. In the coming year we expect to continue to develop our Minority Partners business and offer a range of new funds to our investors. While we think that it is unlikely that we will be able to raise a new CDO, given the market conditions, we have launched a new Unit Trust fund targeting institutional investors seeking the opportunity to invest in credit markets at these new levels. We have the full complement of skills and capacity to take advantage of mispricing in the current market and are well positioned for the long term.

## Outlook

The shortage of liquidity has led to enormous volatility in all credit markets. These markets are, as a result, inefficient, resulting in excellent opportunities for long term, well capitalised investors such as ICG.

The opportunities are not without risk; indeed we think the credit crisis has more time to run. What was a liquidity crisis is likely to lead to a credit crisis. Buyouts structured in the benign credit climate prior to August 2007 were often over geared with no margin for safety. This is likely to lead to an increase in default rates over the next year or two.

We are particularly concerned about the performance of the US, UK and Spanish economies where asset price inflation was the highest and where any correction will be hardest felt. There is no sign of a return of liquidity in debt markets as a whole. Raising new funds will become increasingly difficult across the board.

## Summary

It has been another good year for ICG. We are building an infrastructure capable of extending our recent growth into the future. Our unique regional network of top class credit professionals has done a great job this year and we are confident they will continue to do so.

The current market is providing us with an increasing number of opportunities to invest at a more attractive balance of risk and reward. Covenant "lite" – and even due diligence "lite" – are thankfully a thing of the past.

As a consequence of the economic uncertainty that surrounds us, our priorities for the year are: to maintain the appropriate level of liquidity on our balance sheet; maintain our credit discipline and persevere with our long term approach to investing.

Given where mezzanine stands in the risk spectrum, it is inconceivable that our existing portfolio will not suffer some impairments in the coming year, and we are increasing our monitoring and provisioning accordingly. Over almost 20 years and several economic and debt cycles, we have an excellent record of low defaults and high recovery rates. We will be working very hard to maintain this record.

Meanwhile we have resources available to invest. With our successful Rights Issue of £175m and increased bank facility of £500m, we had £1bn of available capacity on our balance sheet at 31 March 2008. Our Mezzanine Funds had a further £1.3bn of investment capacity. We will continue to manage our capital structure to take advantage of the opportunities we see before us. The next 2 or 3 years represent a time of great risk and great reward for lenders of all sorts, including ICG. We will therefore be patient and invest our resources selectively as the credit cycle unwinds.

**BUSINESS REVIEW**

The strong growth in our balance sheet investment portfolio, up 32% to £2.3bn was primarily achieved in the second half of the financial year. This was due to a reduction in early repayments and improved investment opportunities. In the first half we saw little growth with new investments of £468m offset by early repayments of £458m. By contrast, in the second half we invested £472m and experienced fewer repayments of £151m. In the twelve months overall new mezzanine investments amounted to £940m in a record 36 new deals.

In the year or so before the crisis, we made clear our increasingly careful approach to credit markets, particularly in Europe. This caution led to a significant decline in our European portfolio - the first time ever - in the first half of the financial year, as repayments exceeded new mezzanine investments by £178m. Following the change in the markets we were able to invest on what we believe were much better terms, in quality companies. In the second half we were once more able to increase our European mezzanine portfolio, which grew by 28% to £1.8bn. This significant increase was driven by the sharp reduction in repayments in our European Portfolio which fell from £445m in the first half to £108m in the second. The volume of Leveraged Buyout (LBO) transactions has decreased significantly since summer 2007. However, with lenders unwilling or unable to provide financing and the disappearance of second lien, companies have rapidly expanded their use of mezzanine in their capital structures. In the first quarter of 2008, 77% of transactions included mezzanine, the highest ever level. This compares favourably to the 43% reported in 2007 and the 56% in 2006. This is even more striking when looking at transactions including mezzanine and senior loans only, making up 73% of completed deals in the first quarter of 2008 compared to 19% in 2007 and 30% in 2006.

Although our portfolio is still largely comprised of European investments (86%), we experienced strong growth from our other regions and activities. Asia Pacific now accounts for 6% of the portfolio, up from 3% last year, while Minority Partners and North America now represent 5% and 3% respectively.

Our newer Asia Pacific and Minority Partner activities have grown strongly from a small base. In these businesses, mezzanine has equity characteristics, representing a different balance of risk and reward than in the more mature European mezzanine market. Both businesses are doing well and their portfolios performing particularly strongly.

Our new North American team has also made a good start, having completed or assisted in closing five transactions and generated a strong transaction pipeline for the coming year.

We have benefited from a modest improvement in pricing on our investments recognising that in this market it is risk rather than price that holds the key. The lower level of gearing and better structures we have been able to source, has substantially improved reward per unit of risk. Pricing is continuing to improve further, reflecting both the increased underlying cost of funding and more importantly greater demand for mezzanine in all our markets. Indeed, since the end of March we have invested over £150m in five new transactions through our balance sheet.

Our mezzanine fund management business continues to perform strongly and this year benefits from a full contribution from fees from our European Fund 2006. Additionally, since the year end, we have achieved a first closing for our Asia Pacific Fund II and the marketing of our Minority Partners Fund should result in a first close shortly. In this new financial year we hope to launch a Recovery Fund targeting debt of all sorts priced at a discount following the credit crisis last August.

The majority of ICG's Credit Funds were not affected by the market volatility, and continue to perform satisfactorily not having experienced any default in this, or indeed the previous year. However, our only market value fund, Eurocredit Opportunities, did suffer from the severe market volatility despite the continued satisfactory performance of its portfolio companies. It was therefore restructured in order to insulate its performance, so far as possible, from secondary price movements which, in our view, do not reflect the underlying value of the assets. We are clearly disappointed by the short term performance of this fund and will continue to work hard to achieve satisfactory long term returns for our investors. The firmer market we have experienced in recent months has already led to an improvement in the performance of this fund.

## FINANCIAL REVIEW

### Balance Sheet

#### Investment Portfolio

At the end of the year our investment portfolio totalled £2,306m, an increase of 32% (£556m) from the prior year (£1,750m). New investments for the year amounted to £940m. After repayments of £609m, net new investments were £331m. The strong appreciation of the Euro in relation to GBP lifted the portfolio by £244m. The balance of £19m is due to the impact of impairments, rolled up interest and transfers to short term assets. The Euro is the dominant currency in our portfolio. 68% of our assets are Euro denominated, reflecting the strength of our franchise in continental Europe.

Our investment portfolio includes mezzanine investments of £1,868m, accounting for 81% of the portfolio. This loan portfolio is well diversified with 89 investments of an average size of £21m. Our largest mezzanine loan accounts for 3% of the overall investment portfolio.

Equity investments were £438m at 31 March 2008 or 19% of the overall portfolio (2007: 15%). This included £34m invested in the equity tranche of ICG managed CDO funds (1.5% of the overall investment portfolio). Our equity portfolio comprises stakes in 94 companies with an average size of £5m per investment. Our largest equity investment in a portfolio company accounts for only 1% of our overall investment portfolio.

#### Capital Position

In the second half of the year, we secured additional capital to continue growing our business and to take advantage of the more favourable investment climate. In February 2008, our Rights Issue raised £175m of new shareholder funds which, together with the £112m of retained earnings for the financial year, brought total shareholder funds to £896m on 31 March 2008.

In addition, we have successfully increased our investment capacity via the debt markets. In March, we secured a new 3 year, £500m banking facility, arranged by Lloyds TSB and the Royal Bank of Scotland.

We also completed our balance sheet securitisation at favourable rates in July 2007 which generated £399m. These facilities, together with the bank revolver of £1.1bn (renegotiated in December 2006) and £413m of private placements, brought our overall debt facilities to £2.4bn. At 31 March 2008 the average maturity of our existing facilities was 5.8 years, well in excess of the average expected life of our loan portfolio.

The cost of our new £500m banking facility is higher than our existing lines; however we believe that this will be more than offset by the increased pricing obtained on new investments.

Gearing at 31 March 2008 was 148% on a net debt to shareholder funds basis. We use a conservative gearing policy, determining our overall gearing by assessing the appropriate leverage on our underlying portfolio composition. Permanent capital and long dated debt funding underpins our long term approach to investing. In the last two years we have diversified our debt capital and intend to continue to look at ways to optimise our funding. In January we achieved a BBB+ public rating from Fitch Ratings, which increases our funding options when the public bond markets reopen.

With net debt of £1.4bn at 31 March 2008, we had investment capacity of £1bn through our balance sheet at the year end, and £1.3bn through our Mezzanine funds. We will continue to review our funding options to ensure the steady growth of our business.

## Income Statement

### Core Income

Core income is the underlying profit derived from our Mezzanine Investment and Fund Management activities. It consists broadly of net interest income and fund management fees, less related operating expenses, and is therefore driven by the growth in our investment portfolio and third party assets under management. It does not include the impact of capital gains on investments, provisions for impairments, and other cyclical elements. In the twelve month to 31 March 2008, core income increased by 22% to £136m (2007: £112m) due to strong growth in net interest and fee income.

### Net interest income

Net interest income increased by 17% to £162m due to growth in our investment portfolio. Our average portfolio (based on month end values) was £1,878m, up from £1,610m in the previous year. As a result interest and dividend income was up 20% to £237m. Interest expense, excluding the £36m gain on derivatives held for hedging purposes, was up 28% to £75m. The LIBOR and EURIBOR rates were circa 1% higher on average compared with the previous financial year. This resulted in a higher growth rate for interest expense compared to interest income, given the lower spreads we pay on our liabilities compared to that which we receive on our assets.

### Fee Income

Fee income is generated from arranging and underwriting mezzanine investments for our balance sheet and fees generated by our Mezzanine and Credit funds. Fee income grew by 71% to £57m, driven by strong increases in funds under management in our Mezzanine and Credit Fund activities. This recurring income stream has been growing as a proportion of core income.

Fee income derived from our Mezzanine Funds was up 158% to £31m, on the back of a 13% growth in Funds under management. Our latest European Mezzanine Fund, which closed in March 2007 at €2.15bn (including leverage), contributed a full year of management fees to profit for this financial year for the first time. In addition we earned £8m from carried interest from our Mezzanine Fund 2000.

Fee income derived from Credit Fund Management was up 22% to £18m. Credit Funds under management increased 20% to €5.4bn up from €4.5bn at the end of last year largely due to Eurocredit VIII, which closed in December 2007.

Arrangement fees were £7m for the year (2007: £6m).

### Expenses

Operating expenses before the cost of the Medium Term Incentive Scheme increased from £47m to £63m, as we continued to expand our network of offices and hire professionals to support our growth plans. We opened a New York office in the first half of this financial year.

We have also started an investment programme to build a scalable infrastructure, including a firm wide information management system which will enable us to provide outstanding support to our investment teams. Our finance, tax, investor relations, fund administration, human resources and loan administration teams have all been strengthened in the past twelve months. In the medium term this will result in improved efficiency across the firm.

As a result, headcount increased by 32 to 134 in the year contributing to the 31% increase to £43m in salaries and benefits. This figure includes one off short term joining incentives. Non-payroll expenses were up 38% to £20m due to the costs of setting up and running the new offices and professional fees on deals that we chose not to pursue, reflecting our disciplined credit approach.

Accrued Medium Term Incentive Scheme costs on rolled up interest are included in core income. Rolled up interest accrues on loans, loan stock and preference shares, and is not paid until the loan is repaid. Incentive payments occur when returns on rolled up interest exceed a contractual hurdle rate, giving rise to bonuses for our investment executives. Medium term incentive costs on

rolled up interest were £20m, up from £13m last year, reflecting the successful growth of our portfolio. These bonuses are only paid out when rolled up interest as well as the principal have been repaid.

**Gains on Investments**

Gross gains on investments of £135m were below the record level of £197m achieved last year, as the credit crunch brought to an end the early repayments experienced in the previous two years. As a result, the portion of the Medium Term Incentive Scheme costs generated by capital gains on investments was also lower, at £32m compared to £42m in the prior year.

**Impairment**

ICG provides against any investment, including rolled up interest, where, in our judgement, there is evidence of an impairment event that has had an impact on the estimated future cash flows. This evidence depends upon the specific investment, its country, sector and other factors. ICG has a successful track record of early intervention and subsequent recovery from impaired assets.

Whilst none of our investments defaulted during the year, we have provided £46m against possible future losses.

Net provisions relating to investments in portfolio companies were in line with last year's level of £35m and provided for potential losses on 6 investments. Gross provisions were £50m for the year up from £38m in the previous year. Recoveries amounted to £15m in the 12 months to 31 March 2008 (2007: £3m), illustrating our successful history of recovering impaired assets.

We have also taken a provision of £11m against the value of the equity invested in ICG managed CDOs. We use market assumptions provided by third parties to determine the likely cash flows to be received from these assets. Market assumptions, principally default assumptions, have been revised across the asset class following the changes in credit climate and economic outlook, resulting in a lower valuation of our equity in CDOs. At 31 March 2008 the post provision value of the equity in the CDO's carried on the ICG balance sheet was £34m, accounting for 1% of the overall portfolio.

**Profit Before Tax**

Profit before tax for the twelve months to 31 March 2008 was £230m, an increase of 2% over the prior year. This benefited from a £36m positive adjustment of the fair value of the financial instruments we hold for hedging purposes versus an £8m negative adjustment last year. Profit after tax of £155m was up 8%, due to the reduction in our effective tax rate from 36% to 33% and an underlying 2% increase in profits.

**Earnings and dividends per Share**

Earnings per share for the year were 213.4p, up 10% on last year's earnings per share as adjusted for the Rights Issue of 194.0p. The Board has recommended a final dividend of 45.5p. This would result in a full year dividend of 65.0p per share, up 18% on last year's dividend of 55.0p, adjusted for the Rights Issue.

## Financial Outlook

Capital gains are expected to decrease due to lower realisations. In addition, we expect provisions to be higher given the economic outlook. However, ICG is experienced at managing its portfolio through difficult markets, with an excellent track record on defaults and recoveries.

We expect net interest income to increase further due to the growth in our investment portfolio. Fee income will also continue to increase as we close the new Asia Pacific and Minority Partners funds, although their contribution this year will be limited due to offsetting fund raising costs. The rate of growth in our cost base should decline as the major investments in our network and infrastructure are well underway. Overall these factors should positively impact growth in core income.

We believe that ICG will be successful in this cycle, as it has in previous cycles, and we remain confident of achieving our objective to double in size every five years.

**INTERMEDIATE CAPITAL GROUP PLC**
**CONSOLIDATED INCOME STATEMENT**
**For the year ended 31 March 2008**

| | **Year ended 31 March 2008** | Year ended 31 March 2007 |
|---|---|---|
| | **£m** | £m |
| Interest and dividend income | **236.9** | 196.8 |
| Gains on investments | **135.2** | 197.0 |
| Fee and other operating income | **57.0** | 33.3 |
| | **429.1** | 427.1 |
| Interest payable and other related financing costs | **(38.3)** | (66.6) |
| Impairment of assets | **(46.0)** | (34.8) |
| Administrative expenses | **(115.3)** | (101.7) |
| **Profit before tax** | **229.5** | 224.0 |
| Tax expense | **(74.7)** | (80.6) |
| **Profit for the year attributable to the equity shareholders** | **154.8** | 143.4 |
| Earnings per share* | **213.4p** | 194.0p |
| Diluted earnings per share* | **210.8p** | 191.7p |

*Eps and diluted eps have been restated following ICG's ordinary shares Rights Issue in February 2008

**INTERMEDIATE CAPITAL GROUP PLC**

**ANALYSIS OF PROFIT BEFORE TAX**
**For the year ended 31 March 2008**

| | **Year ended 31 March 2008** | Year ended 31 March 2007 |
|---|---|---|
| | **£m** | £m |
| **Income** | | |
| Interest and dividend income | **236.9** | 196.8 |
| Fee and other operating income | **57.0** | 33.3 |
| | **293.9** | 230.1 |
| **Less: related expenses** | | |
| Interest payable and other related financing costs | **(38.3)** | (66.6) |
| Add back: net (income)/losses on derivatives held for hedging purposes | **(36.2)** | 8.2 |
| Administrative expenses – salaries and benefits | **(43.2)** | (32.8) |
| Operating expenses | **(19.5)** | (14.1) |
| Medium Term Incentive Scheme - interest income | **(20.3)** | (12.8) |
| **Core Income** | **136.4** | 112.0 |
| Gains on investments | **135.2** | 197.0 |
| Medium Term Incentive Scheme - capital gains | **(32.3)** | (42.0) |
| **Net gains on investments** | **102.9** | 155.0 |
| Provisions against loans and investments | **(46.0)** | (34.8) |
| Net income/(losses) on derivatives held for hedging purposes * | **36.2** | (8.2) |
| **Profit on ordinary activities before taxation** | **229.5** | 224.0 |

*Net income/losses relating to movements in the fair value of derivatives used to economically hedge certain liabilities of the Group excluding any interest accruals and spot f/x translation movements on these derivatives, are not considered part of core income.

**INTERMEDIATE CAPITAL GROUP PLC**
**CONSOLIDATED BALANCE SHEET**
**31 March 2008**

| | **As at 31 March 2008 £m** | As at 31 March 2007 £m |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | **6.1** | 2.9 |
| Financial assets: loans and investments | **2,306.0** | 1,749.9 |
| other derivatives | **1.8** | 15.3 |
| | **2,313.9** | 1,768.1 |
| | | |
| **Current assets** | | |
| Trade and other receivables | **39.6** | 13.3 |
| Financial assets: loans and investments | **151.8** | 14.0 |
| Cash and cash equivalents | **50.9** | 172.0 |
| | **242.3** | 199.3 |
| **Total assets** | **2,556.2** | 1,967.4 |
| | | |
| **Equity and reserves** | | |
| Called up share capital | **17.2** | 14.0 |
| Share premium account | **348.5** | 175.7 |
| Capital redemption reserve | **1.4** | 1.4 |
| Other reserves | **17.9** | 11.0 |
| Retained earnings | **511.2** | 399.5 |
| **Shareholders' funds** | **896.2** | 601.6 |
| | | |
| **Non current liabilities** | | |
| Financial liabilities | **1,357.0** | 1,137.0 |
| Deferred tax liabilities | **12.9** | 7.4 |
| | **1,369.9** | 1,144.4 |
| | | |
| **Current liabilities** | | |
| Trade and other payables | **132.7** | 112.7 |
| Financial liabilities | **111.3** | 73.6 |
| Liabilities for current tax | **46.1** | 35.1 |
| | **290.1** | 221.4 |
| **Total liabilities** | **1,660.0** | 1,365.8 |
| **Total equity and liabilities** | **2,556.2** | 1,967.4 |

**INTERMEDIATE CAPITAL GROUP PLC**
**CONSOLIDATED CASH FLOW STATEMENT**
**For the year ended 31 March 2008**

| | **Year ended 31 March 2008** | As at 31 March 2007 £m |
|---|---|---|
| | **£m** | £m |
| **Net cash from operating activities** | | |
| Interest and fee receipts | **223.7** | 180.2 |
| Dividends received | **6.2** | 6.7 |
| Gain on disposals | **141.8** | 206.5 |
| Interest payments | **(67.6)** | (48.8) |
| Cash payments to suppliers and employees | **(107.6)** | (59.9) |
| Proceeds from (purchase)/sale of current financial assets | **(115.7)** | 54.5 |
| Purchase of loans and investments | **(939.8)** | (732.1) |
| Proceeds from sale of loans and investments | **609.4** | 435.9 |
| Cash (used in)/generated by operations | **(249.6)** | 43.0 |
| Taxes paid | **(60.0)** | (74.0) |
| **Net cash (used in) operating activities** | **(309.6)** | (31.0) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **(4.6)** | (2.2) |
| **Net cash (used in) investing activities** | **(4.6)** | (2.2) |
| **Financing activities** | | |
| Dividends paid | **(43.0)** | (40.9) |
| Increase in long-term borrowings | **65.7** | 207.2 |
| Decrease in bank overdrafts | **(5.6)** | (14.7) |
| Proceeds on issue of shares | **176.0** | 1.2 |
| **Net cash from financing activities** | **193.1** | 152.8 |
| **Net (decrease) /increase in cash** | **(121.1)** | 119.6 |
| **Cash and cash equivalents at beginning of year** | **172.0** | 52.4 |
| **Cash and cash equivalents at end of year** | **50.9** | 172.0 |

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**
**For the year ended 31 March 2008**

| | **Year ended 31 March 2008** | Year ended 31 March 2007 |
|---|---|---|
| | **£m** | £m |
| Available for sale investments: | | |
| Valuation gains taken to equity | **48.0** | 56.9 |
| Transferred to profit or loss on sale/disposal | **(42.5)** | (53.4) |
| Tax on items taken directly to or transferred from equity | **(2.5)** | (0.4) |
| Net income recognised directly in equity | **3.0** | 3.1 |
| Profit for the year | **154.8** | 143.4 |
| Total recognised income and expense for the year attributable to the equity holders of the parent. | **157.8** | 146.5 |

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 March 2008 or 31 March 2007. The financial information for the year ended 31 March 2007 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) Companies Act 1985. The statutory accounts for the year ended 31 March 2008 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's Annual General Meeting. The basis of preparation of the preliminary announcement is consistent with the accounting policies used in the Financial Statements in the prior and current year.

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full Financial Statements that comply with IFRSs on 3 June 2008.

## NOTE TO THE EDITORS

ICG's principal business is to arrange and provide mezzanine capital and invest in the equity of companies in Europe, Asia Pacific and North America. ICG has offices in London, Paris, Stockholm, Madrid, Sydney, Tokyo, Hong Kong, New York and a representative office in Frankfurt. ICG also has a specialist fund management business relating to higher yielding European debt.

ICG makes mezzanine loans from both its own resources and from third party funds under its management. Mezzanine finance ranks in terms of risk and reward between bank debt and equity capital. In return for providing finance, ICG seeks a strong cash yield and an additional return related to the success of the investee company. Mezzanine finance has been principally used to finance management buyouts but is also used as acquisition and refinancing capital.

**In the year ended 31 March 2008 ICG and funds managed by ICG invested in the following 36 companies:**

**Europe**

**Alma** is a French company that provides tax recovery and cost reduction services. In December 2007 ICG invested €45m in the mezzanine facility arranged and provided to assist the buyout. ICG also invested €8m in the equity.

**Applus+** is a Spanish inspection, certification and technological services company. In November 2007 ICG arranged mezzanine facilities of €150m to assist in the buyout. ICG also invested in the equity.

**Attendo**, an existing investee company, is the leading elderly care provider in Sweden. In August 2007 ICG arranged and provided a mezzanine facility of €42m to assist in the acquisition of MedOne. ICG also invested an additional €3m in the equity.

**Bureau Van Dijk** is an electronic publisher of comprehensive company information based in Belgium. In December 2007 ICG invested €166m in the mezzanine facilities arranged to help restructure the financing for the secondary buyout.

**Dako** is a Danish company that provides cancer diagnostics instruments and reagents. In July 2007 ICG took a participation of USD43.9m in the mezzanine facility provided to assist in the buyout. ICG also invested DKK25m in the equity.

**Elis**, a French company, is a leading textile rental and cleaning business. In November 2007 ICG invested €151m in the mezzanine finance provided to support the tertiary buyout.

**Ethypharm** is a French company that develops and manufactures drugs. In April 2007 ICG invested €55m in the mezzanine finance provided to support the buyout. ICG also invested €9m in the equity.

**Feu Vert** is a French company that operates Auto Centres. In May 2007 ICG invested €57m in the mezzanine finance provided to support the buyout. ICG also invested €6m in the equity.

**Firth Rixson** is a UK company that manufactures components for aero engines. In December 2007 ICG took a participation of £18m in the mezzanine facility arranged to assist the secondary buyout. ICG also invested £3m in the equity.

**Flaktwoods**, a French company, is a leading global supplier of energy efficient air solutions. In September 2007 ICG invested €40m in the mezzanine finance provided to support the secondary buyout. ICG also invested €7m in the equity.

**Global Solutions** is a UK company that provides support services for public and private sector organisations. In May 2007 ICG arranged a mezzanine facility of £20m to assist in the recapitalisation.

**Hune** (formerly Euroloc), an existing Spanish investee company, provides equipment and machinery for hire. In May, June and July 2007 ICG invested, in total, more than €20m to assist in three acquisitions.

**Indas** is a Spanish company that manufactures incontinence products. In July 2007 ICG provided mezzanine finance of €35m to assist in the buyout. ICG also invested in the equity.

**Inspecta,** a Finnish company, is a testing, inspection and certification business. In August 2007 ICG arranged and provided mezzanine facilities of €40m to assist in the secondary buyout. ICG also invested €9m in the equity.

**Interbest** is a Dutch company that provides roadside advertising. In December 2007 ICG arranged and provided a €20m mezzanine facility to assist in the buyout. ICG also invested €2m in the equity.

**Minimax**, an existing investee company based in Germany, is a global supplier of fire protection systems and services. In November 2007 ICG invested USD12m in the mezzanine facility provided to assist in the acquisition of Consolidated Fire Protection. In December 2007 ICG also invested €7m in the equity.

**Parkeon** is a French company that develops and manufactures parking and transit ticketing systems. In June 2007 ICG invested €42m in the mezzanine finance provided to support the secondary buyout. ICG also invested €5m in the equity. In October 2007 ICG made a further investment of €10m to assist in the acquisition of Wayfarer.

**Q-MATIC** is a Swedish company that provides queue management systems. In July 2007 ICG arranged mezzanine finance of SEK225m to support the buyout. ICG also invested SEK30m in the equity.

**Retif** is a French wholesaler and retailer of display units for retail businesses. In September 2007 ICG invested €55m in the mezzanine finance provided to support the quaternary buyout.

**SAG**, a German company, is the leading independent service and technical solutions provider for utilities in Germany and Europe. In February 2008 ICG arranged a €95m mezzanine facility to support the secondary buyout. ICG also invested €4m in the equity.

**Swets**, a Dutch company, is a leading global subscription services business. In October 2007 ICG arranged and provided a €20m mezzanine facility to support the buyout. ICG also invested €5m in the equity.

**Tractel**, a French company, is the world leader in the manufacture of lifting and access related products. In June 2007 ICG took a participation of €30m in the mezzanine financing provided to support the tertiary buyout. ICG also invested €5m in the equity.

**Via Location** is a French independent truck rental company. In April 2007 ICG invested €35m in the mezzanine finance provided to support the secondary buyout. ICG also invested €12m in the equity.

**V Ships** is a UK company that provides shipping management services. In June 2007 ICG invested USD10m in the equity provided to support the secondary buyout.

**Asia Pacific**

**Franklin** is a Singaporean company that provides rigging, lifting and mooring services to offshore and marine industries. In July 2007 ICG arranged and provided a mezzanine facility of SGD80m to assist in the acquisition of a majority stake in the company. ICG also invested SGD16m in the equity.

**Hoyts** is a multiplex cinema and screen advertising company in Australia and New Zealand. In December 2007 ICG arranged and provided an AUD70m mezzanine facility to assist in the buyout. ICG also invested AUD10m in the equity.

**New Zealand Yellow Pages** is the sole provider of yellow pages, white pages and local directories in New Zealand. In July 2007 ICG took a participation of NZD54m in the mezzanine facility provided to support the buyout. ICG also invested NZD18m in the equity.

**Taiwan Broadband** is one of the four leading cable operators in Taiwan. In July 2007, ICG provided USD254m of financing to help fund a dividend recapitalisation of the company.

**North America**

**Au Bon Pain** is a US fast casual restaurant chain. In February 2008 ICG arranged mezzanine facilities of USD26m to assist in the buyout. ICG also invested USD10m in the equity.

**CoAcitive** (formerly ITT Switches) is a leading global designer, manufacturer and distributor of highly engineered electromechanical switches, interface control systems and dome arrays with headquarters in the USA. In November 2007 ICG took a participation of USD34m in the second lien facility provided to assist the buyout. ICG also invested USD6m in the equity.

**Helicon Cable** is a US rural cable operator. In August 2007 ICG took a participation of USD10m in the subordinated facilities provided to assist the company in financing an acquisition. ICG also invested USD9m in the equity.

**Intelstat** is a US company that operates fixed satellite services. In January 2008 ICG invested USD85m in the equity provided to assist the buyout.

**Press Ganey** is a US company that provides outsourced performance measurement and improvement solutions to healthcare providers. In March 2008 ICG co-led the mezzanine facility and invested USD30m to assist the secondary buyout. ICG also invested USD5m in the equity.

**Minority Partners**

**Eismann** is a German company that provides home delivery of frozen foods. In May 2007 ICG arranged and provided mezzanine and minority equity totalling €78 alongside management in the secondary buyout.

**Gaucho** is a chain of Argentine restaurants based in the UK. In December 2007 ICG arranged and provided mezzanine and minority equity totalling £49m alongside management in the tertiary buyout.

**Marken**, a UK company, is a global leader in specialist courier services for the pharmaceutical industry. In July 2007 ICG arranged and provided mezzanine and minority equity totalling £172m alongside management in the secondary buyout.

**In the same period ICG and funds managed by ICG arranged/participated in refinancings for the following 4 companies:**

**Aster** (Poland) refinanced in August 2007. ICG maintained its current exposure.

**Caradon** (UK) refinanced in April 2007. ICG's exposure was marginally reduced.

**A-Katsastus** (Finland) refinanced in November/December 2007. ICG reduced its exposure by £6m.

**Motip Dupli** (Netherlands) refinanced in February 2008. ICG reduced its exposure by €2m.

**ICG also provided additional funding of £21m for a further 12 existing investee companies, made two commitments of €10m (€3.2m drawn) and £10m in private equity funds and invested the following amounts in second lien assets bought in the secondary market:**

**Ista**, a former investee company based in Germany, is a global services provider for consumption-based billing in the metering and sub-metering industry. ICG invested €10m.

**Pages Jaunes** is a French directories publisher with a multichannel offering covering the whole product range in the directory segment. ICG invested €6m.

**TDF**, an existing investee company, is a French operator of broadcasting towers. ICG invested €10m.

**Vivarte**, an existing investee company, is a leading French apparel and footwear retail specialist. ICG invested €14m.