

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 March 2012

(Registered Number 2327070)

Contents

DIRECTORS' REPORT	1
DIRECTORS' RESPONSIBILITIES STATEMENT	4
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERMEDIATE CAPITAL INVESTMENTS LIMITED	5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
CASH FLOW STATEMENT	8
NOTES TO THE ACCOUNTS	9

INTERMEDIATE CAPITAL INVESTMENTS 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 activity of Intermediate Capital Investments Limited (ICIL) is to provide equity finance to companies in Europe, Asia Pacific, and North America. The directors do not envisage any change in the activities for the foreseeable future.

The company made a profit for the year before taxation of £14.4m (2011: £123.8m) and a retained profit of £13.1m (2011: £90.2m).

The company is a wholly owned subsidiary within the Intermediate Capital Group PLC (ICG) group.

FUTURE PROSPECTS

The directors anticipate that the Company will operate profitably in the coming year.

KEY PERFORMANCE INDICATORS (KPIs)

The Board review a range of financial and non-financial KPIs. The principal KPI is default and loss rates. There were no defaults during the year. Default rates have been consistently lower than the industry average as close monitoring of investment performance allows for early identification of underperforming assets.

Principal Risks and Uncertainties

The key risks to ICIL as a business are the inability to win new business and incurring significant losses on the existing portfolio.

NEW BUSINESS

Loss of staff

ICG is a people business and therefore susceptible to the loss of key executives or teams of executives. This would have a significant impact on the ICIL business. The ICG group has in place a number of incentive schemes designed to attract and retain high calibre executives and is committed to provide competitive remuneration packages for such people.

Loss of reputation

Were the company to behave in an unprofessional manner when dealing with the private equity market, it could jeopardise future business opportunities. To minimise this possibility, the group employs high calibre staff who are trained to behave in a professional manner to deal with third parties accordingly.

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

EXISTING BUSINESS

Credit Risk

A severe economic recession could have an adverse effect on the portfolio quality, which would impact interest income, gains on investments and the level of provisions. In order to minimise the effects of any such downturn, ICIL has a policy to diversify its portfolio in terms of geography, sector and size and has in place disciplined credit procedures and a dedicated team to support the management of weakened assets both before and during the period of investment to protect its portfolio.

Specific company factors

There will be occasions when the company incurs a loss for specific reasons. Such reasons may be industry specific, country specific or be due to fraud and/or poor management. In these cases, ICG relies on its investment procedures to minimise occurrences of such losses and also upon its long experience in dealing with such situations in the past.

GOING CONCERN

The Directors believe that ICIL has adequate financial resources to continue in operational existence for the foreseeable future despite the current uncertain economic climate. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

DIRECTORS

The directors of the company, who served during the year and to the date of this report, were:

T R Attwood (Resigned 24 May 2012)
C A Evain
F de Mitry (Resigned 31 July 2011)
P H Keller

The directors had no interests, as defined by the Companies Act, in the shares of the company at any time during the year. The 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

The directors declared and paid an interim dividend of £30.0m (£3.33 per share) during the year (2011: £30.0m, £3.33 per share). The directors do not propose a final dividend.

AUDITORS

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

DIRECTORS INDEMNITY

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

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

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 on 27 July 2012

A handwritten signature in blue ink, appearing to be 'PHK', is written over a faint, light blue circular stamp.

P H Keller
Director

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

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 judgments 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 to 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.

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

We have audited the financial statements of Intermediate Capital Investments Limited 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 11. 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 INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

	<u>Notes</u>	<u>Year ended</u> <u>31 March 2012</u>	<u>Year ended</u> <u>31 March</u> <u>2011</u>
		<u>£'000</u>	<u>£'000</u>
Income from investments		21,260	22,730
Administrative expenses		(21)	-
Capital gains		39,546	94,103
Net change in provisions		(14,306)	1,849
Net foreign exchange (losses)/gains		(32,081)	5,076
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,398	123,758
Tax charge on profit on ordinary activities	3	(1,300)	(33,567)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7	13,098	90,191

All activities represent continuing operations. There are no recognised gains or losses for the current and preceding financial years 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 INVESTMENTS LIMITED

BALANCE SHEET

	<u>Notes</u>	<u>As at</u> <u>31 March</u> <u>2012</u>	<u>As at</u> <u>31 March 2011</u>
		<u>£'000</u>	<u>£'000</u>
FIXED ASSET			
Investments	4	211,540	268,321
CURRENT ASSETS			
Debtors	5	70,277	74,222
Cash at bank and in hand		88	88
TOTAL ASSETS		<u>281,905</u>	<u>342,631</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(217,357)</u>	<u>(261,181)</u>
		<u>(217,357)</u>	<u>(261,181)</u>
NET ASSETS		<u>64,548</u>	<u>81,450</u>
CAPITAL AND RESERVES			
Called up share capital	6	9,001	9,001
Profit and loss account	7	55,547	72,449
Equity shareholders' funds		<u>64,548</u>	<u>81,450</u>
TOTAL CAPITAL EMPLOYED		<u>64,548</u>	<u>81,450</u>

These financial statements of Intermediate Capital Investments Limited (Registered number 2327070) were approved and recognised 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 INVESTMENTS LIMITED

CASH FLOW STATEMENT

	<u>Notes</u>	<u>Year ended</u> <u>31 March 2012</u>	<u>Year ended</u> <u>31 March 2011</u>
		<u>£,000</u>	<u>£,000</u>
Net cash inflow from operating activities	9	-	83
Net increase in cash		-	83
Cash and cash equivalents at the beginning of the year		88	5
Cash and cash equivalents at the end of the year		88	88

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 March 2012

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. As at 31 March 2012, the company had net current liabilities of £147.0m (2011: £186.9m) due to amounts payable to group undertakings. The financial statements have been prepared on the going concern basis as the company is forecast to continue to meet its obligations as they fall due based on its working capital projections. The company has access to sufficient cash and financial resources through its ultimate parent company, 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) Fixed Asset Investments

Listed investments are shown at cost less provisions for impairment. Loans and non-listed investments held as current assets are carried at the lower of cost and net realisable value. The specific provisioning policy of the company is to make a provision against any investment as and when the directors consider that the carrying value is wholly or partially impaired.

(c) 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.

(d) Interest income and expenses

Interest income is accounted for on an accruals basis. Dividend income is recognised when the right to payment is established. The gain or loss arising on the disposal of a loan or an investment is recognised at the date of disposal. Any gain or loss is stated net of associated selling expenses.

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2012

1. ACCOUNTING POLICIES (continued)

(e) Foreign Exchange

Transactions denominated in foreign currencies are recorded at actual exchange rates ruling at the dates of the transactions, or where appropriate, at the rate of exchange in related forward exchange contracts. 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. Exchange differences arising on the translation of fixed asset investments and on foreign currency borrowings, to the extent that they hedge the Company's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are reported in the profit and loss account.

2. ADMINISTRATIVE EXPENSES

The directors did not receive any remuneration for their services to the company in the current or prior year. The company has not employed any staff in the current or prior year. Auditor's remuneration in respect of this and prior year has been borne by the parent company.

The audit fee for the year ended 31 March 2012 was £13,400 (2011: £12,250).

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2012

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of total tax charge	Year Ended 31 March 2012	Year Ended 31 March 2011
	£'000	£'000
Current tax	2,458	34,135
Adjustment in respect of prior year	(1,158)	(568)
	<u>1,300</u>	<u>33,567</u>

Factors affecting tax charge for the current year

The current year tax charge is lower (2011: lower) 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	Year Ended 31 March 2011
	£'000	£'000
Profit on ordinary activities before tax	<u>14,398</u>	<u>123,758</u>
Tax charge at 26% (2011: 28%) thereon	<u>3,743</u>	<u>34,652</u>
Effects of:		
Adjustments in respect of prior years	(1,158)	(568)
Non-taxable income and expenses not deductible for tax purposes charge	(1,285)	(517)
Current tax charge for year	<u>1,300</u>	<u>33,567</u>

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2012

4. FIXED ASSET INVESTMENTS

	<u>As at</u> <u>31 March 2012</u>	<u>As at</u> <u>31 March</u> <u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Preference Shares (unlisted)	25,082	64,242
Ordinary shares (unlisted)	152,902	159,337
Loan stock (unlisted)	102,002	107,277
Warrants (unlisted)	2,740	2,753
	<u>282,726</u>	<u>333,609</u>
Less: Provisions	<u>(71,186)</u>	<u>(65,288)</u>
	<u>211,540</u>	<u>268,321</u>

Movements during the year are made up as follows:

	<u>As at</u> <u>31 March</u> <u>2012</u> <u>£'000</u>	<u>As at</u> <u>31 March</u> <u>2011</u> <u>£'000</u>
Cost		
Opening balance	333,609	334,232
Additions	6,845	56,204
Realisations	(56,292)	(46,458)
Transfers from/(to) group companies	9,170	(3,885)
Write off	(234)	-
Movement in foreign exchange	<u>(10,372)</u>	<u>(6,484)</u>
Closing balance	<u>282,726</u>	<u>333,609</u>
Provisions		
Opening balance	(65,288)	(68,196)
Provisions made during the year	(8,304)	(9,236)
Recovery of assets previously provided for	234	11,084
Movement on foreign exchange	<u>2,172</u>	<u>1,060</u>
Closing balance	<u>(71,186)</u>	<u>(65,288)</u>
	<u>211,540</u>	<u>268,321</u>

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

for the year ended 31 March 2012

5. DEBTORS

	<u>As at</u> <u>31 March</u> <u>2012</u> <u>£'000</u>	<u>As at</u> <u>31 March</u> <u>2011</u> <u>£'000</u>
Amounts owed from group companies	45,684	45,718
Prepayments and accrued income	24,493	28,398
Other debtors	100	106
	<u>70,277</u>	<u>74,222</u>

6. CALLED-UP SHARE CAPITAL

	<u>As at</u> <u>31 March 2012</u> <u>£,000</u>	<u>As at</u> <u>31 March</u> <u>2011</u> <u>£,000</u>
Allotted, called up and fully paid: 9,001,000 ordinary shares of £1	<u>9,001</u>	<u>9,001</u>

7. PROFIT AND LOSS ACCOUNT

	<u>Year ended</u> <u>31 March</u> <u>2012</u> <u>£'000</u>	<u>Year ended</u> <u>31 March</u> <u>2011</u> <u>£'000</u>
Opening balance	72,449	12,258
Add: Profit after taxation for the year	13,098	90,191
Less: Dividend declared	(30,000)	(30,000)
Closing balance	<u>55,547</u>	<u>72,449</u>

In the year ended 31 March 2012, a £30.0m dividend was declared (2011: £30.0m), which equates to £3.33 per share.

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

for year ended 31 March 2012

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Corporation taxation	24,345	32,227
Other creditors	709	541
Amounts due to group companies	192,303	228,413
	<u>217,357</u>	<u>261,181</u>

9. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2012 £,000	Year ended 31 March 2011 £,000
Operating profit	14,398	90,191
Decrease/(increase) in investments	56,781	(2,285)
Decrease in amounts owed from group companies	34	372
Decrease/(increase) in debtors	3,911	(13,357)
Decrease in amounts owed to group companies	(67,410)	(107,083)
(Decrease)/increase in creditors	(7,714)	32,245
Net cash inflow from operating activities	<u>-</u>	<u>83</u>

All transactions including equity dividends are settled through the intercompany balance.

10. PARENT COMPANY

The controlling party and immediate 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.

11. RELATED PARTY TRANSACTIONS

The Company is exempt under paragraph 3(c) of Financial Reporting Standard 8 "Related Party Transactions" (FRS 8) from the requirement to disclose related party transactions relating to group companies. There were no other transactions that require disclosure in accordance with FRS 8.

INTERMEDIATE CAPITAL INVESTMENTS LIMITED

REGISTERED OFFICE

Juxon House
100 St Paul's Churchyard
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AUDITORS

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Chartered Accountants and Statutory Auditor
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