INTERMEDIATE CAPITAL MANAGERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 March 2012

(Registered Number 2327504)

Contents

INTERMEDIATE CAPITAL MANAGERS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of Intermediate Capital Managers Limited ("ICML" or "the Company") is the management of third party funds. At the end of the year the company had funds under management of £7.2bn (31 March 2011: £8.5bn). The company made a profit for the year before taxation of £54.5m (2011: £45.1m) and a retained profit after dividends of £9.8m. (2011: retained loss of £1.9m). The directors do not envisage any change in the activities for the foreseeable future.

As part of the investment advisory agreement with Intermediate Investments Jersey ("IIJ"), upon exit of investments by IIJ a portion of the capital gain will be paid to ICML as a success fee. In 2012, £7.5m (2011: Nil) of success fees were recognised by ICML.

At 31 March 2012, the company's immediate holding company was ICG FMC Limited ("FMC") (incorporated in the United Kingdom) and ultimate holding company was Intermediate Capital Group PLC ("ICG") (incorporated and listed in the United Kingdom). All administrative expenses, including salaries, in respect to the operation of the Company are charged to the FMC.

There were no other significant changes in the state of affairs of the company during the financial year.

KEY PERFORMANCE INDICATORS (KPI's)

The Board reviews a range of financial and non-financial KPI's. The principal KPI's are listed below:

- Growth in funds under management
- Growth in fee income

FUNDS UNDER MANAGEMENT

Third party funds under management decreased 3% to €8.7bn due to the realisations of assets in the older CFM funds which has resulted in lower AUM. This has been offset by an increase in AUM from the new mezzanine European Fund V.

FEE INCOME

Fee income is up 25% per cent compared to last year. Credit funds fee income was 10% lower than the previous year as a result of the recovery of junior fees in 2011 which did not recur this year. Mezzanine and equity funds fee income increased by 20% to £26.6 million. This was principally due to £3.7m income from ICG European Fund V which was new in the 2012 year and increased fee income from ICG Recovery Fund 2008 during the year.

FUTURE PROSPECTS

The Directors anticipate that the company will operate profitably in the coming year.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks to Intermediate Capital Managers Ltd (ICML) as a business and ways in which we mitigate them include:

LOSS OF STAFF

Although ICML has no employees as a business, it is susceptible to the loss of key executives or teams of executives from the group. The company has in place a number of incentive schemes designed to attract and retain high calibre executives and is committed to providing competitive remuneration packages for such staff.

NEW BUSINESS

Reputation Risk
Were the company to behave in an unprofessional manner when dealing with its fund management business, it could jeopardise future business. To minimise this possibility, the company employs high calibre staff who are trained to behave in a professional manner and deal with clients and third parties accordingly.

Regulatory Risk
ICML is authorised and regulated by the Financial Services Authority ("FSA"). Enforcement action by the FSA could result in significant damage to the company's reputation while withdrawal of FSA approvals could result in the loss of its fund management activity. ICG, the Company's Ultimate Parent, has a full time Compliance Department which ensures that the company complies with all current FSA regulations. The company also has in place thorough Anti Money Laundering and Know Your Customer procedures to comply with current legislation. Each ICG employee is asked to endorse the compliance manual on an annual basis and undertake training on compliance matters.

FINANCIAL RISK MANAGEMENT

The company is a wholly owned subsidiary within the ICG group. Financial risk and operational management policies are determined for the group as a whole and are set out in note 30 of the consolidated financial statements of ICG.

GOING CONCERN

The risk profile of ICML increased during the economic crisis. However, our funds as a whole are performing satisfactorily. The Directors believe that ICML has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS

The directors of the company, served during the year and to the date of this report are as follows:

T R Attwood	Resigned 31 March 2012
C A Evain	
P H Keller	
B L Durteste	Appointed 21 May 2012
F De Mitry	Resigned 31 July 2011

The directors had no interests, as defined by the Companies Act, in the shares of the company at any time during the year. Their interests in the shares of the ultimate parent company, ICG, are disclosed in the financial statements of that company.

The directors had no interest in the shares of any other group company at any time during the year.

DIVIDEND

During the year the directors declared and paid a dividend of £30m; £75.00 per share (31 March 2011 - £30m; £75.00 per share) representing the entire dividend for the year. The Directors do not propose declaring a final dividend.

DIRECTORS INDEMNITY

The company has Directors and Officers Insurance for all directors and executives that covers all employment related activities.

REGULATION

The company is authorised and regulated by the Financial Services Authority.

The Pillar 3 disclosures are on the ultimate parent company's website www.icgplc.com.

AUDITOR

A resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board

P H Keller
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERMEDIATE CAPITAL MANAGERS LIMITED

We have audited the financial statements of Intermediate Capital Managers Ltd for the one year periods ended 31 March 2011 and 31 March 2012, which comprises the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and 31 March 2012, and of its profits for the one year periods then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Calum Thomson, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27 July 2012

INTERMEDIATE CAPITAL MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 March 2012	Year Ended 31 March 2011
		£'000	£'000
Turnover	2	57,291	45,735
Administrative expenses	4	(1,641)	(311)
Gain on sale of investment	8	1,254	-
Other interest receivable and similar income		-	30
Other interest payable and similar charges		(2,359)	(343)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**54,545**	**45,111**
Tax on profit on ordinary activities	5	(14,733)	(17,011)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**39,812**	**28,100**

All activities represent continuing operations. There are no recognised gains or losses for the current financial period other than those shown in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

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

INTERMEDIATE CAPITAL MANAGERS LIMITED

BALANCE SHEET

	Notes	As at 31 March 2012	As at 31 March 2011
		£'000	£'000
FIXED ASSETS			
Intangible Asset	7	3,481	4,755
CURRENT ASSETS			
Debtors	6	59,308	49,351
Cash at bank and in hand		1	1
Investment	8	-	1,878
		59,309	51,230
TOTAL ASSETS		62,790	55,985
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(18,278)	(21,284)
NET ASSETS		44,512	34,701
CAPITAL AND RESERVES			
Called up share capital	9	400	400
Profit and loss account	10	44,112	34,301
Shareholders' funds	11	44,512	34,701
TOTAL CAPITAL EMPLOYED		44,512	34,701

Company registration number: 2327504

These financial statements were approved and authorised for issue by the Board of Directors on 27 July 2012.

Signed on behalf of the Board of Directors by:

P H Keller
Director

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

INTERMEDIATE CAPITAL MANAGERS LIMITED

CASH FLOW STATEMENT

	Note	Year Ended 31 March 2012 £'000	Year Ended 31 March 2011 £'000
Net cash inflow from operating activities	13	-	-
Cash and cash equivalents at the beginning of the year		1	1
Cash and cash equivalents at the end of the year		1	1

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and Accounting Standards. The principal accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year. The financial statements are prepared under the historical cost convention.

(a) Going Concern

The company's business activities and factors likely to affect its performance are set out in the Directors' report. The financial statements have been prepared on the going concern basis as the company performs profitably and is forecast to continue to meet its obligations as they fall due based on its working capital projections. The company has adequate financial resources and is expected to continue in operational existence for the foreseeable future. As a consequence, the directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook.

(b) Taxation

Corporation tax is provided on the taxable profits of the company using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised to the extent they are recoverable.

(c) Turnover and Expenses

Fund management fees, interest income, interest expense and overheads are accounted for on an accruals basis. Incentive fee income is received from the funds and these are accounted for on cash basis.

(d) Foreign currency translation

Transactions denominated in foreign currencies are recorded at actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated into sterling at the rates of exchange ruling at that date, or where appropriate, at the rate of exchange in related forward contracts. Any gain or loss arising from a change of exchange rates subsequent to the dates of the transactions is included as an exchange gain or loss in the profit and loss account and is included as part of interest income.

(e) Intangible assets

Investment management contracts have been identified as separately identifiable intangible assets. These intangible assets are recognised at cost of acquisition which is based upon the present value of the expected future cash flows of the investment management contract acquired. The intangible asset is amortised on a straight-line basis over the expected life of the investment management contracts, currently estimated at four years.

(e) Intangible assets (continued)

At each reporting date, an assessment is made as to whether there is any indication that an asset in use may be impaired. If any such indication exists and the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2. TURNOVER

	Year ended 31 March 2012	Year ended 31 March 2011
	£'000	£'000
Fees from fund management	47,910	45,735
Incentive management fees	9,025	-
Other Fees	356	-
	57,291	**45,735**

All income was derived in the United Kingdom.

3. PROFIT BEFORE TAX

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Profit before tax has been arrived at after charging/(crediting):		
Amortisation	1,274	311
Foreign exchange loss/(gain)	2,359	(345)

4. ADMINISTRATIVE EXPENSES

The Company's administrative expenses comprise amortisation of the investment management contract and placement fees. All other administration expenses in respect of the company's share of overheads and staff costs of the group are borne by the parent company.

The company has no employees (2011: none). The Directors do not receive any remuneration for their services to Intermediate Capital Managers Limited. Auditor's remuneration in respect of this year and the prior years is borne by the parent company. The audit fee for the year ended 31 March 2012 was £24,400 (2011: £22,500).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Analysis of total tax charge		
Corporation tax on the profits of the year	14,533	12,631
Adjustment in respect of prior years	200	4,377
Total current tax	14,733	17,008
Deferred tax	-	3
	14,733	17,011

Factors affecting tax charge for the current year

The current year tax charge is higher (2011: higher) than the UK standard rate of corporation tax of 26% (2011:28%) for the reasons set out in the following reconciliation:

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Profit on ordinary activities before tax	54,545	45,111
Tax charge on profit at 26% (2011: 28%)	14,182	12,631
Factors affecting charge:		
Adjustment to prior period tax	200	4,378
Capital allowances in excess of depreciation	-	(1)
Permanent differences	351	-
Total current tax	14,733	17,008

6. DEBTORS

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Fees receivable	7,617	6,150
Amounts due from Group Companies	49,087	43,197
Prepayments	2,600	-
Deferred Tax	4	4
	59,308	49,351

Deferred tax has been accounted for at the substantively enacted corporation tax rate of 24% (2011: 26%). Reductions to the main rate have been proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. These reductions in the tax rate had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

7. INTANGIBLE ASSET

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Cost	5,066	5,066
Amortisation	(1,585)	(311)
Net book Value	3,481	4,755

In December 2010, the company purchased an investment management contract from Resource Europe for €5.9million (£5.0million). The contract is expected to generate junior, senior and incentive fees over a four year term. The cost of the contract has been capitalised and will be amortised over the contract term on a straight line basis. Amortisation of investment management contracts is recorded in the income statements as an operating expense.

8. INVESTMENT

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Cost and Net book Value	-	1,878

In April 2011, the company disposed of 100% of its Resource Europe equity investment for consideration of €3.54m (£3.132m), this resulted in a gain on sale of investment of £1.254m which includes a foreign exchange gain on valuation of investment of £0.1m.

9. CALLED UP SHARE CAPITAL

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Allotted, called up and fully paid:		
400,000 ordinary shares of £1	400	400

10. PROFIT AND LOSS ACCOUNT

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Balance at 31 March 2011	34,301	36,201
Profit for the year	39,811	28,100
Less dividend paid	(30,000)	(30,000)
Balance at 31 March 2012	44,112	34,301

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Profit for the year	39,811	28,100
Dividends	(30,000)	(30,000)
	9,811	(1,900)
Opening shareholders' funds	34,701	36,601
Closing shareholders' funds	44,512	34,701

During the year a dividend of £30million £75.00 per share (31 March 2011 - £30million; £75.00 per share) was declared, representing the entire dividend for the year.

12. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Corporation tax	16,747	18,241
Other creditors	1,531	3,043
	18,278	21,284

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITES

	Year Ended 31 March 2012	Year Ended 31 March 2011
	£'000	£'000
Operating profit	54,545	45,111
(Increase)/Decrease in debtors	(4,067)	1,892
Increase in intercompany debtors	(35,890)	(35,333)
Decrease in creditors	(17,740)	(5,037)
Decrease/(Increase) on intangible asset	1,274	(4,755)
Decrease/(Increase) on investments	1,878	(1,878)
Net cash inflow from operating activities	-	-

During the year all transactions, including equity dividends of £30million (2011: £30million) were settled through the intercompany accounts with group companies

14. PARENT COMPANY

The parent company is ICG FMC Limited. The controlling party and ultimate parent company is Intermediate Capital Group PLC, a company incorporated in Great Britain and registered in England and Wales. This is also the parent undertaking of the smallest and largest group which includes the company and for which consolidated financial statements are prepared. Copies of the financial statements of that company are obtainable from Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

15. RELATED PARTY TRANSACTIONS

The company is exempt under paragraph 3(c) of FRS 8 from the requirement to disclose related party transactions relating to group companies. There are no other transactions that require disclosure in accordance with FRS 8.

REGISTERED OFFICE

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