Embargoed until 7.00am on Tuesday 22 May 2012

Final results for the year to 31 March 2012

Intermediate Capital Group PLC ("ICG") announces its final results for the year to 31 March 2012 (FY12).

Operational Highlights

- Resilient investment portfolio; low level of new investment in H2 but good realisations and strong pipeline
- Infrastructure to grow Fund Management Company in place, recruited Head of Distribution
- Good progress towards our €2bn target for ICG Europe Fund V; £242m Longbow UK Real Estate Debt Investments II Fund benefitting from strong pipeline
- AUM at €11.4bn, down 3%, due to natural runoff of CLOs. Third party Mezzanine AUM up 7% to €3.7bn
- New Credit Fund Management products in place, good momentum since year end in private mandates

Financial Highlights

- Group profit before tax of £243.8m. Adjusted Group profit before tax[1] of £198.8m, compared to £190.1m in FY11
- Fund Management Company profit before tax up 5% to £37.7m, compared to £35.9m in FY11
- Adjusted Investment Company profit before tax[1] of £161.1m compared to £154.2m in FY11
- Further debt extension; current unutilised debt facilities of £505m
- Final dividend of 13 pence per share, bringing the total dividend for the year to 19 pence, compared to 18 pence in FY11

	12 months to 31 March 2012	12 months to 31 March 2011
Fund Management Company profit before tax	**£37.7m**	£35.9m
Adjusted Investment Company profit before tax[1]	**£161.1m**	£154.2m
Adjusted Group profit before tax[1]	**£198.8m**	£190.1m
Group profit before tax	**£243.8m**	£186.3m
Group profit after tax	**£187.6m**	£128.1m
Adjusted Earnings per share[1]	**39.2p**	33.2p
Earnings per share	**47.7p**	32.6p
Cash core income	**£113.5m**	£106.7m
Dividend per share	**19.0p**	18.0p
Investment portfolio	**£2,352m**	£2,575m
Third party assets under management	**€8,679m**	€9,036m

[1] Excluding the one off release of previously accrued costs of £45 m in relation to our legacy Medium Term Incentive Scheme ("MTIS") in FY12 and the impact of fair value movements on derivatives (FY12: £0m; FY11 loss of £3.8m).

The definitions for Fund Management Company ("FMC"), Investment Company ("IC"), Cash core income, Assets under management ("AUM") as well as details of our equity valuation policy are available in the Financial Review.

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

"We are pleased to announce another strong set of results. Our portfolio has shown resilience in uncertain economic times and our investment pace has picked up in recent months. We have recently acquired our third portfolio of discounted senior loans from a European bank and we have made our second sponsorless investment in Australia. In addition, we are at advanced stages in a number of new transactions. The economic outlook remains uncertain and we will continue to be extremely vigilant when making investment decisions.

We are making good progress towards raising our next European mezzanine fund. Over the last two years we have built a solid platform which will enable us to grow our Fund Management Company. We now have a distribution team and a range of investment products to capture the opportunities resulting from the lack of liquidity in Europe.

Given these strong results and our current momentum, the Board has decided to increase the dividend by 6% to 19 pence."

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

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About ICG

Founded in 1989, ICG is a specialist investment firm and asset manager providing mezzanine finance, leveraged credit and minority equity, managing over €11 billion of assets in proprietary capital and third party funds. ICG has a large and experienced investment team operating from its head office in London with a strong local network of offices in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney and New York. Its stock (ticker symbol: ICP) is listed on the London Stock Exchange. Further information is available at: www.icgplc.com.

Chairman's and Chief Executive's Statement.

Overview

After a strong start to 2011, the second half of the year was dominated by the European sovereign debt crisis and the resulting economic slowdown. Against this backdrop, we are pleased to report another strong set of results.

Strong results and refinanced balance sheet

In the 12 months to 31 March 2012, profit before tax increased to £199 million, excluding a one-off release of previously accrued costs of £45 million relating to the closure of legacy remuneration schemes and the impact of fair value on derivatives, compared to £190 million last year. On the same basis, profit before tax for our Investment Company was £161 million compared to £154 million last year. Profit before tax for our Fund Management Company was £38 million compared to £36 million in the prior year.

We have also made significant progress towards refreshing the funding of our balance sheet. In addition to the £227 million of debt facilities raised or extended during the year, we have recently agreed with our key banks, subject to documentation, the extension of £615 million of facilities maturing in May 2013 by a further three years. We will continue to seek to diversify our sources of debt funding. This and the surplus capital that we generate through portfolio realisations will enable us to reduce further our reliance on our largest lenders over this extended term.

Progress against our strategic objectives in a challenging environment

We have broadened our product range by launching new funds to capture the investment opportunities offered by the current market dislocation. In addition, we have strengthened our distribution capabilities.

The second half of 2011 was a particularly challenging time for raising capital for European investment products. This was especially the case with US and Asian investors who were concerned about the outlook for Europe and the currency risk they faced by investing in Euro denominated assets.

We have nonetheless made good progress towards raising our next European mezzanine fund, ICG Europe Fund V, and have reached a final close on Longbow UK Real Estate Debt Investments II. Third party mezzanine AUM were therefore up by 7%.

Third party AUM were down by 3% in the year to 31 March 2012 as the runoff of our old credit funds exceeded funds raised in the period.

The weaker economy in Europe has impacted some of our more cyclical assets. However, as the majority of these had already been impaired during the previous recession, impairments for the year, at £71 million, are broadly in line with last year.

The performance of our broader investment portfolio has shown resilience and we have continued to generate strong exits, with £74 million of realised capital gains during the year. In addition, £44 million of unrealised gains from the fair value of our equity investments were recognised in the Income Statement.

We made one new investment in Europe and one in the US in the first half of the year. In the second half, given the low level of buyout activity, there were only limited opportunities for new investments. The Asia Pacific market was more active throughout the year and we completed four transactions.

As a result, we arranged £406 million on behalf of our mezzanine funds, Investment Company and third parties during the year. The IC accounted for £122 million. Since year end, we have seen a material increase in our pipeline across all geographies. We have completed two transactions and are at an advanced stage in a number of new investments.

Outlook

Longer term trends are favourable to specialist lenders

The volatility experienced in the last five years, the low level of yield currently available from the traditional fixed income asset class, and the regulatory changes imposed on institutional investors are resulting in an increased appetite for alternative credit strategies.

The imbalance between demand and supply of credit will continue to provide opportunities to generate superior returns, underpinned by solid cash yield, across our asset classes. We believe that experienced institutional lenders, such as ourselves, will play a leading role in reshaping the specialist debt market in the coming years, with promising opportunities in both senior and mezzanine debt.

Since we announced our ambition to grow our fund management franchise in March 2010, we have been working on laying the foundations for the expansion of our funds under management. We have made good progress and we are now well positioned to deliver AUM growth.

In the last 12 months, we have further expanded our distribution capability and have recently announced that we have recruited a highly experienced individual to lead this team.

We have also enhanced our range of products in order to enable institutional investors to capture attractive opportunities across the debt spectrum.

Our acquisition of a 51% stake in ICG Longbow is delivering ahead of our expectations.

Positive momentum into the current year

Since year end we have seen positive signs in terms of fundraising. We are making good progress towards our €2 billion target for ICG Europe Fund V and have won a number of credit mandates.

Since year end, we have acquired our third portfolio of discounted senior loans from a European bank and invested in our second sponsorless transaction in Australia. In addition, we are currently in exclusivity in two transactions and at advanced stages in a number of other new investments.

The economic outlook remains uncertain and we will continue to be extremely vigilant when making investment decisions.

Dividend

In view of the increase in cash core income, up 6% to £113.5 million in the 12 months to 31 March 2012, and the solid momentum into the current year, the Board recommends a final dividend of 13 pence per share, making a total of 19 pence per year, up 6% compared to last year. The dividend will be paid on 13 July 2012 to shareholders on the register on 1 June 2012.

The Board has decided not to offer a scrip dividend alternative to the final dividend.

Employees & Board

On behalf of the Board we would like to thank our employees who have delivered another strong set of results in a volatile environment.

In particular, our thanks go to Tom Attwood, who retired at the end of March after 16 years at ICG. Throughout his career, Tom has made a tremendous contribution to the firm which, under his leadership, has become one of the leading credit funds managers in Europe.

We are delighted to announce that Benoit Durteste will become a managing director and join the Board as an executive director with immediate effect. Benoit joined ICG in 2002 as co-head of our French team and has since become the head of our European mezzanine team, which he will continue to lead.

We would also like to thank James Nelson and Jean-Daniel Camus who are not seeking re-election to the Board at the AGM on 10 July 2012 after eleven and five years respectively as non-executive directors. We expect to announce the appointment of additional non executive directors over the next few months.

Business Review.

Our markets

Although each of our markets has been impacted differently by the European crisis, they all share the same underlying medium-term trend of an increasing scarcity of debt capital. As such we believe that there are attractive opportunities to grow.

European Debt Markets

European buyout mid-market

The boom in European buyout activity at the end of 2010 and early 2011 came to a halt during the summer of 2011, as uncertainty surfaced around the prospect of sovereign defaults in the Eurozone. Economic uncertainty in Europe pervaded throughout the second half of 2011 resulting in a very low volume of European buyout transactions. As sentiment improved in early 2012, private equity firms, which continue to hold large amounts of equity capital available for deployment, have started to look again at transactions. However, these firms now have to operate in an environment characterised by a highly limited supply of debt where forming long term relationships with reliable financing partners is key to the investment process.

The low level of exits seen since the summer of 2011 has resulted in a reduction in repayments received by Collateralised Loan Obligation vehicles ("CLOs"), which in turn has reduced the amount the CLOs have available for reinvestment in the loan market. In addition, 2011 saw €7 billion of capacity disappear as a growing number of CLO vehicles reached the end of their investment periods. This will accelerate in 2012 and 2013 with an anticipated €26 billion of CLO capacity due to disappear as investment periods end.

European banks continue to have limited capacity to finance the buyout market as they respond to capital constraints.

The combination of these factors will create an increased demand for our products.

As a result of the scarcity of debt funding, pricing of buyout debt in Europe remains high and overall leverage levels limited, extending to only 3 turns of EBITDA in most transactions, leaving ample room for mezzanine capital. New senior debt facilities are being issued at more than 500 bps over base rate, compared to levels marginally above 200 bps pre-2007, and with higher levels of structuring fees. Pricing of mezzanine has enjoyed a similar upward shift. Debt investments therefore present historically high risk-adjusted returns.

We expect that these favourable terms for lenders will be sustained as the imbalance between supply and demand will increase further. In addition to new transactions, the amount of buyout debt falling due between 2013 and 2015 exceeds €55 billion. It is unlikely that current lenders will be in a position to extend a large proportion of this outstanding debt.

In addition, with the benefit of LTRO from the European Central Bank around the turn of the year European banks put on hold the disposal of their legacy portfolios. With the renewed volatility of recent weeks banks are once again looking at ways to reduce their balance sheets. To date, it has been primarily UK banks who have sold portfolios of legacy LBO debt. This is likely to become more widespread amongst continental banks.

These factors provide opportunities to generate superior returns, underpinned by solid cash yield. This is increasingly attractive to institutional investors who are no longer able to achieve their required yield requirements by investing in traditional fixed income asset classes. We believe that the European lending market will experience structural changes and that specialist lenders with proven origination capabilities, acting on behalf of institutional investors, will materially grow their market shares of the European debt market.

UK commercial real estate market

The UK commercial real estate market faces a similar scarcity of debt finance. Prior to the financial crisis commercial properties sourced debt finance primarily from the UK, Irish and German banks or investment banks via the issuance of Commercial Mortgage-Backed Securities ("CMBS"). Since the crisis there has been no significant new issuance of CMBS, existing issues are rapidly reaching maturity, and banks' appetite for new real estate loans is limited, with many of the traditional lenders withdrawing from the market.

As a result the number of active lenders in the UK real estate market has shrunk by more than half between 2010 and 2011 despite several insurance companies recently entering that market.

Refinancing needs are substantial across Europe and the UK has the single largest funding gap between the years 2012 and 2013.

The anticipated scarcity of debt capital is generating demand for senior and mezzanine debt and has resulted in a sustained increase in pricing. The lack of debt finance is particularly acute for regional and secondary properties which tend to attract less international capital than their prime London equivalents.

Asia Pacific Buyout Market

The superior growth enjoyed by the Asia Pacific region is attracting significant equity capital from both private equity sponsors and corporates. This has resulted in strong competition for assets, pushing valuations up. This is compounded by the fact that there are few primary buyout opportunities as the majority of local corporates and families have not shown an inclination to sell assets.

The supply of senior debt capital is less constrained than in Europe because local banks, which benefit from healthy balance sheets, continue to support local transactions. The overall supply of debt capital is, however, shrinking as European banks, which had established a meaningful presence in the Asia Pacific region, are retrenching to their domestic markets.

This creates opportunities for mezzanine investors, specifically in sponsorless mezzanine, as demand for growth capital is strong in the region.

US Buyout Market

Despite the relative strength of the US economy, the US buyout market also had a slow second half in 2011 due to the perceived risk of contagion from the Eurozone. There are continued positive signals from the US economy and abating concerns on the systemic risk posed by European sovereign debt. These factors, combined with private equity funds that have built up large amounts of deployable capital and a banking market that is on a much more stable footing than its European counterpart, have started a wave of activity in the US in early 2012, as US investors are keen to deploy capital quickly. Therefore competition is currently strong, leading to higher levels of leverage than in Europe and an easing in pricing levels.

In the medium term, however, we expect the US market to generate attractive opportunities both for mezzanine and senior debt. Although the US buyout debt market is deeper than the European market, the overall supply of debt is contracting. This is particularly true in our core mid-market, where large investors who hold the keys to substantial pools of capital, are not active.

Year in Review

We have continued to make progress towards our strategic objectives: grow our Fund Management Company ("FMC"), manage our portfolio to maximise value and invest selectively.

Grow the Fund Management Company

Our strategy for growing the FMC centres on taking advantage of the growing interest for alternative yield strategies by broadening our product offering through judicious expansion into new geographies and adjacent asset classes, supported by a strong internal distribution capability. Central to the strategy is maintaining our strong track record of outperformance.

In the last 12 months we have made significant investments in the platform that will support the growth of our Fund Management Company.

We have worked very closely with our institutional clients and their advisors to broaden our product offering to enable institutional investors to capture the attractive economics in our asset classes. In terms of pooled funds, we have launched a dedicated fund ("ICG Senior Debt Partners") to capitalise on the lack of senior debt in the European market and are pleased by the initial reception from institutional investors. This will be complementary to our existing loan fund, which invests in more liquid strategies. Given the significant demand for senior loans in the next five years and the limited number of fund managers with the skills and reach to address it, we believe there is a significant opportunity to grow our loan funds.

We have launched a combined loans, high yield and structured credit pooled fund that appeals to smaller institutions with limited internal resources dedicated to asset allocation between credit asset classes. We have also enhanced our ability to offer tailored investment strategies under private mandate agreements.

We have further expanded our marketing and distribution team with additional sales executives in Asia Pacific and Scandinavia, bringing our distribution team to fourteen. We have also hired a highly experienced Head of Distribution to further drive forward our brand, product launches and investor reach.

In terms of new funds raised in the year to 31 March 2012, we successfully launched our next European mezzanine fund, ICG Europe Fund V, which held a first close in September 2011 at €1.1bn, including €500 millionfrom our Investment Company. Since then we have received additional third party commitments of over €300 million despite the challenging environment.

We also successfully completed the final close of Longbow UK Real Estate Debt Investments II Fund in September, with £242 million of commitments received from a variety of institutional investors and ICG, which committed £50 million to the fund.

Third party mezzanine AUM stood at €3.7billion at 31 March 2012, up 7% compared to 31 March 2011.

AUM in our CFM division, however, were down 11% at €5.0 billion, as our older CLOs have now reached the end of their investment periods and are consequently returning capital to investors. The fundraising environment was particularly challenging for European investment products in the second half of the year as the European economic situation was watched apprehensively by prospective investors.

We are, however, confident that we are building momentum in our pooled fund vehicles and segregated mandates and have seen some recent positive developments. The €100 million mandate from a European financial institution that we announced in January contributed €13 million of AUM at 31 March 2012. This has recently been expanded to a target size of €350 million. We will continue to seek to grow our segregated mandate offerings as we continue to see significant growth potential in private mandates.

Total AUM stood at €11.4 billion at 31 March 2012, down 3% compared to 31 March 2011. Although we are disappointed that AUM decreased over the period, the performance of our existing funds continues to underpin our long term growth plans.

Our mezzanine funds have performed strongly and have remained in line with top quartile performance private equity returns since 2000 in terms of net multiples generated. These funds have benefited from the resilience of our portfolio and the additional strong exits during the period, in particular CPA Global, which has materially boosted distributions to investors in the ICG Minority Partners Fund 2008 and ICG European Fund IV 2006. Longbow UK Real Estate Debt Investments II is now 62% invested having benefitted from a very strong pipeline of transactions in 2012 and is performing well. Our most recent Asia Pacific fund is benefitting from a strong pipeline.

Our credit funds have also performed well. Our 12 month senior loan default rate for the year ended 31 March 2012 was 1.9%, compared to 5.3% for the market. As a result of the low default rate, we have earned junior fees on all the CLOs we manage. The ICG High Yield Bond Fund has outperformed the market by 1% since inception, and has generated an annualised return of 10.2%.

Invest selectively

Given the subdued market and the uncertain economic environment following the European debt crisis in the second half of the year, our pace of investment slowed. In the 12 months to 31 March 2012 we have arranged £406 million of mezzanine investments, £122 million of which was on behalf of our Investment Company.

In Europe the Investment Company re-invested £71 million, primarily in the new buyout of Bureau van Dijk. Since year end we have seen a material pick up in new deals. In April we acquired a £256 million portfolio of performing loans from a European bank on favourable terms. The transaction was financed with a vendor debt facility of £104m and £152 million of equity provided by ICG Europe Fund V, ICG Recovery Fund and the Investment Company.

In the US, the Investment Company invested £21 million of mezzanine and equity in one transaction. The transaction involved the acquisition of Cogent Healthcare by Hospitalists Management Group (HMG). HMG and Cogent Healthcare have merged to form the largest private hospitalist (hospital based general practitioner) company in the United States, with nearly 1,000 affiliated hospitalists practising in more than 100 healthcare facilities nationwide.

In Asia Pacific, the Investment Company made £30 million of new investments in four transactions in the 12 months to 31 March 2012. In May 2011, we provided mezzanine and equity financing to support the secondary buyout of Tegel Foods by Affinity Equity Partners. ICG had supported the previous buyout of the company in 2006. In January 2012, we supported Ventura Motors in its acquisition of Grenda Transit Management. The combined entity accounts for over 60% of Melbourne's bus market. This transaction is the first sponsorless mezzanine deal for ICG Asia Pacific. We also completed two small investments in China as part of our co-investment agreement with CITIC Capital. Since year end, we have made a further sponsorless investment in Australia, supporting a management team in its buyout of a company, with over AUD$150 million of equity, mezzanine and senior debt. ICG's ability to underwrite the whole financial structure was a key factor in our ability to secure this highly attractive transaction. The final hold for the IC is expected to be AUD$13.5 million. Details of the transaction remain confidential at this stage.

Manage our portfolio to maximise value

Portfolio performance showed the resilience of our portfolio in a difficult economic environment.

At year end, 65% of our portfolio companies were performing equally as well or better than the prior year compared to 69% in September. Given the weaker economic environment in Europe, further realisations of high performing assets and strong prior year comparables, this shows the resilience of our portfolio companies.

Our 20 largest assets, which account for approximately half of our portfolio, continue to perform well with 85% performing at least as well as in the prior year.

The vast majority of our portfolio companies operate in the strongest European economies, the US, and Asia Pacific. We have very limited exposure to Spain and Italy (about 10% of our portfolio companies by value) and no investments in Greece, Ireland or Portugal.

We have, however, seen some softness in performance in the most recent months against an economic environment which remains challenging. We therefore remain extremely vigilant. This has been particularly the case for our weaker and most cyclical assets, the majority of which have been at least partially provided for in prior periods. At this stage, we expect provisions in the current year to remain broadly in line with our historical average.

The gross impairment charge for the year to 31 March 2012 was £84 million, compared to £90 million last year. In the period, we have written back £13 million of provisions against previously impaired assets (which now show significantly improved operating performance and financial outlooks) compared to £19 million last year.
Net impairments were flat at £71 million.

We have realised significant value from our portfolio having exited eight portfolio companies in full and completed one partial exit, which generated £74 million of realised capital gains, £365 million in repayments of principal and £113 million crystallisation of accrued rolled up interest for our Investment Company. Key exits in the period included

Bureau van Dijk, CPA Global, Eismann, Raet and Tegel. We also partially exited our investment in Au Bon Pain after the company refinanced its existing debt and repaid our mezzanine investment.

The valuation of our equity portfolio has resulted in an uplift in reserves of £101 million as at 30 September 2011 and a further £6 million at 31 March 2012. In addition, this also generated unrealised capital gains recognised in the Income Statement of £27 million as at 30 September 2011 and a further £17 million at 31 March 2012.

Key priorities for the current year

We have taken a series of initiatives to grow AUM across asset classes for our Fund Management Company.

In terms of mezzanine funds, we are making good progress towards our final target for ICG Europe Fund V. We will also be launching the successor funds to Longbow UK Real Estate Debt Investments II and our Asia Pacific Fund 2008.

For our credit funds our objective is to make significant progress towards the first closing for our Senior Debt Partners fund as well as building on the momentum of the recent months in marketing private mandates and pooled funds which invest across our senior loans, high yield and structured credit capabilities.

We will also continue to review opportunities to seed new investment funds and build our US platform.

For the Investment Company, we are seeing an increased pipeline of investment opportunities and expect to maintain the solid momentum seen over the last two months and further capitalise on the imbalance between demand and supply of debt capital.

Since year end we have created good momentum towards delivering on these priorities. However, the market volatility of recent weeks is currently providing more a challenging backdrop which reduces our short term visibility. Prolonged market volatility might impact our ability to obtain investment mandates from the US and Asia. It would, however, provide increased opportunities to invest on exceptionally attractive terms.

Financial Review.

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

As highlighted in this statement, ICG has had another successful year and the portfolio, as a whole, is demonstrating resilience in uncertain economic times.

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

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in this financial review.

Going concern statement

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

Definitions

ICG reports the profit of the Fund Management Company ("FMC") separately from the profits generated by the Investment Company ("IC") in its segmental reporting note.

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

The IC is an investment unit of ICG plc. It co-invests alongside third party funds, primarily in mezzanine and equity 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") has been charged to the IC while this scheme remained operational.

Longbow Real Estate Capital LLP ("ICG Longbow"), a UK real estate debt specialist providing mezzanine finance to the UK commercial property market, in which ICG owns a majority 51% stake, is fully consolidated into the results for the FMC for the year with the minority stake deducted.

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

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

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

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

Termination of the Medium Term Incentive Scheme

The transition to new remuneration schemes completed during FY12, with the final payments under the MTIS arrangements due to be made in June 2012. The closure of the MTIS scheme has resulted in £45 million of accruals in prior years being released to the Income Statement in FY12. Under the MTIS, compensation payable was based on a percentage of the rolled up interest earned over the life of an asset plus a percentage of any capital gain. Therefore for each asset which falls under the scheme, an accrual for a future liability has been recognised based on a percentage of PIK interest income recognised in the Income Statement since drawdown. Hence at the point of closure of the scheme ICG has accrued for a percentage of rolled up interest earned to date on the remaining assets

which are in the scheme, but will no longer be making a payment in respect of these assets as the scheme is terminating. Therefore an accrual of £45 million is being released to the Income Statement in the year.

Valuation of Equity

ICG holds a number of equity investments that present the Group with the opportunity to enhance returns. Equity investments comprise unlisted shares, warrants and shareholder loans.

In preparation for the application of IFRS 9 in 2015 and in line with the industry, the Group has applied fair value principles when valuing its unquoted equity investment portfolio from 30 September 2011.

Unlisted shares and warrants

Investments in unquoted equities have generally been classified as an Available for Sale (AFS) asset. IAS 39 allowed unquoted equity assets without an observable market price, and whose fair value could not be reliably measured, to be held at cost. Any observable valuation resulted in an uplift in the value of the asset to reserves, with gains or losses realised on sale recycled to the Income Statement.

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 historically been restricted to those instruments whose value may be reliably measured, for example by one of the above events. In the absence of such an event, ICG's policy has been to hold its unquoted equity assets at cost as it was considered that there were a significant range of possible fair value estimates for these assets, and the probabilities of the various estimates could not be reasonably assessed.

The International Accounting Standard Board has issued the new financial instrument standard, IFRS 9, with a proposed effective date of 1 January 2015. IFRS 9, when it is adopted, requires unquoted equity assets to be classified as Fair Value through the profit or loss as the AFS classification and the cost option in IAS 39 will no longer be available. As a consequence of this, and the narrowing range of estimates for these assets disclosed in the financial statements last year, ICG has reviewed and enhanced its valuation methodology and processes. Valuations are performed quarterly and are being used to value ICG's unquoted equity under IAS 39 at fair value. As this represents a change in the valuation technique applied, the entire uplift was accounted for in the first half of financial year 2012 and any subsequent changes to fair value recognised in the second half of the year.

The total carrying amount of the unquoted equities and warrants (which are classified as fair value through profit or loss) was £274.4 million at 31 March 2011. As at that date, it was estimated that the range of estimates within which the aggregate fair value was likely to lie was £145.0 million to £165.0 million higher than the carrying value. At 31 March 2012, £151.1 million of unrealised gains have been recognised, comprising £44.2 million in the Income Statement and £106.9 million of uplift recognised in the AFS reserve.

Overview

Group profit before tax was £198.8 million excluding the one off release of £45 million of previously accrued costs in relation to the termination of MTIS, compared to £190.1 million last year, excluding the impact of fair value movement of derivatives.

The profit before tax for the FMC was £37.7 million and has grown by 5% compared to £35.9 million last year. This is due to an increase in fee income from the Mezzanine Fund business, primarily the 2008 Recovery Fund and ICG's new fund, ICG Europe Fund V, only partially offset by an increase in the cost base resulting from the strengthening of ICG's distribution team.

The profit before tax for the IC rose from £154.2 million to £161.1 million, excluding the one off release of £45 million and the fair value impact of derivatives. As a result of fair valuing the portfolio of unlisted shares and warrants, unrealised gains of £44.2 million have been recognised in the Income Statement.

Total AUM at 31 March 2012 were €11,408 million (£9,507 million), a decrease of 3% compared to €11,779 million (£10,408 million) at 31 March 2011, primarily due to the realisation of ICG's older CLOs.

Shareholders' funds at 31 March 2012 stood at £1,450.7 million, up £200.3 million compared to 31 March 2011, primarily due to retained profit in the year and the fair valuing of the equity portfolio. The balance sheet has continued to strengthen with a gearing ratio of 66%, compared to 100% at the end of last year.

The balance sheet had undrawn debt facilities of £827 million at the year end. During April 2012, the revolving credit facility matured. Had this taken place on 31 March 2012, the balance sheet would have had £505 million of undrawn debt facilities at the year end.

We have recently agreed with three main relationship banks to extend the maturities of the facilities due to be repaid in June 2013 by three years to 2016. This agreement remains subject to legal documentation for two of these lenders. Our two largest lending banks, who account for £525m of these facilities will extend £515m of this amount. These

facilities will reduce over the extended term to a combined £300m as we raise additional debt or generate excess cash through portfolio realisations. This reduction will be achieved through a partial cash sweep mechanism. Our third largest lender has agreed, subject to documentation, to increase the debt facility made available to us from £67m to £100m for the full extended term. Pricing of these facilities will remain broadly unchanged. We are also in discussions with the other lender, which accounts for £45m of these facilities with a June 2013 maturity. We will continue to seek to diversify our sources of debt funding.

Fund Management Company

Assets under management

Total AUM at 31 March 2012 were €11,408 million (£9,507 million) a decrease of 3% in euros compared to €11,779 million (£10,408 million) at 31 March 2011. Mezzanine funds under management have increased by 7% from €3,461 million (£3,058 million) to €3,714 million (£3,095 million), due to the new European mezzanine fund, ICG Europe Fund V and the funds raised by ICG Longbow. Credit funds under management have decreased by 11% from €5,575 million to €4,965 million as the older funds enter the realisation phase. The balance sheet investment portfolio of €2,729 million (£2,274 million) (2011:€2,743 million, £2,424 million) has decreased by 1%.

Credit funds AUM include £61.1 million of seed equity provided by ICG compared to £70.8 million at 31 March 2011.

Fee income

Fee income, including the IC management fee increased by 11% to £91.2 million.

Credit funds fee income of £23.2 million was 2% lower compared to £23.7 million in the prior year. 2011 fee income included £3.8 million from the recovery of junior fees on certain funds which were switched off during the year to March 2010 due to the level of downgrades experienced in that year, in common with the market generally.

Mezzanine and equity funds fee income increased by 34% to £43.5 million as ICG Europe Fund V started to generate fees. This included £7.0 million of carried interest (2011:£1.3 million).

The average carrying value of the IC's portfolio was down 5% at £2,445.5 million, generating a fee from the IC to the FMC of £24.5 million versus £25.7 million last year.

Other income

Dividends received on the equity stakes ICG owns in its credit funds was £3.3 million, compared with £3.9 million in the prior year.

Operating expenses

Operating expenses for the FMC were £56.4 million compared to £50.0 million last year. Other administrative costs are £23.8 million compared to £19.2 million reflecting the recruitment costs of strengthening ICG's distribution capabilities and set up costs of new funds.

The operating margin was 41.3% compared to 43.9% in the previous 12 months.

Profit before tax

Profit before tax was up 5% to £37.7 million compared to £35.9 million last year.

Investment Company

Balance sheet investments

The balance sheet investment portfolio of £2,274 million has decreased 6% compared to 31 March 2011. This excludes £61.1 million of seed equity and £16.7 million of debt held in ICG's credit funds.

In the year the balance sheet invested £121.9 million, of which £43.5 million were follow-on investments. There were repayments of £364.7 million of principal and £113.3 million of realised accrued interest. As a result, net repayments were £356.1 million.

In addition, the sterling value of the portfolio decreased by £95.8 million due to the appreciation of the currency as 64% of the portfolio is euro denominated and 12% is US dollar denominated. Sterling denominated assets only account for 15% of the portfolio.

The investment portfolio comprises £1,228 million of senior mezzanine and senior debt (54%), £393 million of junior mezzanine investments (17%) and £653 million of equity investments (29%) (excluding amounts invested in credit funds).

Net interest income

Net interest income was 2% higher at £183.5 million compared to £179.8 million last year (excluding dividend income and the impact of the fair value adjustment of financial instruments held for hedging purposes).

Interest income increased 3% to £242.3 million from £235.2 million in the prior year despite a lower average portfolio over the year (£2.4 billion compared with £2.6 billion in the previous year). 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. Interest income is higher due to an additional £11.0 million of interest generated on realisations that occurred at an earlier date than expected. Interest income comprises £84.8 million of cash interest income and £157.5 million of rolled up interest.

Interest expense increased 6% to £58.8 million (excluding the impact of the fair value adjustment of financial instruments held for hedging purposes) despite lower average net debt levels, due to higher interest margins payable on ICG's debt and higher commitment fees payable on the Group's undrawn bank debt.

Dividend income from portfolio companies was £5.7 million in the last 12 months compared to £2.9 million in the previous 12 months.

There was no adjustment this year in respect of fair value movements of financial instruments held for hedging purposes compared to a £3.8 million negative adjustment last year.

Other income

Other income, principally waiver and early repayment fees, was £1.5 million compared to £7.2 million in the previous 12 months. 2011 included several one off transaction fees and an early repayment penalty.

Operating expenses

Operating expenses of £17.7 million include a one off credit to the Income Statement of £45 million, relating to the closure of the MTIS. Operating expenses of £67.0 million in the prior year included a £5.7 million one off cost relating to an onerous lease provision following the move of ICG's head office to new premises. Excluding these one off items, operating expenses are £62.7 million, an increase of 2% from £61.3 million last year.

Operating expenses comprises salaries and benefits, cost of remuneration schemes, administrative costs and the management fee on balance sheet investments. Salaries and benefits (including remunerations schemes) of £35.8 million, excluding the £45.0 million credit, have increased by 12% compared to £31.9 million in the prior year. This includes the costs associated with the recruitment of senior hires. Administrative expenses of £2.4 million for the year have decreased by 35% compared to prior year (2011: £3.7 million excluding the £5.7 million onerous lease provision). Administrative costs in the prior year included costs relating to the acquisition of ICG Longbow.

The management fee on balance sheet investments (£24.5 million compared to £25.7 million) has reduced due to the lower average value of the portfolio.

Capital gains

Following the change in ICG's valuation technique capital gains were £118.0 million (2011: £132.3 million), including £44.2 million of unrealised gains on the investment portfolio, compared to £3.1 million in respect of impending exits in 2011.

The largest contributors to realised capital gains of £73.8 million (2011:£129.2 million) comprise CPA, Eismann, Raet and Souriau.

Impairments

Gross provisions for portfolio companies were 7% lower at £83.5 million compared to £89.8 million last year. Recoveries of past provisions were £12.9 million compared to £18.9 million in the prior year. The Group wrote back provisions of £8.1 million on an investment which saw a recovery during the year and recovered funds of £4.8 million on previously impaired assets. Gross provisions of £39.6 million in the first half included £28.2 million relating to impairments of shareholder loans. Gross provisions in the second half of £43.9 million includes £4.3 million of impairments on shareholder loans. Impairments of shareholder loans are driven by the Investment Committee's assessment of the recoverability of the carrying value, based on the valuation of the equity of the company and its operating performance.

Net impairments for the 12 months to 31 March 2012 were therefore £70.6 million compared to £70.9 million in the prior year.

Profit before tax

Adjusted for the one off release of £45.0 million and the impact of fair value movements on derivatives, profit before tax for the IC was £161.1 million, compared to £154.2 million in the 12 months to 31 March 2011.

Group

Profit before tax

Group profit before tax was £243.8 million compared to £186.3 million last year. Adjusted for the one off release of £45.0 million and the impact of fair value movements on derivatives, group profit before tax increased to £198.8 million compared to £190.1 million last year.

Profit after tax, ROE, earnings per share

Group profit after tax is £187.6 million compared with £128.1 million in the prior year.

The Group generated a ROE of 11.5%, adjusting for the one off release of £45.0 million (14% unadjusted ROE), compared to 11.2 % in the 12 months to 31 March 2011, excluding the impact of the fair value movement on derivatives (10.8% unadjusted ROE).

Earnings per share for the 12 months to 31 March 2012 were 39.2p, adjusting for the one off release of £45 million (47.7p unadjusted) compared to 33.2p excluding the impact of the fair value movement on derivatives (32.6p unadjusted) last year. The weighted average number of shares for the year was 395,135,061.

Dividend per share and cash profit measures

Cash core income increased by 6% from £106.7 million to £113.5 million. The Board has recommended a final dividend of 13p per share. This would result in a full year dividend of 19p per share, compared to 18p per share in the prior year.

Pre-incentive cash profit was £165.0 million compared to £191.2 million in the prior year.

Group cash flow

Operating cash flow

Interest income received during the year increased 14% to £198.1 million due to the realisation of £113.3 million of rolled up interest (2011: £82.2 million). Interest expense paid was £50.4 million compared to £43.9 million due to the effect of higher interest rates paid which has offset the benefit of lower levels of average net debt. Dividend income was higher at £9.0 million compared to £5.7 million in the previous year. Third party fee income received amounted to £70.9 million compared to £77.9 million due to timing of receipts and recovery of junior fees on the CFM funds in the prior year. Operating expenses were £89.4 million compared to £56.2 million as the level of staff bonuses paid in respect of the prior year increased, and fund set up costs were incurred.

Operating cash flow for the 12 months to 31 March 2012 decreased by 12% to £138.2 million compared to £157.5 million in the prior year.

Cash flow relating to capital gains

Net cash flow from capital gains of £41.7 million decreased compared to £121.9 million in the previous year due to the lower level of realised gains.

Free cash flow

Tax paid increased to £66.6 million compared to £5.1 million in the prior year. The low level of tax paid in 2011 is due to the impact of the loss realised in the year to 31 March 2009 which was carried forward. Following repayments, syndication proceeds and recoveries of £368.6 million, free cash flow prior to investments and dividends was £481.9 million.

Movement in net debt and cash balances

Free cash inflow of £481.9 million, share issue proceeds of £1.3 million and contributions from minority interests of £0.2 million financed investments of £121.9 million, fixed asset expenditure of £1.4 million, a reduction in net debt of £274.4 million and purchase of own shares of £16.8 million. Dividend payments amounted to £68.9 million.

Group balance sheet

Capital position

Shareholders' funds at 31 March 2012 stood at £1,450.7 million, up 16% compared to 31 March 2011, primarily due to the increase in retained earnings during the year and the impact of equity valuations on reserves.

Net debt was £957 million at 31 March 2012 down 23% from last year.

Net debt to shareholder funds at year end was 66%, down from 100% at the end of last year as a result of the capital gains and realisations.

Investment capacity
Total debt facilities stood at £1,806 million at 31 March 2012, including undrawn debt facilities of £827 million.

During the year we extended or raised £227 million of new debt lines. £322 million of existing debt facilities matured in April 2012 and were repaid at that date. Since year end we have extended other debt lines for £615 million. The details of these further extensions are available in the overview above.

Financial outlook

For the FMC, fee income is expected to increase due to a higher contribution from ICG Europe Fund V and the launch of ICG's new products and funds. ICG's distribution team, which has already undergone significant expansion, will experience some further growth. This will allow ICG to decrease its use of external placement agents from FY14, and therefore decrease the level of placement fees paid. The remainder of the cost base is expected to remain stable.

The IC will be negatively affected by a lower level of net interest income as a result of the higher costs of debt and of the realisations achieved, which we expect to continue in the current environment. This, however, should result in further realised capital gains. We expect the level of new investments to be higher than in FY12. We expect impairments for the current year to remain broadly in line with our historical average.

Principal risks and uncertainties.

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

Executive committees and Management Boards

The Executive Committee comprises the Managing Directors of ICG, who each have a specific area of responsibility. The Executive Committee has general responsibility for ICG's resources, implementation of strategy agreed by the Board of directors, financial and operational control and managing the business worldwide.

The Mezzanine and Minority Equity Investment Committee is chaired by Christophe Evain, CEO and Chief Investment Officer (CIO). The Chairman selects up to seven members among two pre-defined lists of senior investment professionals including managing directors and senior members of the mezzanine and equity business. One of these members will be nominated as a sponsor member, to reflect the specificities of the investment (geography, size, nature of the transaction). The Committee members are responsible for reviewing and approving all investment proposals presented by investment executives in accordance with the Investment Policy set by the Board. The approval of the Board is required for large investments according to pre-set thresholds. The Mezzanine and Minority Equity Investment Committee also reviews and manages potential and actual conflicts of interest, reviews quarterly performance reports of our portfolio companies, and coordinates management plans for individual assets as necessary.

The Credit Funds Investment Committee is chaired by Christophe Evain, CEO and CIO. The Chairman selects up to five members among two pre-defined lists of senior investment professionals including managing directors and senior members of the Credit Funds Management team. One of these members will be nominated as sponsor member, depending on the specificities of the investment (geography, size, nature of the transaction). The Committee members are responsible for reviewing and approving all investment proposals presented by credit executives in accordance with the Investment Policy. The Credit Funds Investment Committee also reviews and manages potential and actual conflicts of interest, reviews the quarterly performance reports of our credit funds' portfolio companies, and coordinates management plans for individual assets as necessary.

By chairing both Investment Committees, the CIO ensures the Company's Global Investment Strategy is applied consistently across the firm.

The ICG Longbow Management Board is chaired by David Hunter, an independent appointment of ICG. ICG and ICG Longbow's management each appoint three representative members, currently Christophe Evain, Philip Keller and Mark Crowther for ICG and Martin Wheeler, Kevin Cooper and Graeme Troll for Longbow. The Management Board oversees the activities of ICG Longbow.

The ICG Longbow Investment Committee is chaired by Graeme Troll and is comprised of members representing the senior investment professionals and credit and risk functions of ICG Longbow respectively. The Committee is responsible for reviewing and approving all investment proposals relating to ICG Longbow's commercial real estate debt funds. The Committee also reviews and manages potential conflicts of interest, reviews the quarterly performance reports of investments, and coordinates management plans for individual assets as necessary.

The Treasury Committee comprises six members including the CFO, Financial Controller, and Group Treasurer and is responsible for ensuring compliance with the Group's Treasury Policy, reporting any breach of policy to the Audit and Risk Committee, monitoring external bank debt and bank covenants, approving and monitoring hedging transactions and approving the Group's list of relationship banks.

Non-executive committees

The Audit and Risk Committee comprises four independent non-executive directors. The Chairman of the Board as well as the members of the Executive Committee are invited to attend, but are not members of the Committee. The Company's auditors are also invited to attend and have direct access to Committee members. The Committee is responsible for the selection, appointment, and review of the external auditors to the Board; reviewing accounts; the oversight of the investment portfolio; and monitoring the effectiveness of the internal control environment and the risk management systems of the Group.

The Remuneration Committee comprises four independent non-executive directors and the Chairman of the Board. The Managing Directors are not members of the Remuneration Committee but are normally invited to attend except when the Committee is discussing their remuneration. The Committee is responsible for the overall remuneration policy for all ICG staff and ensures that the remuneration arrangements promote sound and effective risk management and are in line with the long term interests of the Company. The Committee determines the level of remuneration of the executive directors and reviews the remuneration of senior management.

The Nominations Committee comprises four independent non-executive directors and the Chairman of the Board. The Managing Directors are not members of the Nominations Committee but are normally invited to attend. The Nominations Committee is responsible for considering the composition of the Board and appointments to the Board.

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

Business risks

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

Credit risk

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

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

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

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

Fundraising risk

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

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

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

Liquidity and funding risk

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

The level of repayments on the Group's loan portfolio and consequently on the realisation of rolled up interest as well as delays in realising minority interests could have a negative impact on the Group's investment capacity. In addition, there can be no assurance that the Group will be able to secure borrowings or other forms of liquidity in the longer

term on commercially acceptable terms or at all. Failure to secure borrowings or other forms of liquidity on commercially acceptable terms may adversely affect the Group's business and returns. The Group's ability to borrow funds or access debt capital markets in the longer term is dependent on a number of factors including credit market conditions. Adverse credit market conditions may make it difficult for the Group to refinance existing credit facilities as and when they mature or to obtain debt financing for new investments. In addition, the cost and terms of any new or replacement facilities may be less favourable and may include more onerous financial covenants. Failure to secure borrowings on commercially acceptable terms or a default by the Group under its debt agreements may have a material adverse effect upon the Group's financial condition and results.

Mitigation: The Group maintains a diversified portfolio of investments in order to minimise the risk that a significant proportion of its assets would face concurrent adverse conditions for repayments and realisations. In addition the Group maintains a prudent funding strategy. It is our policy to maintain diverse sources of medium term finance and to ensure that we always have sufficient committed but unutilised debt facilities.

Market risks

Risks relating to the Group and its business

General market conditions

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

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

Interest rate risk

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

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

Mitigation: The Group seeks to minimise interest rate exposure by matching the type, maturity and currency of its borrowings to those of a group of assets with a similar anticipated holding period. The Group's Investment Committees take into account the ability of each portfolio company to successfully operate under a different interest rate environment both before validating the investment and during the life of the investment.

Foreign exchange risk

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

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

Mitigation: The Group seeks to reduce structural currency exposures by matching loans and investment assets denominated in foreign currency with borrowings or synthetic borrowings in the same currency. In addition, the Group has used and continues to use derivative financial instruments and other instruments on a limited basis, as part of its foreign exchange risk management, to hedge a proportion of unrealised income recognised on a fair value basis. The Group spreads its derivative contracts across a number of counterparties and regularly evaluates the counterparty risk. The Group seeks to transact only with sound financial institutions.

Concentration Risk

Risk as a result of undue geographical, industry, or sector concentration with regard investments made or from reliance on a small number of banks to provide balance sheet funding

The Group invests only in certain geographies, industries, and sectors. If investment in any one geography, industry or sector becomes unduly concentrated the Group could suffer increased impairment to its investment performance or increased financial loss as a consequence of adverse market, economic, or environmental conditions impacting a particular geography, industry, or sector. In addition, the Group sources a significant proportion of its balance sheet funding from a small number of banks. The Group could suffer impairment to its ability to make investments or financial loss in the event of failure of one, or more, of the relationship banks.

Mitigation: The Group has in place an Investment Policy and robust investment process designed to maintain appropriate diversification of the investments made.

In addition, the Group increasing seeks to increase the proportion of its balance sheet funding from non-bank sources such as private placements and the issuance of bonds. Further, the Group's Treasury Policy and procedures are designed to diversify bank-sourced balance sheet funding in terms of quantum and maturity.

Operational risk

Loss of staff

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

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

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

Mitigation: The Group attempts to reward its investment professionals and other key employees in line with market practice. In 2009 the Group's Remuneration Committee commissioned PricewaterhouseCoopers to review the compensation structure of ICG and to advise upon appropriate benchmarking against which remuneration could be set. Following this review, new remunerations schemes were approved by shareholders at the 2010 AGM. These schemes are aligned with the Group's strategy and in line with the appropriate benchmark and comply with the UK Financial Services Authority ("FSA") remuneration code.

Regulatory risk

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

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

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

Mitigation: The Group has a governance structure in place supported by a risk framework that allows for the identification, control, and mitigation of material risks faced by the Group. The adequacy of controls in place is periodically assessed. This includes a tailored risk-based monitoring programme designed to specifically address regulatory and reputational exposure.

Responsibility Statement.

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2012. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

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

This responsibility statement was approved by the Board of directors on 21 May 2012 and is signed on its behalf by:

Christophe Evain
CEO

Philip Keller
CFO

Consolidated income statement

For the year ended 31 March 2012

	Year ended 31 March 2012 £m Audited	Year ended 31 March 2011 £m Audited
Interest and dividend income	**251.3**	242.0
Gains on investments	**118.0**	133.4
Fee and other operating income	**68.2**	63.3
	437.5	438.7
Interest payable and other related financing costs	**(58.8)**	(59.2)
Provisions for impairment of assets	**(70.6)**	(70.9)
Administrative expenses	**(64.3)**	(122.3)
Profit before tax	**243.8**	186.3
Tax expense	**(56.2)**	(58.2)
Profit for the year	**187.6**	128.1
Attributable to:		
Equity holders of the parent	**188.3**	128.2
Non-controlling interests	**(0.7)**	(0.1)
	187.6	128.1
Earnings per share	**47.7p**	32.6p
Diluted earnings per share	**47.6p**	32.5p

All activities represent continuing operations

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

Group	Year ended 31 March 2012 £m Audited	Year ended 31 March 2011 £m Audited
Profit for the year	**187.6**	128.1
AFS financial assets:		
Gains arising in the year	**148.9**	110.1
Less: Reclassification adjustment for gains included in profit	**(48.3)**	(120.6)
Exchange differences on translation of foreign operations	**(0.2)**	(1.5)
	100.4	(12.0)
Tax on items taken directly to or transferred from equity	**(23.1)**	3.6
Other comprehensive income/(expense) for the year	**77.3**	(8.4)
Total comprehensive income for the year	**264.9**	119.7

Consolidated Statement of Financial Position

As at 31 March 2012

	31 March 2012 Group £m Audited	31 March 2011 Group £m Audited
Non current assets		
Intangible assets	**7.8**	9.1
Property, plant and equipment	**5.6**	7.0
Financial assets: loans, investments and warrants	**2,352.2**	2,575.1
Derivative financial instruments	**21.6**	12.0
	2,387.2	2,603.2
Current assets		
Trade and other receivables	**47.1**	51.3
Financial assets: loans and investments	**49.7**	39.7
Derivative financial instruments	**12.8**	2.3
Cash and cash equivalents	**159.3**	140.9
	268.9	234.2
Total assets	**2,656.1**	2,837.4
Equity and reserves		
Called up share capital	**80.0**	79.8
Share premium account	**668.0**	665.7
Capital redemption reserve	**1.4**	1.4
Own shares reserve	**(33.0)**	(23.8)
Other reserves	**125.9**	36.8
Retained earnings	**608.3**	490.3
Equity attributable to owners of the Company	**1,450.6**	1,250.2
Non controlling interest	**0.1**	0.2
Total equity	**1,450.7**	1,250.4
Non current liabilities		
Provisions	**3.9**	4.5
Financial liabilities	**892.5**	1,060.7
Derivative financial instruments	**3.7**	8.2
Deferred tax liabilities	**43.3**	12.7
	943.4	1,086.1
Current liabilities		
Provisions	**0.5**	0.5
Trade and other payables	**124.1**	196.4
Financial liabilities	**83.6**	175.2
Liabilities for current tax	**52.6**	70.5
Derivative financial instruments	**1.2**	58.3
	262.0	500.9
Total liabilities	**1,205.4**	1,587.0
Total equity and liabilities	**2,656.1**	2,837.4

Consolidated Statement of Cash Flows

For the year ended 31 March 2012	31 March 2012 Group £m Audited	31 March 2011 Group £m Audited
Operating activities		
Interest receipts	**198.1**	174.0
Fee receipts	**70.9**	77.9
Dividends received	**9.0**	5.7
Gain on disposals	**78.7**	146.6
Interest payments	**(50.4)**	(43.9)
Cash payments to suppliers and employees	**(126.4)**	(80.9)
Payment for purchase of current financial assets	**(16.0)**	(20.0)
Purchase of loans and investments	**(121.9)**	(305.7)
Recoveries on previously impaired assets	**4.6**	–
Proceeds from sale of loans and investments	**380.0**	388.6
Cash generated from operations	**426.6**	342.3
Taxes (paid)/received	**(66.6)**	(5.1)
Net cash generated from operating activities	**360.0**	337.2
Investing activities		
Proceeds from subsidiary undertakings	**–**	–
Purchase of property, plant and equipment	**(1.4)**	(2.5)
Purchase of intangible assets	**–**	(5.1)
Acquisition of subsidiary	**–**	(2.6)
Net cash (used in)/from investing activities	**(1.4)**	(10.2)
Financing activities		
Dividends paid	**(68.9)**	(40.6)
Decrease in long term borrowings	**(249.7)**	(223.8)
Net cash flow from derivative contracts	**(8.9)**	14.6
Purchase of own shares	**(16.8)**	(16.9)
Capital contributions from non controlling interest	**0.2**	–
Proceeds on issue of shares	**1.3**	–
Net cash used in financing activities	**(342.8)**	(266.7)
Net increase/(decrease) in cash	**15.8**	60.3
Cash and cash equivalents at beginning of year	**140.9**	83.7
Effect of foreign exchange rate changes	**(6.9)**	(3.1)
Net Cash and cash equivalents at end of year	**149.8**	140.9

Presented on statement of financial position as:

Cash and cash equivalents	**159.3**	140.9
Bank overdraft	**(9.5)**	–
Net Cash and cash equivalents	**149.8**	140.9

Consolidated Statement of Changes in Equity
For the year ended 31 March 2012

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	Non controlling interest £m	Total Equity £m
Balance at 31 March 2011	79.8	665.7	1.4	13.1	23.7	(23.8)	490.3	1,250.2	0.2	1,250.4
Profit for the year	–	–	–	–	–	–	188.3	188.3	(0.7)	187.6
AFS financial assets	–	–	–	–	100.6	–	–	100.6	–	100.6
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Tax relating to components of other comprehensive income	–	–	–	–	(23.1)	–	–	(23.1)	–	(23.1)
Total comprehensive income for the year	–	–	–	–	77.5	–	188.1	265.6	(0.7)	264.9
Own shares acquired in the year	–	–	–	–	–	(12.8)	–	(12.8)	–	(12.8)
Scrip dividend	0.1	1.1	–	–	–	–	–	1.2	–	1.2
Options exercised	0.1	1.2	–	–	–	–	–	1.3	–	1.3
Vesting of share schemes	–	–	–	–	–	3.6	–	3.6	–	3.6
Net loss on consideration paid in the form of shares	–	–	–	(1.5)	–	–	–	(1.5)	–	(1.5)
Capital contribution	–	–	–	–	–	–	–	–	0.6	0.6
Credit for equity settled share schemes	–	–	–	13.1	–	–	–	13.1	–	13.1
Dividends paid	–	–	–	–	–	–	(70.1)	(70.1)	–	(70.1)
Balance at 31 March 2012	**80.0**	**668.0**	**1.4**	**24.7**	**101.2**	**(33.0)**	**608.3**	**1,450.6**	**0.1**	**1,450.7**

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

Financial Statements.

Financial Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2012 or 2011, but is derived from those accounts. Statutory accounts for 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRSs.

Business and geographical segments

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

	Mezzanine Fund Management						
Year ended 31 March 2012 £m (Audited)	Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	36.7	6.8	–	23.2	66.7	–	66.7
Fee income from Balance Sheet (inter segment)	20.6	2.0	0.9	1.0	24.5	–	24.5
Fund management fee income	**57.3**	**8.8**	**0.9**	**24.2**	**91.2**	**–**	**91.2**
Net interest income^					–	183.5	183.5
Dividend income					3.3	5.7	9.0
Cost of Funding					(0.4)	0.4	–
Other fee income						1.5	1.5
Staff costs					(32.6)	(24.8)	(57.4)
Medium Term Incentive Scheme					–	34.0	34.0
Balance Sheet fee income charge (inter segment expense)					–	(24.5)	(24.5)
Administrative costs					(23.8)	(2.4)	(26.2)
Net gains on investments					–	103.3	103.3
Impairments					–	(70.6)	(70.6)
Add back net fair value loss on derivatives held for hedging purposes^					–	–	–
Profit before tax					**37.7**	**206.1**	**243.8**

^ Net loss of £34k relating to foreign exchange gains and losses arising on translation of monetary assets and liabilities at the exchange rate prevailing at the balance sheet date and fair value movements on derivative assets and liabilities, is not considered part of net interest income for segmental reporting.

Year ended 31 March 2011 (£m)	Mezzanine Fund Management Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	25.1	7.3	–	23.7	56.1	–	56.1
Fee income from Balance Sheet (inter segment)	20.7	2.3	1.3	1.4	25.7	–	25.7
Fund management fee income	**45.8**	**9.6**	**1.3**	**25.1**	**81.8**	**–**	**81.8**
Net interest income^					–	179.8	179.8
Dividend income					3.9	2.9	6.8
Cost of Funding					(0.9)	0.9	–
Other fee income						7.2	7.2
Staff costs					(30.8)	(9.1)	(39.9)
Medium Term Incentive Scheme					–	(22.8)	(22.8)
Balance Sheet fee income charge (inter segment expense)					–	(25.7)	(25.7)
Administrative costs					(19.2)	(9.4)	(28.6)
Net gains on investments					1.1	101.3	102.4
Impairments					–	(70.9)	(70.9)
Add back net fair value loss on derivatives held for hedging purposes^					–	(3.8)	(3.8)
Profit before tax					**35.9**	**150.4**	**186.3**

^ Net loss of £3.8m relating to foreign exchange gains and losses arising on translation of monetary assets and liabilities at the exchange rate prevailing at the balance sheet date and fair value movements on derivative assets and liabilities, is not considered part of net interest income for segmental reporting.

Balance Sheet Investments.

At 31 March 2012, the Investment Company's portfolio amounted to £2,274 million, including £653 million of equity investments.

Top 20 assets at 31 March 2012

The top 20 assets account for 51% of the IC's investment portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
Medi Partenaires	France	Healthcare	2007	109.7
Elis	France	Business Services	2007	92.6
Applus	Spain	Business Services	2007	79.8
Attendo	Sweden	Healthcare	2007	77.5
AAS Link	Australia	Financial services	2007	71.7
Materis	France	Construction Materials	2006	69.2
All Flex	UK	Business Services	1998	65.4
Biffa	UK	Waste Management	2008	59.8
BAA	UK	Transport	2006	56.9
Gerflor	France	Construction Materials	2006	52.1
Minimax	Germany	Technology	2006	51.2
Ethypharm	France	Pharmaceuticals	2007	50.0
SAG	Germany	Utilities	2008	45.9
Intelsat	US	Telecoms	2008	45.6
Eos Loan Fund 1		n/a	2010	44.3
Feu Vert	France	Automotive	2007	41.7
Lowenplay	Germany	Entertainment & Leisure	2008	38.9
Team Systems	Italy	Business Services	2010	38.5
Hoyts	Australia	Entertainment & Leisure	2007	38.4
Sicurglobal	Italy	Business Services	2008	38.1
Total				**1,167.3**

*carrying value on ICG balance sheet at 31 March 2012. Includes equity stake listed below when relevant.

Top 10 equity assets at 31 March 2012

The top 10 equity positions (included in the above table) account for 13% of the IC's investment portfolio and 44% of our equity portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
All Flex	UK	Business Services	1998	65.4
Intelsat	US	Telecoms	2008	45.6
Gerflor	France	Construction Materials	2006	34.5
AAS Link	Australia	Financial services	2007	32.7
Team Systems	Italy	Business Services	2010	22.7
AVR	Netherlands	Waste Management	2006/2007	21.9
Bureau Van Dijk	Belgium	Publishing & Advertising	2011	18.8
Applus	Spain	Business Services	2007	18.0
Mennisez	France	Food	2006	15.3
WSH Baxter	UK	Retail	2011	14.9
Total				**289.8**

Company Information.

Timetable

The major timetable dates are as follows:

Ex dividend date	30 May 2012
Record date for Financial Year 2012 final dividend	1 June 2012
AGM and IMS for the 3 months to 30 June 2012	10 July 2012
Payment of final dividend	13 July 2012
Half year results announcement for the 6 months to 30 September 2012	27 November 2012

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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.