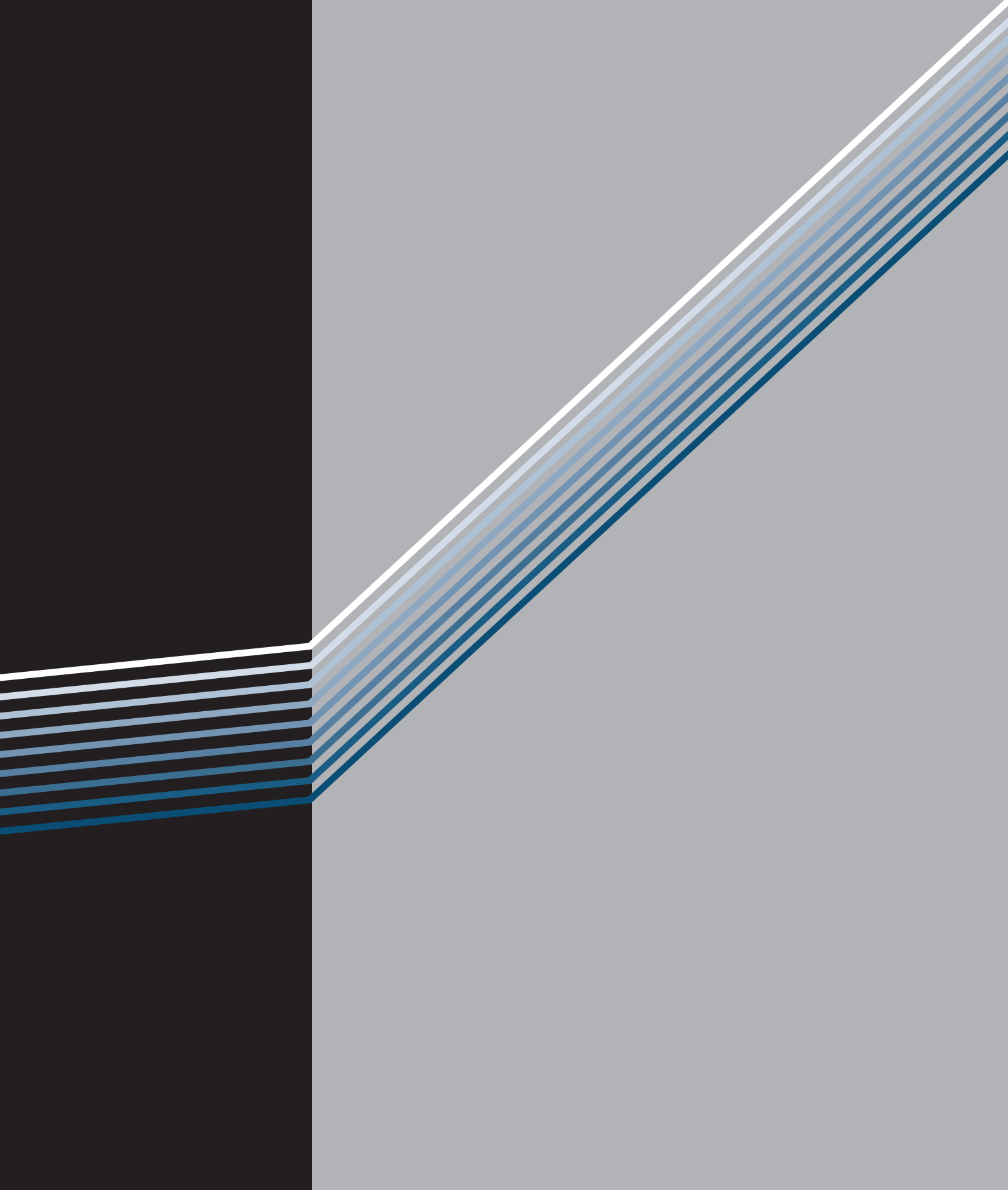




# Annual Report and Accounts

For the year to 31 January 2003



---

Mezzanine ranks in terms of risk and reward between bank debt and equity capital and seeks a strong cash yield and an additional return related to the success of the investee company, usually in the form of a capital gain.

Mezzanine has been principally used to help finance buyouts but is increasingly used as expansion and acquisition capital and to finance capital reorganisations.

ICG is the leading specialist provider of mezzanine in Europe.

<b>1</b>	Highlights
<b>2</b>	Chairman's Statement
<b>6</b>	Ten-Year Record
<b>7</b>	Business and Financial Review
<b>11</b>	The Portfolio
<b>16</b>	Directors' Report
<b>18</b>	Corporate Governance
<b>20</b>	Report of the Remuneration and Nomination Committee
<b>23</b>	Statement of Directors' Responsibilities
<b>24</b>	Independent Auditors' Report
<b>26</b>	Consolidated Profit and Loss Account
<b>27</b>	Balance Sheets
<b>28</b>	Consolidated Cash Flow Statement
<b>29</b>	Notes to the Accounts
<b>42</b>	Notice of Meeting
<b>44</b>	Directors and Management
<b>48</b>	Company Information

---

## Highlights

- Core income up 18% to £45.9m (2002 – £39.0m)
- Pre-tax profits up 28% to £53.5m (2002 – £41.7m)
- Proposed final dividend of 21.5p net per share making 31.0p per share for the year, an 11% increase
- The loan book increased by 25% to £876m (2002 – £704m)
- Funds under management reach £1.4bn, a 16% increase
- New senior loan fund raised €350m

	2003 £m	2002 £m
Net interest income	42.5	36.0
Core income	45.9	39.0
Net capital gains	7.6	2.7
Profit before tax	53.5	41.7
Loans and investments	876.1	704.0
Shareholders' funds	216.2	198.5

The definitions of net interest income, core income and net capital gains may be found on page 10 under results for the year and in Note 3 to the accounts on page 30.

## Chairman's Statement



### Introduction

I am pleased to be able to report a strong performance by ICG in all key areas in its last financial year.

While M&A activity has continued to decline, the buyout market has remained relatively strong, which, along with increased uncertainty in the financial markets, has helped to produce an attractive environment for mezzanine in general and for ICG in particular. This has enabled us to achieve high levels of new lending and consequently a very good increase in our mezzanine loan portfolio. This has, in turn, helped to produce the strong growth in core income. Capital gains have been better than might have been expected in today's weak financial markets and provisions have remained at normal levels as a result of the relative robustness and diversity of our portfolio.

We have made a good start to our new financial year but are now seeing some short term slowdown in activity levels because of current global uncertainty. The current business environment is not without risk but we believe the year ahead should be a time of opportunity for ICG.

### Results

For the year ending 31 January 2003 pretax profits were £53.5m, an increase of 28% over the previous year. This increase was caused firstly by an 18% increase in core income to £45.9m, resulting from a strong growth in net interest income and transaction fees, and secondly by a higher level of capital gains than in the previous year.

### Dividends

The Board is recommending a final dividend of 21.5p net per share to be paid on 30 May 2003 which, with the interim dividend of 9.5p per share, brings the total for the year to 31.0p net per share, an increase of 11% over last year's dividend. The dividend will be paid to shareholders on the register on 9 May 2003.

ICG's policy is to deliver continuing dividend growth subject to satisfactory core income growth, while also building up retained earnings so as to help finance the future expansion of the business.

The year's dividend is covered 1.8 times by core income net of tax and 1.9 times by post tax earnings.

### The loan portfolio

It was a strong year for new lending, resulting in the loan book growing by 25% to £876m. A total of £523m of new funding was provided, of which £293m was invested on ICG's balance sheet, £100m was taken by fund management clients, with the balance of £130m being syndicated to third parties. Of the twenty-two new loans made during the year, nine were in France, five in the UK, two in each of Switzerland, the Netherlands and Sweden and one in each of Germany and South Korea.

Because of the weaker M&A market it was another relatively quiet year for repayments which amounted in total to £133m in respect of 13 investments.

The European economy further deteriorated during the last year, which created more difficult trading conditions for some portfolio companies. It is pleasing to be able to report, however, that the majority of companies in the portfolio have risen to the challenge of this more difficult business environment and continued to produce satisfactory performances.

For a small number of companies, primarily those which are operating in difficult cyclical sectors, trading has continued to suffer and appropriate provisions have been made. While further economic downturn across Europe would make life more difficult for some investee companies, we take comfort from the overall robustness of the diversified portfolio of investments in cash generative companies.

### Funding

During the year we raised £90m of new medium term bank facilities which, together with £50m of short term facilities, resulted in having total



**London**  
20 Old Broad Street  
London EC2N 1DP

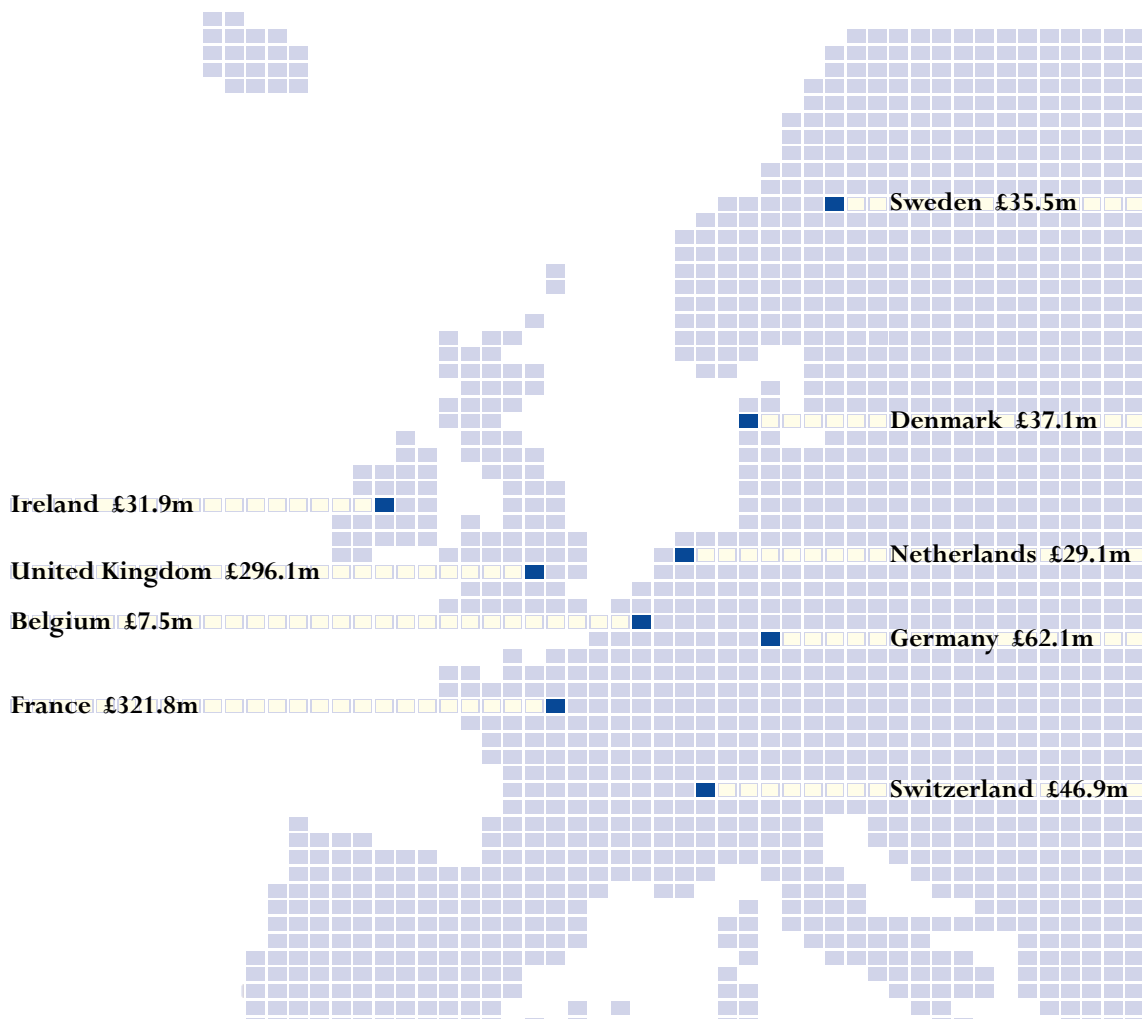


**Paris**  
38 Avenue Hoche  
75008 Paris



**Hong Kong**  
3603-3604 Edinburgh Tower  
15 Queens Road Central  
Hong Kong

Asia Pacific £8.1m



borrowing facilities at 31 January 2003 of £813m. At the year end there were outstanding borrowings of £671m leaving £142m of unutilised facilities and a gearing ratio of 3.1:1. ICG is now in the process of raising additional debt facilities to provide sufficient finance to continue to grow the loan book.

#### **Fund management**

Overall funds under management grew from £1.2bn to £1.4bn reflecting the successful closing of the second loan fund.

Funds invested on behalf of mezzanine fund management clients increased during the year from £250m to £319m as a result of the high level of investment in the second half of the year. Consequently, the most recent mezzanine fund is likely to be fully invested during the course of the current year and the ICG Mezzanine Fund 2003 has therefore been launched. Based on the discussions with a select group of prospective investors, it is expected that there will be a closing of the fund in the first half of our financial year. The target size of the fund is €750m. This new fund should enable us to continue to grow our mezzanine fund management activity, further strengthen our position in the European mezzanine market and significantly increase fund management fees in future years.

The CDOs managed by ICG continue to operate in difficult markets, with both funds suffering from the poor performance of the high yield market. However, for the third consecutive year they have significantly outperformed their peer group, showing strong relative performance.

During the year a second loan fund, which invests primarily in higher yielding European bank loans, was successfully raised. This €350m fund is gradually investing its capital, as is the €450m loan fund raised the previous year. The performance to date of both these funds is good. There remains the potential of further substantial growth in these specialist fund management areas and we are committed to growing this activity.

#### **ICG and the European mezzanine market**

While the levels of M&A activity in 2002 continued to fall, the buyout market, having

started the year slowly as a result of the nervous markets, picked up materially in the rest of the year and finished with the total level of buyouts only slightly lower than the previous year. The principal reason for this was that financial buyers are increasingly the most likely acquirors because they have large amounts of available cash. Within this active buyout market, while the overall level of mezzanine activity was somewhat lower than in the previous year, competitive pressures were reduced and the structuring and pricing of this mezzanine was, in our view, more attractive. Consequently we found a good number of attractive mezzanine opportunities.

The high yield bond market remained volatile and illiquid throughout most of last year and therefore represented an unreliable source of finance for buyouts thus providing more mezzanine opportunities in larger deals, which are becoming increasingly common.

Banks are still keen to arrange total debt packages including mezzanine but, with a few exceptions, have been unenthusiastic about taking any substantial amounts of mezzanine on to their own balance sheet. Many of them have also, in these nervous markets, been less willing to take on underwriting risk. Consequently, when large amounts of mezzanine are being underwritten, it is often attractive for the bank arranger to seek a significant commitment from ICG not least because it is now able to make a larger single mezzanine investment than any other mezzanine provider in the market.

While there has been more activity from the independent funds in the past year, none of them can compete with ICG either on a Pan European basis or in terms of size of commitment to any transaction. As mezzanine is becoming a more popular financial product one expects there to be continuing competitive pressures from other existing mezzanine providers and further new entrants into the market. There continues to be, on some occasions, competition from investment banks, who arrange and seek to place underpriced and/or badly structured mezzanine. Despite this, because of geographic reach, reputation and size, our market position remains strong.

### **The Asian mezzanine market**

After its first full year's operation, we believe our Hong Kong office has successfully established its reputation in the Asia Pacific region and is already seen as the first call for any mezzanine financing. Relationships have been developed with the most likely deal providers and completion of the first investment was finalised in the second half of the year. While overall levels of activity in the region were relatively low last year, particularly in the buyout market, the potential for growth in mezzanine opportunities in future years appears to be good.

### **Management and staff**

We have continued to grow our staff levels during the year with the most noticeable event being the recruitment of a Spanish team to develop business in the Iberian peninsula.

The quality of our people remains the greatest strength of the company and the key contributor to its success. I would like to thank them on your behalf for their efforts.

### **Prospects**

Looking at the year ahead ICG is expecting European economies to remain weak and the financial markets uncertain. Such an environment should produce attractive investment opportunities for us, as it has done in the last financial year.

The year has started well with three new loans completed, which have resulted in £50m being invested on the balance sheet. In the last month there has been a slow down but once current global uncertainty caused by the Iraq war has passed, we believe that investment activity should pick up again. It is hoped that the record of growing the loan book will continue, although probably not to the same extent as last year.

The strong growth in the loan book in the second half of last year should help to continue to increase net interest income this year, which, together with the prospect of increased fund management fees, will benefit core income.

While we have already made some good capital gains this year it is impossible to predict the

markets for realisations although it is not expected to be as strong.

The portfolio has held up well in a weakening economic environment. Further economic deterioration will put more risk on it but we remain confident of its overall strength and quality.

Success in raising the proposed new large mezzanine fund should significantly strengthen our business position in the European mezzanine market.

ICG continues to be a growing business with a leading position in an attractive market and we look forward to the future with confidence.

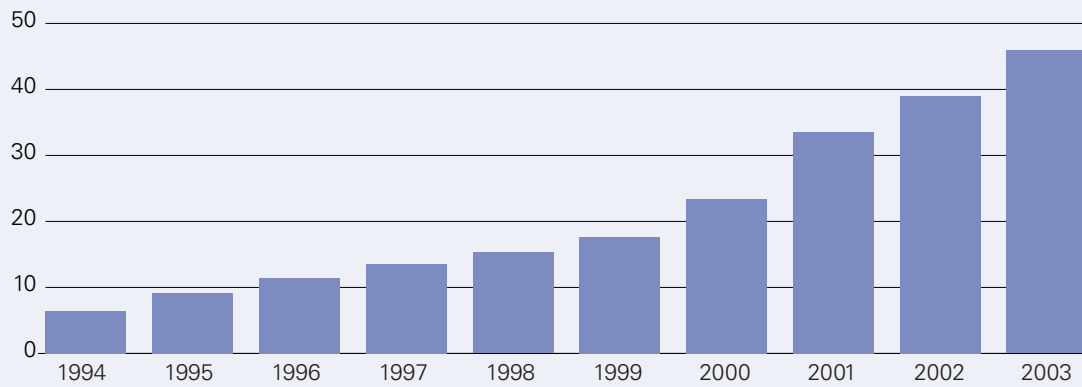
### **John Manser**

Chairman

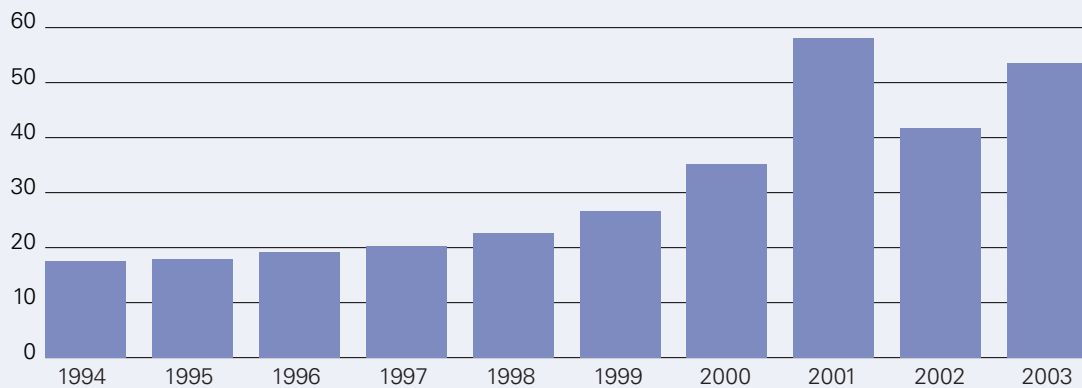
16 April 2003

## Ten-Year Record

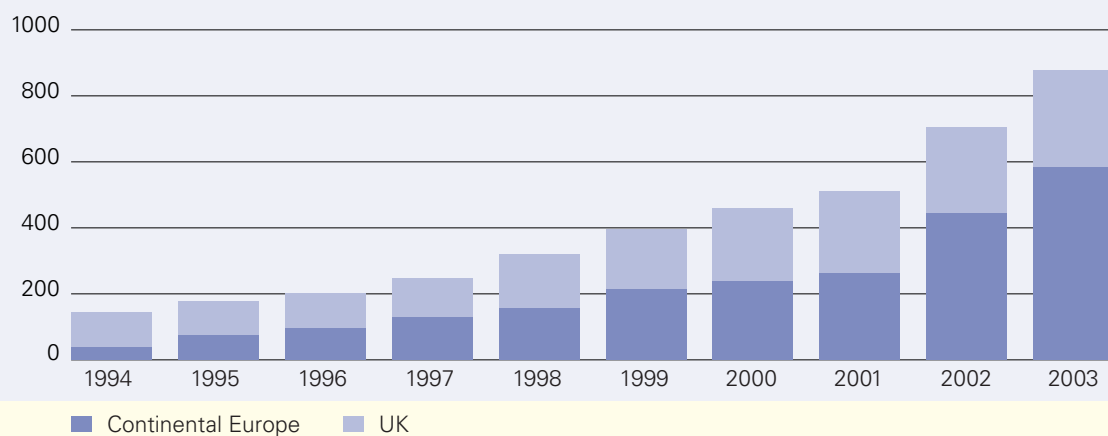
### Core income £m



### Profit before tax £m



### Loans and investments £m





# Business and Financial Review

## 1 The UK and Continental buyout market

The materially decreasing levels of activity in the European M&A markets, caused by a mixture of economic uncertainty and reduced corporate confidence, which started in 2001, continued in 2002. Overall levels of M&A in 2002 were down on the previous year, which were significantly down on the levels seen in 2000.

Within this much reduced M&A market, the private equity providers were particularly well placed. Many potential corporate buyers were constrained by weak share prices, the difficulty of raising new equity and the inability to substantially leverage up their balance sheets to make acquisitions. The private equity funds targeting the European markets have tens of billions of pounds available to finance acquisitions. This money, leveraged up by the debt which still remains available for the high quality transactions, made the private equity houses a very potent force and the most likely buyer of a high proportion of companies put up for sale.

There were therefore a good number of opportunities for buyouts. These derived increasingly from companies under financial pressure seeking to release cash, as well as the traditional buyout sources of companies divesting to increase shareholder value and secondary buyouts. In addition as quoted companies' market capitalisations have materially decreased we have started to see more public to private opportunities.

The buyout market started relatively slowly in 2002, still suffering from uncertainty following 11th September. The second half of 2002 showed a marked improvement over the first half, with £23bn of deals compared with £12bn in the first half. This resulted in the total value of buyouts for 2002 amounting to £35bn, only a slight decrease on the previous year.

Current global uncertainty will reduce activity in the short term, particularly as investment decisions are delayed. However, ICG believes that once the Iraq crisis is resolved there should again be a satisfactory level of buyout activity for the same reasons as in 2002.

Senior Debt to support buyouts continued to be available last year from the banking market. While banks were cautious lenders to the smaller, riskier buyouts, they were enthusiastic lenders to the high quality transactions. The high yield bond market has provided finance for some buyouts but has not been a reliable source of debt. It is expected that this situation in the debt markets will continue in 2003, with the proviso that a more severe downturn could

reduce the availability of debt.

Prices paid by private equity buyers for the quality transactions have remained quite high and often have not reflected the fall in values on the Stock Market. In some cases this has caused ICG to turn down investment opportunities. Levels of leverage have reduced for the small transactions but not for the larger transactions where debt arrangers continue to compete aggressively for the business. Again it is expected that this situation will be the same in 2003.

## 2 ICG and the European mezzanine market

Last year mezzanine continued to have a good share of buyout financing and was much in demand. The increased conservatism of banks, particularly in small and medium sized deals, is leaving a bigger gap for mezzanine to fill between bank debt and equity. The high yield market has proved unreliable. Consequently, mezzanine has been able to deliver finance in a form and at a price that private equity sponsors consider adds value to the capital structure of their investments.

In 2001 ICG turned down a number of the larger mezzanine opportunities as we thought that they were unattractively structured or priced. In 2002 the mezzanine opportunities were more attractive and ICG was involved in a higher proportion of them.

Banks have been actively seeking and winning one-stop shop mandates in which they arrange and underwrite both senior debt and mezzanine. These banks have again been keen to have ICG supporting them in these transactions and agreeing to take a significant piece of the available mezzanine to reduce their underwriting risk. In times of nervousness in the financial markets ICG would expect this trend to continue.

A few banks who are seeking to build a significant mezzanine portfolio on their own balance sheet continue to compete actively in the market. There has been some increase in the activity of mezzanine funds in the year, with some new entrants and the prospect of further new entrants in the current year. The biggest competitive threat to ICG is from either one-stop shop banks or funds arranging mezzanine on, what ICG regards as, uncommercial terms.

There continues to be opportunities for the use of mezzanine in both recapitalisations of existing buyouts and for acquisition finance.

The increasing number of large buyouts and the growing use of mezzanine in the buyout market together help to make the European mezzanine market attractive, with potential for continuing

growth. Within this market ICG's competitive position is strong.

### 3 Overview of European high yield bond and leveraged loan markets

**High yield bonds** In 2002 the European high yield bond market experienced its worst year yet with the rates and volumes of default increasing to materially higher levels than seen previously. Heavy concentration of bonds in the cable and telecommunications sectors was the principal reason behind this increased default rate.

The European high yield primary market had a quiet year with new issue activity totalling a disappointing €3.8bn, down almost 50% on the level seen in 2001. Overall new issue activity was more diversified and generally of a better credit quality than in prior years. Leveraged buyout activity continues to significantly contribute to new issuance, representing about 43% of the total volume priced in 2002. In spite of the low level of new issues, the European high yield market grew by 35% in 2002, as former investment grade companies were downgraded due to credit concerns.

The benchmark returns in European high yield in 2002 were once again very poor, showing negative returns.

**Leveraged loan market** The first half of 2002 was very quiet in the wake of an almost total shut-down of the buy-out market in the fourth quarter of 2001. The third quarter demonstrated a dramatic increase in primary syndication activity, with a series of very substantial transactions coming to market virtually at the same time. Nearly all syndications went extremely well, reflecting the generally high quality of transactions combined with high demand for leveraged loan product from banks and institutions. The institutional demand reflects the significant amount of capital raised for the European loan market over the period and institutional market share increased from 3% to 17% over the last two years. New leveraged loan issuance amounted to approximately US \$40 billion in 2002 and the pricing remained attractive.

### 4 The portfolio

During the year to 31 January 2003, ICG's portfolio of loans and investments increased by 25% from £704m to £876m. This increase is higher than in the previous year and arose from the attractive

environment for mezzanine. The strengthening of the Euro against sterling over the year resulted in the sterling value of euro denominated loans and investments increasing by £30m.

It is ICG's aim to diversify its risk by spreading its portfolio on both a geographic and sector basis. At the end of the year, ICG's portfolio was spread across nine countries in Western Europe, with its first investment being made out of the Hong Kong office. In Western Europe, ICG's strongest markets are in the UK and France, which between them account for 71% of the portfolio.

ICG continues to invest in a wide range of industrial sectors and at the end of the year the portfolio was spread across 31 sectors, with the largest exposure in any sector being 9%.

Details of the portfolio, including new loans and repayments, may be found on the pages 11 to 15.

**New loans and investments** In a strong year for new transactions, ICG underwrote or provided a total of £523m of mezzanine loans and investments relating to twenty-two new deals. ICG held £293m of these on its own balance sheet, while £100m was taken by fund management clients. The balance of £130m was syndicated to third parties.

ICG completed nine new deals in France, five in the UK, two each in Switzerland, Netherlands and Sweden and one in Germany. Additionally ICG completed its first transaction in the Asia Pacific Region with a new loan to a company in South Korea.

ICG was the lead mezzanine investor on twelve of the twenty-two deals completed. Nineteen of these deals were in respect of buyouts, the others being one each of acquisition finance, refinancing and development capital.

**Repayments** Due to the depressed M&A market, ICG had another relatively quiet year for repayments with a total of £133m repaid or prepaid in respect of thirteen companies. The repayments resulted from trade sales, the refinancing of mezzanine loans with cheaper debt and a listing on the stock market.

**Provisions** It is ICG's policy to make specific provisions against any loan or investment where, in the opinion of ICG's management, the value of that loan or investment has become permanently impaired. With the further deterioration of the European economy last year, a small number of companies in the portfolio continued to suffer from depressed trading and as a result of this, ICG made

provisions against three of these. In addition, further provisioning was made on four investments where a partial provision had previously been made.

As a result of this, in the last financial year, ICG made £17.5m of provisions compared to a net charge of £16.2m in the previous year. At the end of the year ICG's total provisions amounted to £44.5m in respect of 9 loans and investments. This represents 84% of total cost of these loans and investments and 5% of the gross loan book.

**Shares and warrants** As a result of its mezzanine lending activity, ICG holds unquoted shares and warrants in companies to which it lends and whose value is not included in the balance sheet. These investments, which are held in the balance sheet at cost, are valued by the Directors at £71m compared to £55m at the beginning of the year. This increase over the previous year, reflects the growth in the portfolio. In addition to its portfolio of unquoted shares and warrants, ICG also holds listed shares in two companies acquired as a result of earlier exits.

## 5 Fund management

**Mezzanine** During the year, ICG continued to invest its Mezzanine Fund 2000. As this fund has fully invested its equity capital of £200m, a bank facility has been arranged and this is now being drawn so that the fund can continue to invest. In the year, ICG invested a further £100m of

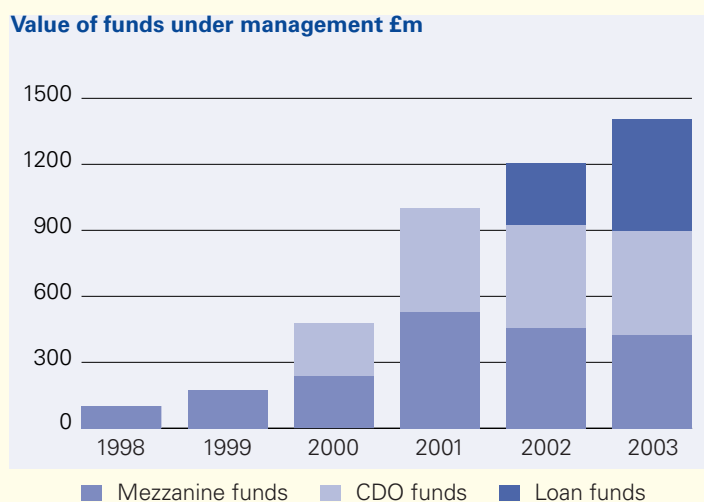
mezzanine on behalf of its clients and, after £31m of repayments, including those from earlier fund management arrangements, the amount invested on behalf of its clients at the end of the year amounted to £319m compared with £250m at the beginning of the year. ICG continues to include in its profits carried interest received from some of the older maturing funds.

The company is now working on raising a new mezzanine fund and it is anticipated that this will achieve a closing during the first half of our financial year.

### High yield and leveraged loan fund management

Last year, ICG raised a second leveraged loan fund, Promus II, following on from the successful Promus I transaction in the previous year. These funds are focused much more on leveraged loans than high yield bonds and bring to €1.5bn the total amount of non mezzanine funds under management. Both Promus I and Promus II are being gradually invested and the performance to date of both these funds is good. Promus I is 66% invested and Promus II is 46% invested.

The performance of ICG's two CDO's, raised in 1999 and 2000, have continued to suffer in particular from the severe under-performance of bonds in the telecom related sectors. While these two funds' absolute performance continue to be disappointing, their relative performance is extremely good and they have significantly outperformed the market.



## 6 Borrowing and loan facilities

At the end of the financial year, ICG's total borrowings amounted to £671m which is a significant increase over the figure at the beginning of the year. This is as a result of the strong growth in the company's loan book. At the start of the year, ICG increased its banking facilities by £90m through a new five year revolving credit facility and also negotiated a further £50m of short-term facilities in the latter part of the year. At the end of the year, the company had £142m of unutilised facilities and a gearing ratio of 3.1:1.

## 7 Shareholder funds

At the end of the year, ICG's shareholder funds had increased by £18m to £216m. Note 19 of the accounts shows the movement on shareholders funds. Including the full value of quoted and unquoted shares and warrants referred to earlier, ICG's equity base has increased to £288m compared to £258m at the beginning of the year.

## 8 Results for the year

ICG's results for the year to 31 January 2003 are summarised on page 1 of these statements. Pre-tax profits increased by 28% to £53.5m, which arose from both the increase in core income, which is the most important element of ICG's profits, and from increased levels of capital gains compared to the previous year. The analysis of core income and of net capital gains is shown in Note 3 to the accounts.

The pre-tax return on shareholder funds amounted to 25%. Profit after tax amounted to £35.1m compared to £28.9m for the previous year. Undiluted earnings per share amounted to 59.8p compared to 49.3p last year.

The constituent part of ICG's profit are:

**Core income** Core income is the most important element of ICG's profits. It is defined as net interest income and dividend income plus fee income less related administrative expenses. Core income increased by 18% to £45.9m for the financial year.

**Net interest income** Net interest income increased by 18% from £36.0m last year to £42.5m. The rise in net interest income was due to a number of factors, including the growth in the loan book and the continuing use of roll up interest in the structure of mezzanine.

**Fee income** Total fee income increased by 25% to £17.9m. The higher level of new business led to arranging and underwriting fees increasing from £4.7m last year to £7.5m this year.

Fund management fees also increased during the year from £8.8m to £9.3m. Fees from the management of mezzanine assets was flat at £6.3m this year including £2.0m of carried interest fees, a figure similar to last year. Fees from the management of the two CDO funds and the two Promus funds amounted to £3.0m against £2.6m in the previous year.

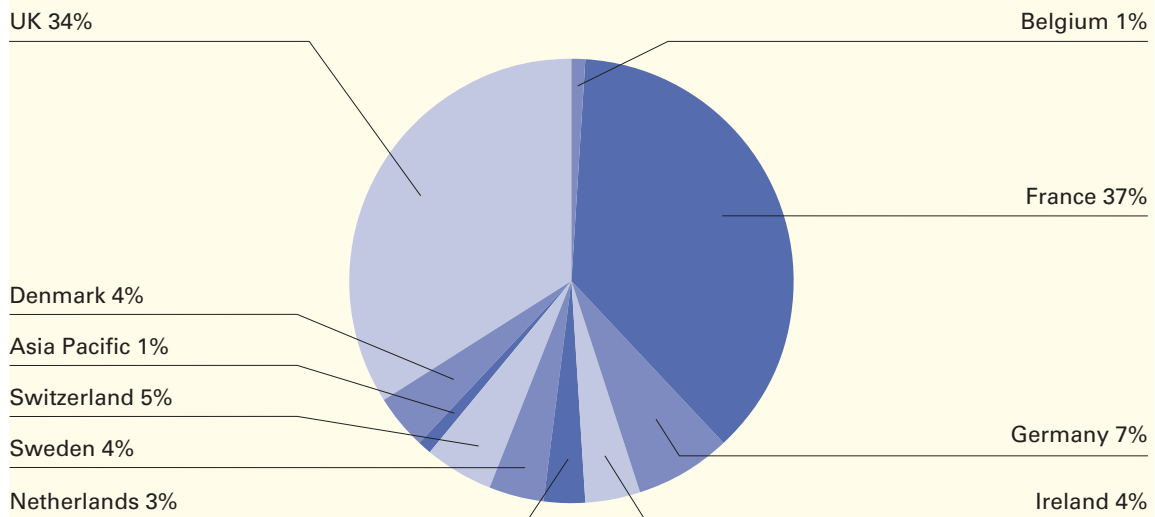
Recurring fees in the form of agency and monitoring fees increased from £0.8m to £1.1m for the current year.

**Expenses** Administrative and operating expenses increased from £11.3m the previous year to £14.5m this year. This increase was expected and arose from a number of factors including increased staff costs and a full year's charge for both the new Hong Kong operation and the new larger London premises. These expenses represent 32% of core income.

**Net capital gains** ICG achieved capital gains during the year of £33.9m compared with £21.1m the previous year. After the deduction of specific provisions of £17.5m (2002 – £16.2m) and the cost of related employee incentives, net capital gains amounted to £7.6m this year compared to £2.7m in the previous year. Capital gains were realised from nine companies of which eight were trade sales or refinancings with the remaining one being from a company flotation.

The cost of the company's medium term incentive scheme (including discretionary contributions to the company's employee benefit trust) increased from £2.2m to £8.8m in the current year. This was as a result of a higher level of gross capital gains coupled with triggering the maximum payout under the rules of the scheme as a result of meeting performance targets.

## Portfolio spread by country



### In the year ended 31 January 2003 ICG invested in the following twenty-two companies:

**Asia Cinemas** is a holding company with a 50% interest in CGV Co. Ltd, the largest operator of multiplex cinemas in South Korea. ICG arranged and provided a mezzanine acquisition finance facility of Korean Won 35bn (c. £19m).

**Cegelec**, a French company, is a leading provider of electrical contracting services. In August 2002 ICG took a participation of €15m in the mezzanine facility required to assist the buyout.

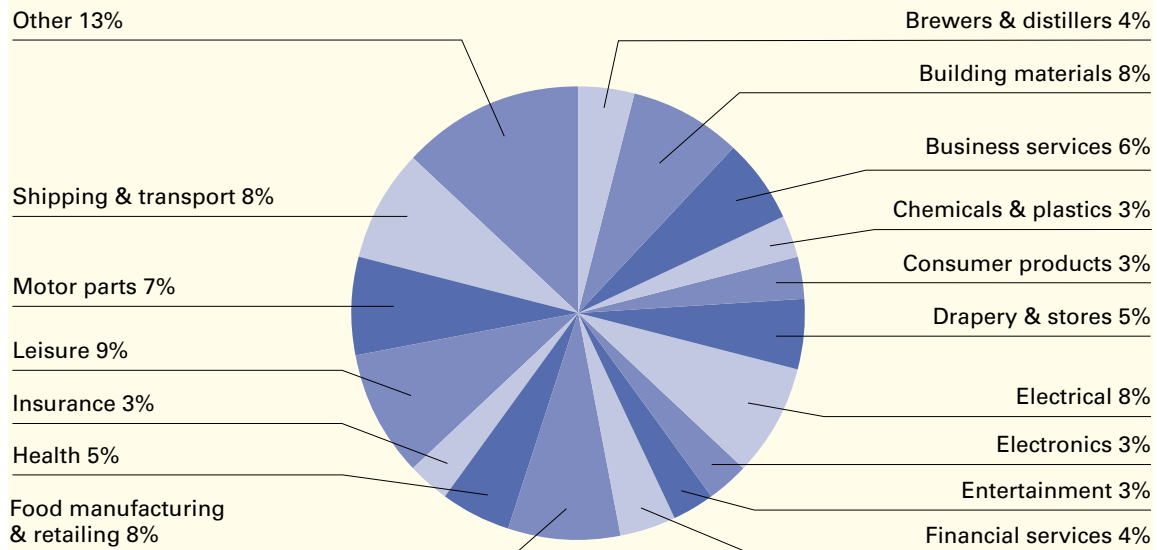
**Cerba** is a specialist French company, which performs clinical laboratory tests for smaller independent laboratories, hospitals and physicians. ICG arranged and provided a mezzanine facility of €12m to assist in the buyout.

**Coral Eurobet** is one of the UK's "Big Three" bookmakers providing both offline and online betting services. ICG took a participation of £40m in the senior mezzanine facility required to assist in the buyout.

**Dometic Appliances**, a Swedish company, is the global leader in the supply of appliances for recreational vehicles. ICG took a participation of €14m in the mezzanine facility required to assist in the buyout.

**Elis**, a French company, is a leader in textile rental and hygiene and well-being services. ICG arranged a junior facility of €70m and underwrote €60m of the senior mezzanine facility required to assist in a secondary buyout of the company.

## Portfolio spread by industry



**Eurodatacar**, a French company, provides services which complement traditional insurance policies covering theft of vehicles. ICG took a participation of €7.5m in the mezzanine facility required to assist in the buyout.

**Halfords** is the UK's largest retailer of car parts and accessories, cycles and cycle accessories. ICG took a participation of £17.5m in the mezzanine facility required to assist in the buyout.

**Jane Norman** is a U.K. womens' wear retailer targeting the 15 to 25 year old age bracket. ICG arranged and provided a mezzanine facility of £10m to assist in the buyout.

**Malmberg**, an existing borrower, is a leading publisher of educational material in the Netherlands and Belgium. ICG arranged a junior mezzanine facility of €7.5m to partially refinance existing shareholder loans.

**Moliflor** is the third largest operator of casinos in France. ICG arranged the mezzanine facility of €80m required to assist in the buyout.

**Nocibe** is a leading French company in the retail distribution of perfumes and cosmetics. ICG arranged and provided a €35m senior mezzanine facility and a €22m junior mezzanine facility required to assist in the buyout.

**Risdon Pharma**, a French company, is a European market leader in the pharmaceutical primary packaging materials industry. ICG took a participation of €6.5m in the mezzanine facility required to assist in the buyout.

**Sab Wabco**, a Swedish company, is one of the leading global brake systems suppliers for rail vehicles and the second largest brake system supplier to the European transport market. ICG took a participation of €8m in the mezzanine facility required to assist in the buyout.

**Sia**, a French company, is a designer and importer/wholesaler of decoration accessories. ICG took a participation of €8m in the mezzanine facility required to assist in the buyout.

**SP Investments** is an aviation ground handling company operating under the Swissport name, based in Switzerland. ICG arranged a mezzanine facility of CHF130m to assist in the buyout.

**SR Technics** is a global aircraft maintenance provider based in Switzerland. ICG arranged a mezzanine facility of CHF127.5m to assist in the buyout.

**Talbot Underwriting** underwrites insurance at Lloyd's, predominantly short tail in nature, and with a major focus on the marine classes. ICG arranged and provided a US \$20m letter of credit as part of raising capital to support its underwriting.

**Thornbury** is a company providing crisis nursing staff for mainly NHS hospitals within the UK. ICG arranged and provided a mezzanine facility of £10m to assist in the buyout.

**Tower Participations** is the leading operator of broadcast towers in France providing broadcast transmission services to TV channels and radio stations. ICG underwrote €91.7m of the two tranches of the mezzanine required to assist in the buyout.

**Viatrix**, a German company, is a developer, manufacturer and distributor of branded pharmaceuticals and licences in products from other pharmaceutical businesses. ICG took a participation of €23m in the mezzanine facility required to assist in the buyout.

**WZG Group** is the leading distributor of mobility aids for disabled and elderly people in the Netherlands. ICG arranged and provided a mezzanine facility of €22m to assist in the buyout.

## Repayments

During the year, repayments of loans and investments amounted to £133m. Loans to 13 companies were repaid or prepaid in full. These companies were:

Name	Country	Form of realisation
<b>Edrasco</b>	France	Trade sale
<b>Elis</b>	France	LBO
<b>Eurogestion</b>	France	Trade sale
<b>Focus</b>	UK	Refinancing
<b>Latium</b>	UK	Trade sale
<b>Le Figaro</b>	France	Trade sale
<b>Nobia</b>	Sweden	Flotation
<b>Novem</b>	Germany	Refinancing
<b>Nycomed</b>	Norway	LBO
<b>Oriflame</b>	Sweden	Refinancing
<b>Presspart</b>	UK	Trade sale
<b>De Deitrich</b>	France	Trade sale
<b>Sublistatic</b>	France	LBO

**Current portfolio**

At 31 January 2003, in addition to the new loans and investments listed above, ICG's portfolio consisted of the following companies:

Name	Country	Business
<b>Accord</b>	UK	Outsourcing for local authorities
<b>Adco Dixi</b>	Germany	Hirer of portable toilets
<b>Allflex</b>	France	Animal identification tags
<b>Asco</b>	UK	Provider of logistic services for oil industry
<b>Automotive Products</b>	UK	Automotive clutch and brake manufacturer
<b>Baxi</b>	UK	Manufacturer of central heating boilers
<b>Best</b>	UK	IT recruitment agency
<b>Blagden</b>	Belgium	Steel drum supplier
<b>Cantrell &amp; Cochrane</b>	Ireland	Manufacturer, wholesaler and distributor of drinks
<b>Charter</b>	UK	Engineering and manufacturer of fastenings and components
<b>Clydesdale Financial Services</b>	UK	Finance company
<b>Coal Products</b>	UK	Producer of smokeless solid fuels
<b>Courtpaille</b>	France	Chain of restaurants
<b>Craegmoor</b>	UK	Long term care home operator
<b>DSV</b>	Denmark	Transportation and logistics
<b>Duni</b>	Sweden	Supplier of tabletop products
<b>Electrokopper</b>	Sweden	Manufacturer of copper wire rod and winding wire
<b>Eliokem</b>	France	Manufacturer of speciality chemicals
<b>Elmville</b>	UK	Hotel operator
<b>ERM</b>	UK	Environmental consultancy and risk management
<b>Fauchon</b>	France	Delicatessen retailers
<b>Frans Bonhomme</b>	France	Distributor of plastic pipes and couplings
<b>Gerflor</b>	France	Manufacturer of PVC flooring
<b>Grand Vins de Gironde</b>	France	Wine trading company
<b>HLF Insurance</b>	UK	Insurance broking
<b>HMY</b>	France	Manufacturer of supermarket equipment
<b>IBS Brocke</b>	Germany	Manufacturer of automotive components
<b>Jallatte</b>	France	Manufacturer and distributor of protective footwear
<b>Kiekert</b>	Germany	Automotive equipment manufacturer
<b>Leisurelink</b>	UK	Manager of gaming machines
<b>Malmberg</b>	Netherlands	Publisher of educational material
<b>Meyn</b>	Netherlands	Manufacturer of poultry processing equipment
<b>MGE</b>	France	Manufacturer of UPS equipment
<b>Norcros</b>	UK	Manufacturer and distributor of showers and tiles
<b>Orefi</b>	France	Wholesaler of industrial components
<b>Pets at Home</b>	UK	Retailer in domestic pet market
<b>Picard</b>	France	Frozen food manufacturer, distributor and retailer
<b>Pinewood</b>	UK	Film studios
<b>Plastimo</b>	France	Manufacturer and distributor of recreational marine equipment
<b>Porcelain &amp; Fine China Companies</b>	UK	Manufacturer of china and porcelain



Name	Country	Business
<b>Portman Travel</b>	UK	Travel agent
<b>Premier Oilfield Services</b>	UK	Hirer of North Sea oilfield equipment
<b>Retif</b>	France	Wholesaler and retailer of display units
<b>Saveurs</b>	France	Producer of ingredients for food industry
<b>Sebia</b>	France	Clinical diagnostic equipment producer
<b>Servicetec</b>	UK	Computer services and maintenance
<b>Sound Holdings</b>	Denmark	Hearing aid component supplier
<b>Steiner Industries</b>	Austria	Plastic packaging and garden furniture producer
<b>Takko</b>	Germany	Fashion retailer
<b>Target</b>	UK	Express delivery services
<b>Tata Tea</b>	UK	Tea company
<b>TMD Friction</b>	Germany	Manufacturer of brake pads for automotive industry
<b>Tunstall</b>	UK	Manufacturer and maintenance of social alarm systems
<b>Vantico</b>	Switzerland	Speciality chemical manufacturer
<b>Victorvox</b>	Germany	Service provider for mobile and fixed telecommunication industry
<b>William Cook</b>	UK	Manufacturer of steel castings

#### **The portfolio of warrants and unquoted shares**

At 31 January 2003 ICG had unquoted shares and warrants in most of the unquoted companies in its loan portfolio, as well as in the following companies which have prepaid their loans to ICG in full:

Name	Country	Business
<b>Cartiere del Garda</b>	Italy	Manufacturer of coated wood-free papers
<b>Convenience Food Systems</b>	Netherlands	Supplier of equipment for the preparation, processing and packaging of food
<b>CPL Aromas</b>	UK	Designer and manufacturer of fragrances and flavours
<b>De Dietrich</b>	France	Manufacturer of heating, railway and processing equipment
<b>Focus</b>	UK	DIY stores
<b>Landal Greenparks</b>	Netherlands	Holiday park operator
<b>Latium</b>	UK	Manufacturer and retailer of UPVC windows
<b>Meneba</b>	Netherlands	Producer of flour, bakery and animal feed products
<b>Neste OY</b>	Finland	Manufacturer of epoxy resin
<b>Novem</b>	Germany	Manufacturer of interior trim for automobiles
<b>Oriflame</b>	Sweden	Direct selling of cosmetic products
<b>Tensor</b>	UK	Manufacturer of polymer nets and mesh products

# Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 January 2003.

**Principal activities and business review** The principal activities of the group are those of providing intermediate capital to companies in the United Kingdom and elsewhere in Western Europe along with the management of third party funds. It also provides intermediate capital in the Asian Pacific region. The group's profit before taxation was £53.5m (2002 – £41.7m). The directors consider the state of the company's affairs to be satisfactory.

**Directors** The present membership of the Board is as set out on page 44. All the directors shown on page 44 served throughout the year with the exception of Mr Piper who was appointed on 1 October 2002. In accordance with the articles of association, Mr Piper offers himself for re-election. Mr Attwood and Mr de Gersigny retire by rotation and offer themselves for re-election. The interests of the directors of the company and their immediate families as defined by the Companies Act in the shares of the company as at 31 January 2003 are as follows:

	2003 Number of 20p ordinary shares	2002 Number of 20p ordinary shares
T R Attwood	10,000	10,000
T H Bartlam	734,106	834,106
J-L de Gersigny	676,675	676,675
A D Jackson	734,107	834,107
E G Licoys	1,800	1,800
P J Manser	5,000	3,000
J J Nelson	2,000	—
P Piper (appointed 1 October 2002)	151,930	—
P J Stone	12,250	12,250

On 8 April 2003 T R Attwood exercised his option over 221,940 shares, increasing his interests to 231,940 shares. On 9 April 2003 T H Bartlam exercised his option over 71,259 shares, increasing his interests to 805,365 shares. On 9 April A D Jackson exercised his option over 76,959 shares increasing his interests to 811,066 shares. On 9 April 2003 P Piper exercised his option over 39,115 shares, increasing his interests to 191,045. Other than this, no changes to the directors' interests in shares at 31 January 2003 as set out above had been notified up to 16 April 2003.

The directors had no interests in the shares of any subsidiary company.

**Substantial shareholdings** The company has received notifications from Prudential Portfolio Management, Fidelity Investments and Standard Life that each is interested in more than 3% of the ordinary share capital of the company.

According to the company's share register at 31 March 2003, these and the following investment managers (through separately managed funds) had interests in aggregate amounting to over 3%.

Fidelity Investments	4,742,880	8.05%
Morley Fund Management Limited	4,445,601	7.50%
Schroder Investment Management Limited	4,026,866	6.84%
Baillie Gifford & Co.	3,770,515	6.40%
Standard Life	2,911,358	4.94%
Invesco Fund Managers Limited	2,249,648	3.82%
Martin Currie Investment Management Limited	2,131,380	3.62%
Legal & General Investment Management Limited	2,131,021	3.62%
Deutsche Morgan Grenfell Asset Management Limited	2,092,309	3.55%
Zurich Threadneedle Investment Services Limited	2,050,400	3.48%
Prudential Portfolio Managers Limited	1,932,504	3.28%

**Dividend** The directors recommend a final net dividend payment in respect of the ordinary shares of the company at a rate of 21.5p per share (2002 – 19.4p), which when added to the interim net dividend of 9.5p per share (2002 – 8.6p) gives a total net dividend for the year of 31.0p per share (2002 – 28.0p). The amount of dividend paid and proposed for the year was £18.3m (2002 – £16.4m). After dividends, retained profits of £16.8m (2002 – £12.5m) have been transferred to retained earnings.

**Trade creditors** It is group policy to agree and clearly communicate terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms, based upon the timely receipt of an accurate invoice. The group does not follow any code regarding terms of payment, and the average number of creditor days throughout the year was 23 (2002 – 37).

**Auditors** Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting. Deloitte & Touche have informed the directors that they are intending to transfer their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

**Annual General Meeting** A number of other resolutions will be proposed at the Annual General Meeting as special business.

Resolutions 7 and 8 will give the directors flexibility to allot unissued shares, although the directors have no present intention to issue any further shares save on the exercise of options granted under the Intermediate Capital Group Executive Share Option Scheme 1994 and the Intermediate Capital Group Unapproved Executive Share Option Scheme 1997. Resolution 7 will, if passed, authorise the directors to allot ordinary shares up to an aggregate amount of £3,415,528, representing approximately 29% of the current issued share capital of the company. Resolution 8 will, if passed, authorise the directors to disapply pre-emption rights of existing shareholders on future issues of ordinary shares for cash in respect of up to a maximum nominal amount of £588,884, being 5% of the current issued share capital. These authorities will expire at the conclusion of the Annual General Meeting of the company in 2004 and in any event no later than 15 months after the passing of the resolutions. However, the directors have no present intention of exercising these authorities, except pursuant to any exercise of share options. It is intended to renew such authorities at successive Annual General Meetings.

Resolution 9 will, if passed, authorise the company to purchase its own shares up to a maximum of 14.99% of the current issued share capital. The price payable for shares purchased will not be more than 105% of the average of the market values of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days before the day on which the purchase is made, nor less than 20p (the nominal value of the share). The authority will expire at the conclusion of the Annual General Meeting of the company to be held in 2004 and in any event no later than 15 months after the passing of the resolution. The authority will only be exercised if to do so would be in the best interests of shareholders generally. At the date of this report, there are outstanding 2,278,525 share options under the Intermediate Capital Group Executive Share Option Scheme 1994, the Intermediate Capital Group Unapproved Executive Share Option Scheme 1997, the Intermediate Capital Group PLC 2001 Approved Executive Share Option Scheme and the Intermediate Capital Group PLC 2001 Unapproved Executive Share Option Scheme, which represent 3.9% of the company's existing issued share capital and would represent 3.4% of the company's issued share capital if the authority to purchase the company's own shares being sought were fully utilised.

Resolution 10 will, if passed, reconfirm the carried interest arrangements of the company which were approved by the shareholders at an Extraordinary General Meeting on 21 January 1998. In accordance with that resolution, the company is now seeking reconfirmation of those arrangements.

**Political contributions** No contributions were made during the year (2002 – nil) for political purposes.

**Environmental** The company recognises its responsibility to consider environmental issues associated with its business.

**Health, safety and welfare** The directors are committed to developing and maintaining a management culture that ensures the health, safety and welfare of employees and others on company premises.

By Order of the Board

**J E Curtis**  
Secretary

16 April 2003

A summary of the system of corporate governance adopted by the company is set out below. Throughout the year ended 31 January 2003, the company has been compliant with the Code Provisions set out in Section 1 of the Combined Code of Corporate Governance issued by the Financial Services Authority.

## Statement of compliance with the principles of the combined code

**Board of Directors** The company's board of directors meets regularly to discuss the performance of the company and to discuss matters which it has reserved to itself for decision as well as any other matters that are referred to it. It is their responsibility to present a balanced and understandable assessment of the company's position and prospects and this is done through the chairman's statement, business and financial review and the financial statements. Regular reports and presentations to the Board ensure that it is supplied with the quality information that it needs, in a timely manner.

The Board comprises five executive directors, an independent non-executive chairman and three further independent non-executive directors. The company has never had a designated chief executive. Each of the five executive directors has specific areas of responsibility and all collectively form the executive committee, with no one director being able to significantly affect the running of the company without consulting his colleagues. P J Stone has been identified as the senior independent director. The non-executive directors are as follows:

**John Manser** was appointed a non-executive director in January 2001 and non-executive chairman in May 2001.

**Eric Licoys** was appointed a non-executive director in January 1998.

**James Nelson** was appointed a non-executive director in May 2001.

**Peter Stone** was appointed a non-executive director in January 1998.

The Board has established a number of committees consisting of certain directors, including an Audit Committee and a Remuneration and Nomination Committee whose membership and functions are defined below.

**Audit Committee** The Audit Committee consists solely of four (2002 – four) independent non-executive directors, Messrs P J Manser, E G Licoys, J J Nelson and P J Stone under the chairmanship of Mr Manser. The executive directors are not members of the Audit Committee but are invited to attend along with the Financial Controller. Deloitte & Touche, the company's auditors, are also invited to attend and have direct access to committee members. The Audit Committee meets regularly to review the scope of the external audit, to receive reports from the company's auditors and to review the annual and interim accounts before they are presented to the Board, with particular emphasis on accounting policies and compliance. The Audit Committee more generally acts as a forum for discussion of internal control issues and has input to the Board's review of the effectiveness of the company's internal control and risk management systems and procedures. The company's relationship with the external auditors is monitored by the Audit Committee with particular emphasis on non-audit assignments which are subject to an appropriate approval process.

**Remuneration and Nomination Committee** The Committee consists of four (2002 – four) independent non-executive directors, Messrs P J Manser, E G Licoys, J J Nelson and P J Stone under the chairmanship of Mr Manser. It recommends the terms and conditions of employment of the executive directors. Levels of remuneration are considered sufficient, but not excessive, to attract and retain the directors needed to run the company successfully. A significant proportion of directors' remuneration is linked to corporate performance. The Code recommends that executive directors have one year rolling contracts and the executive directors have agreed to reflect this best practice and reduce the term of their contracts from twenty-four months down to twelve. Further details regarding remuneration policy and payments made can be found in the report to shareholders on directors' remuneration and in the notes to the accounts. Appointments of executive and non-executive directors are made as necessary as a result of discussions by the committee and are subject to full Board approval. One-third of the directors offer themselves for re-election every year. Any director appointed during the year must offer himself for re-election at the next Annual General Meeting. Details of directors up for re-election at the forthcoming Annual General Meeting are shown on page 42.

**Relationships with shareholders** The company is always willing to enter into dialogue with all shareholders, based on a mutual understanding of objectives and meetings are regularly held with major shareholders. Investors are encouraged to attend the Annual General Meeting.

**Internal control** The directors acknowledge their ultimate responsibility for ensuring that the group has in place a system of internal controls that is appropriate to the business environment in which it operates. The directors have reviewed the effectiveness of the system of internal control and believe that such a system of controls is in place to give reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are prevented or would be detected within a timely period.

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

The Board confirms that an ongoing process for identifying, evaluating and managing the group's significant risks has operated throughout the year and up to the date of approval of the directors' report and accounts. This process has been subject to regular review by the Board and accords with the guidelines contained in "Internal Control: Guidance for Directors on the Combined Code" issued in September 1999 by the Institute of Chartered Accountants in England and Wales. The key elements of this process are:

- Strategic risks are considered by both the Board and the executive committee in the context of an agreed strategic framework. A strategy paper and three year plan are produced annually to address the strategic challenges of the group and these are approved by the Board. A detailed financial plan is developed for the year ahead and monthly reports covering actual and planned performance are provided to the Board by the group's finance function.
- Financial risks (primarily loan losses and associated risks) are considered on behalf of the Board by the executive committee. The minutes of the executive committee are reviewed by the Board on a regular basis. These controls concentrate on the procedures for making and monitoring loans and investments and for the safeguarding of assets against unauthorised disposition.
- Operational risks (including compliance with the Financial Services Act) are considered on behalf of the Board by the executive committee.

The Board has established practices for reviewing the system of internal controls by way of reports it receives from the executive committee. The Board has considered the need for an internal audit function, but has decided that because of the nature of the current internal control system and size of the company it cannot be justified at present. The Board will review this decision next year. The Board undertook a formal annual assessment of the risk management and control arrangements on 27 March 2003 in order to form a view on the overall effectiveness of the system of internal control.

**Going concern statement** Based upon the review of the group's budgets and outline business plans for the next two years, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future, and accordingly they continue to adopt the going concern basis in preparing the accounts.

# Report of the Remuneration and Nomination Committee

for the year ended 31 January 2003

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of directors' remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements will be approved.

The Regulations require the auditors to report to the company's members on the "auditable part" of the Directors remuneration report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

## Unaudited information

**Remuneration and Nomination Committee** The Committee consists solely of four non-executive directors, Messrs P J Manser, E G Licoys, J J Nelson and P J Stone, under the chairmanship of Mr Manser. Mr Nelson is a partner in Graphite Capital, one of whose funds has an investment in the ICG Mezzanine Fund 2000.

Other than this, none of the Committee members have any personal financial interests (other than as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The Committee consults the executive directors about its proposals and has access to professional advice from outside the company.

**Remuneration policy on executive directors' remuneration** Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to maintain the company's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the Committee. This policy has been formulated having given full consideration to Section B of the Best Practices Provisions annexed to the Financial Services Authority Listing Rules. The main elements of the remuneration package for executive directors are as follows:

- basic annual salary;
- bonus payments;
- share option incentives; and
- carried interest arrangements.

The company's policy is that a substantial proportion of the remuneration of the executive directors should be performance related. As described below, over half the expected value of their pay comes from bonus payments and carried interest arrangements, as well as from the benefits of participation in share option schemes.

Executive directors are entitled to accept appointments outside the company in connection with the company's activities and otherwise, providing the Chairman's permission is obtained.

**Basic salary** An executive director's basic salary is determined by the Committee at the beginning of each year. In deciding appropriate levels the Committee can rely on objective research which gives up to date information on a comparator group of companies (which comprises development capital companies engaged in private equity investment). Executive directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting.

**Bonus payments** In setting appropriate bonus parameters the Committee refers to the objective research on comparator groups of companies as noted above. The Committee believes that any incentive compensation awarded should be tied to the interests of the company's shareholders and that the principal measure of those interests is shareholder value. The key element of the current bonus incentive scheme is as follows:

- a medium-term incentive scheme, implemented in 1994, relating to the cumulative growth in earnings per share in excess of RPI and calculated by reference to the amount of realised gains. No payment

currently is made if the cumulative growth in EPS is less than RPI plus 4% per annum. The amounts payable rise proportionately from 4% of realised gains to a maximum of 20% of realised gains with increasing cumulative growth in earnings per share. The extension and appropriateness of the scheme is considered by the Committee on an annual basis. The amounts include discretionary contributions to the Employee Benefit Trust established by the company.

**Share options** There is in existence a share option scheme which the company adopted on 18 May 1994 and which was approved by the Inland Revenue on 2 June 1994. The principal features of this option scheme are laid out in the Placing and Intermediaries Offer document dated 19 May 1994. This option scheme is, so far as executive directors are concerned, administered by the Committee.

Details of options granted to directors are shown in note 9 to the accounts. The company adopted an unapproved option scheme on 19 May 1997. The principal features of this scheme are substantially the same as those of the scheme dated 18 May 1994 and the scheme is, so far as executive directors are concerned, administered by the Committee. Details of options granted to directors are shown in note 9 to the accounts.

The company adopted a further approved and a further non-approved share option scheme on 21 May 2001. Approval was given by the Inland Revenue on the former scheme on 22 May 2001. The principal features of these schemes were set out in the letter to shareholders dated 23 April 2001 and the schemes, as far as the Executive Directors are concerned, are administered by the Committee. Details of options granted to directors are shown in note 9 to the accounts. These options are awarded based upon the performance of the company and the individual.

**Carried interest arrangements** The company has established for its executives, including the executive directors, carried interest arrangements whereby a proportion of the carried interest negotiated by the company in respect of managed funds raised since 21 January 1998 be available for allocation to its executives. Whilst these arrangements are not a long-term incentive scheme, it being the investors in such funds who bear the cost of the carried interest, the company sought, and obtained, approval from its shareholders for such arrangements at an Extraordinary General Meeting on 21 January 1998. In accordance with the resolution at that meeting, reconfirmation of these carried interest arrangements will be the subject of a resolution at the forthcoming Annual General Meeting.

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

**Pension arrangements** Under their service agreements, each executive director is paid an additional gross annual amount to be paid into any one or more pension plans of his choice by him up to a maximum annual amount equal to 15% of basic annual salary. There have been no changes in the terms of executive directors' pension entitlement during the year and there are no other arrangements in place concerning their pensions. All other employees are paid (a) an additional gross annual amount into any one or more pension plans of their choice and/or (b) the company makes contributions into a designated group pension plan.

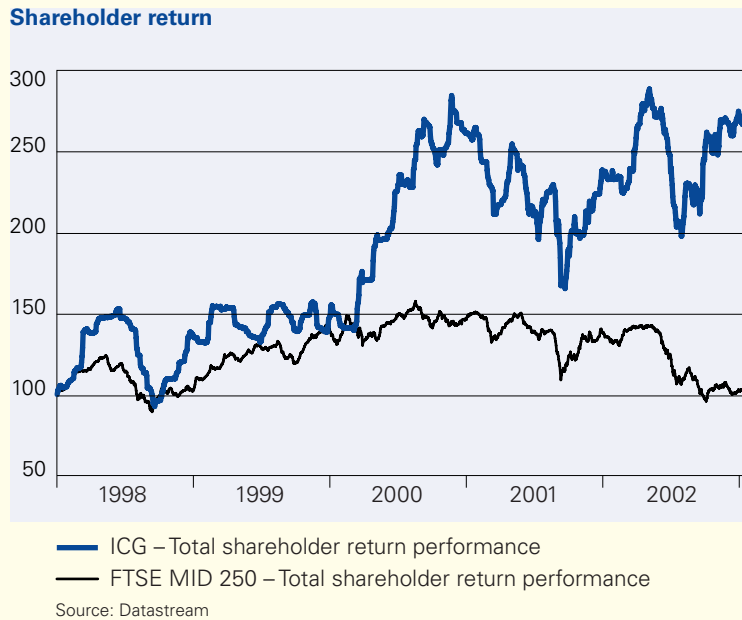
**Executive directors' contracts** Executive directors previously had two year 'rolling' contracts which are deemed appropriate for the nature of the company's business. In order, however, to reflect current 'best practice', the directors have agreed to reduce the term of their contracts to twelve months. The company is obliged to pay damages for wrongful termination. No other payments are made for compensation for loss of office.

Mr Attwood and Mr de Gersigny are due to retire by rotation and offer themselves for re-election. Mr Piper was appointed to the Board on 1 October 2002 and offers himself for re-election in accordance with the articles of association.

**Non-executive directors** The remuneration of the non-executive directors is determined by the Board within the limits set out in the articles of association. The fee paid to the current non-executive chairman in the year was £75,000 and the annual fees paid to other non-executive directors varied between £27,000 and £28,000.

Included in these amounts are fees for additional work performed for the company in respect of time spent working on the Remuneration and Nomination and Audit Committees. Non-executive directors cannot participate in any of the company's share option schemes. Non-executive directors do not have a contract of service and are not eligible to join the company's pension scheme.

**Performance graph** The graph below shows a comparison between the company's total shareholder return performance and the companies in the FTSE 250 index. The graph compares the value of £100 invested in Intermediate Capital Group PLC on 1 February 1998 with the value of £100 invested in the FTSE 250 over the subsequent five years. The FTSE 250 group has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other major UK companies.



**Audited information**

**Details of directors' remuneration** This report should be read in conjunction with note 9 to the accounts which provides details of the remuneration of each director and which also constitutes part of this report.

The Remuneration and Nomination Committee

16 April 2003



# Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent Auditors' Report

to the members of Intermediate Capital Group PLC

We have audited the financial statements of Intermediate Capital Group PLC for the year ended 31 January 2003 which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors** As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion** We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report described as having been audited.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 January 2003 and of the profit of the group for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

#### **Deloitte & Touche**

Chartered Accountants and Registered Auditors  
London

16 April 2003

# Consolidated Profit and Loss Account

for the year ended 31 January 2003

	Note	2003 £m	2002 £m
Interest and dividend income		66.9	62.9
Capital gains		33.9	21.1
Fee and other operating income		17.9	14.3
	4	118.7	98.3
Interest payable and similar charges	5	(24.4)	(26.9)
Provisions against loans and investments	6	(17.5)	(16.2)
Administrative expenses	7	(23.3)	(13.5)
<b>Profit on ordinary activities before taxation</b>	3	<b>53.5</b>	41.7
Tax on profit on ordinary activities	8	(18.4)	(12.8)
Profit on ordinary activities after taxation		35.1	28.9
Dividends paid and proposed – ordinary	11	(18.3)	(16.4)
<b>Retained profit transferred to reserves</b>		<b>16.8</b>	12.5
<b>Earnings per share</b>	12	<b>59.8p</b>	49.3p
<b>Diluted earnings per share</b>	12	<b>59.0p</b>	48.7p

All activities represent continuing operations. There are no other recognised gains or losses for the current or prior year other than those shown in the profit and loss account.

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

# Balance Sheets

31 January 2003

	Note	2003 £m	Group 2002 £m	2003 £m	Company 2002 £m
<b>Fixed assets</b>					
Tangible assets	13	1.6	1.5	1.6	1.5
<b>Loans</b>					
	14	801.4	633.3	753.2	630.8
<b>Investments</b>					
	15	74.7	70.7	37.9	40.6
<b>Current assets</b>					
Debtors	16	26.5	14.4	73.5	13.3
Loans and investments	17	53.2	33.0	53.2	33.0
Cash at bank		1.9	1.1	0.5	—
		81.6	48.5	127.2	46.3
<b>Total assets</b>		<b>959.3</b>	754.0	<b>919.9</b>	719.2
<b>Capital and reserves</b>					
Called up share capital	18	11.8	11.7	11.8	11.7
Share premium account		86.0	85.2	86.0	85.2
Capital redemption reserve		1.4	1.4	1.4	1.4
Profit and loss account	19	117.0	100.2	57.3	51.7
<b>Equity shareholders' funds</b>		<b>216.2</b>	198.5	<b>156.5</b>	150.0
<b>Creditors: amounts falling due after more than one year</b>					
	20	627.0	523.5	627.0	523.5
<b>Creditors: amounts falling due within one year</b>					
	21	116.1	32.0	136.4	45.7
<b>Total capital and liabilities</b>		<b>959.3</b>	754.0	<b>919.9</b>	719.2

These financial statements were approved by the Board of Directors on 16 April 2003.  
Signed on behalf of the Board of Directors by:

**P J Manser** Director

**T H Bartlam** Director

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

# Consolidated Cash Flow Statement

for the year ended 31 January 2003

	Note	2003 £m	2002 £m
<b>Operating activities</b>			
Interest and dividends received		58.0	58.5
Gain on disposals		33.9	21.3
Fee and other operating income		17.0	16.0
Administrative expenses		(15.8)	(25.6)
		93.1	70.2
Interest paid		(27.6)	(26.7)
<b>Net cash inflow from operating activities</b>	22	<b>65.5</b>	43.5
<b>Taxation paid</b>		<b>(10.2)</b>	(16.5)
<b>Capital expenditure and financial investment</b>			
Loans and investments made		(292.9)	(184.0)
Realisations of loans and investments		132.9	82.7
Loans for syndication		(20.3)	13.8
		(180.3)	(87.5)
Purchase of tangible fixed assets		(0.4)	(1.3)
		(180.7)	(88.8)
<b>Equity dividends paid</b>		<b>(17.0)</b>	(15.2)
<b>Net cash outflow before financing</b>		<b>(142.4)</b>	(77.0)
<b>Financing</b>			
Increase in share capital		0.9	0.2
Increase in debt		142.3	74.8
<b>Increase/(decrease) in cash</b>	24	<b>0.8</b>	(2.0)

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

# Notes to the Accounts

for the year ended 31 January 2003

## 1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Law and Accounting Standards. The particular accounting policies adopted are described below.

**a Basis of accounting** The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets as described below.

**b Basis of consolidation** The group financial statements incorporate the financial statements of the company and its principal subsidiaries.

**c Revenues and expenses** Underwriting fees and other arrangement fees are included in the profit and loss account on the date at which they are receivable. Amounts receivable at the repayment of a loan which exceed the original cost are taken to the profit and loss account over the full life of the loan. Such amounts, less tax, are considered to be non-distributable until such time as repayment occurs. Recurring fees, interest income, interest expense and overheads are accounted for on the accruals basis. Gains or losses arising on the early termination of financial instruments used for hedging purposes are shown as part of interest expense.

Dividend income is accounted for in the year in which the income is received.

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.

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

Furniture and Equipment – 20%-33% per annum

Leasehold Premises – Over the term of the lease

**e Loans and investments** Loans and investments are shown at cost less provisions plus the accrual of amounts receivable at the repayment of a loan which exceed the original cost. The specific provisioning policy of the company is to make a provision against any loan or investment as and when the directors consider that the carrying value is wholly or partially impaired.

**f Loans and investments** held as current assets Listed investments which are held as current assets, due to their impending sale, are held at their market value, with any resulting gain or loss being taken to the profit and loss account and included within capital gains. Loans and non-listed investments held as current assets are carried at the lower of cost and net realisable value.

**g Taxation** Corporation tax is provided on the taxable profits of the company at the current rate.

**h Deferred taxation** Deferred taxation is provided in full on timing differences which represent a 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.

**i Pension costs** It is the policy of the company to provide for pension liabilities by payments to insurance companies or to individuals for employees' private pension plans. The amount charged to the profit and loss account represents a percentage of the current payroll cost paid to defined contribution schemes.

**j 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. 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 expense.

**1 Accounting policies** continued

**k Value added tax** It is the company's policy to write off irrecoverable VAT on items of expenditure relating to the profit and loss account. VAT on tangible fixed assets is capitalised and written off over a similar period to the asset to which it relates.

**l Financial instruments** Derivative instruments utilised by the group are interest rate swaps and forward exchange contracts. The group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Termination payments made or received are spread over the life of the underlying exposure in cases where the underlying exposure continues to exist. In other cases termination payments are taken to the profit and loss account.

**2 Profit of parent company**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's retained profit for the financial year amounted to £5.6m (2002 – £10.8m).

**3 Analysis of profit after tax**

	Core income		Net capital gains	
	2003 £m	2002 £m	2003 £m	2002 £m
Income:				
Interest and dividend income	66.9	62.9	–	–
Gain on disposals	–	–	33.9	21.1
Fee and other operating income	17.9	14.3	–	–
	84.8	77.2	33.9	21.1
Less:				
Interest payable and similar charges	(24.4)	(26.9)	–	–
Provisions against loans and investments	–	–	(17.5)	(16.2)
Administrative expenses	(14.5)	(11.3)	(8.8)	(2.2)
Profit before taxation	45.9	39.0	7.6	2.7
Taxation	(13.8)	(12.0)	(4.6)	(0.8)
Profit after taxation	32.1	27.0	3.0	1.9
Earnings per share	54.7p	46.2p	5.1p	3.1p

The administrative expenses included under capital gains represent the costs of the medium-term incentive scheme, the amount of which is dependent on the level of capital gains for the year and cumulative earnings per share growth.

**4 Analysis of gross income**

	2003 £m	2002 £m
Gross income received from:		
United Kingdom	32.7	38.9
Continental Europe	85.3	59.4
Asia Pacific Region	0.7	–
	118.7	98.3

Virtually all of the company's costs and liabilities were derived from the United Kingdom and therefore no meaningful geographical split of net assets and profit before tax can be made.

Gross income includes £nil (2002 – £0.1m) of dividend income from listed investments.



<b>5 Interest payable and similar charges</b>	<b>2003 £m</b>	<b>2002 £m</b>
Bank loans and overdrafts	13.9	14.3
US private placement	10.5	12.6
	<b>24.4</b>	<b>26.9</b>
<b>6 Provisions</b>	<b>2003 £m</b>	<b>2002 £m</b>
Provisions against loans and investments:		
Specific provisions charged in year	17.5	18.2
Written back in respect of prior years	—	(2.0)
	<b>17.5</b>	<b>16.2</b>
<b>7 Administrative expenses</b>	<b>2003 £m</b>	<b>2002 £m</b>
Administrative expenses include:		
Amounts due under medium-term incentive scheme	8.8	2.2
Directors' remuneration	6.1	2.2
Depreciation	0.3	0.1
Auditors' remuneration:		
Audit	0.1	0.1
Other services:		
Taxation	0.1	0.1
Employee related	0.1	—
Other	0.1	0.1
<b>8 Tax on profit on ordinary activities</b>		
<b>a Analysis of tax charge on ordinary activities</b>	<b>2003 £m</b>	<b>2002 £m</b>
United Kingdom corporation tax at 30% (2002 – 30%) based on the profit for the year	18.4	12.8
Tax on profit on ordinary activities	<b>18.4</b>	<b>12.8</b>
<b>b Factors affecting tax charge for the current period</b>	<b>2003 £m</b>	<b>2002 £m</b>
The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2002 – 30%)		
The differences are explained below:		
Profit on ordinary activities before tax	53.5	41.7
Tax at 30% thereon	16.1	12.5
Effects of:		
Expenses not deductible for tax purposes	2.3	0.3
Current tax charge for the year	<b>18.4</b>	<b>12.8</b>

**9 Information regarding directors and employees**

	2003 £m	2002 £m
Directors' remuneration:		
Fees	0.2	0.2
Other emoluments and benefits	5.9	2.2
	<b>6.1</b>	2.4

## Employee costs during the year, including directors:

Wages and salaries	15.6	7.6
Social security costs	0.8	0.7
Pension costs	0.6	0.4
	<b>17.0</b>	8.7

	No	No
Average number of employees	<b>51</b>	42

The performance related element included in wages and salaries is £8.8m (2002 – £2.2m), which is derived as a result of the management incentive scheme and contributions to the company's Employee Benefit Trust.

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

Executive directors:	Basic salaries £000	Employee Benefit Trust interests £000	Pension scheme contributions £000	Benefits in kind £000	Total 2003 £000	Total 2002 £000
T R Attwood	245	1,120	37	2	<b>1,404</b>	549
T H Bartlam	245	1,120	37	2	<b>1,404</b>	549
J-L de Gersigny	245	1,120	37	2	<b>1,404</b>	549
A D Jackson	245	1,120	37	2	<b>1,404</b>	549
P Piper*	60	233	7	1	<b>301</b>	—

The emoluments paid to the executive directors include an amount of £4.7m which was contributed by Intermediate Capital Group PLC to the Intermediate Capital Group Employee Benefit Trust ("the Trust") with the recommendation that it was appointed for the benefit of the above directors and their families in the amounts shown. It is understood that the trustees of the Trust followed that recommendation.

\*From 1 October 2002.

Non-executive directors:	Fees £000	Total 2003 £000	Total 2002 £000
P J Manser	75	<b>75</b>	62
E Licoys	27	<b>27</b>	27
J J Nelson	28	<b>28</b>	19
P J Stone	28	<b>28</b>	29

Under the terms of the company's incentive scheme, J R B Odgers, a former executive director, is due an amount of £123,000 (2002 – £45,000) in respect of his former service as an executive director.

## 9 Information regarding directors and employees *continued*

At 31 January 2003, the following directors had share options in the company which had not been exercised. The number of shares over which options are held is:

		Date granted	No. of shares	Exercise price	Earliest exercise date	Expiry date
T R Attwood	Approved	April 1996	8,670	346p	31 Jan 2000	April 2006
	Unapproved	April 1996	221,940	347p	31 Jan 2000	April 2003
	Unapproved	April 1997	71,827	342p	31 Jan 2001	April 2004
	Unapproved	April 2001	47,099	732.5p	31 Jan 2005	April 2008
	Unapproved	April 2002	35,785	829.6p	31 Jan 2006	April 2009
T H Bartlam	Approved	April 1998	5,700	526.25p	31 Jan 2002	April 2005
	Unapproved	April 1998	71,259	526.25p	31 Jan 2002	April 2005
	Unapproved	April 2001	47,099	732.5p	31 Jan 2005	April 2008
	Unapproved	April 2002	35,785	829.6p	31 Jan 2006	April 2009
J-L de Gersigny	Approved	April 1998	5,700	526.25p	31 Jan 2002	April 2005
	Unapproved	April 1998	92,806	526.25p	31 Jan 2002	April 2005
	Unapproved	April 2001	47,099	732.5p	31 Jan 2005	April 2008
	Unapproved	April 2002	35,785	829.6p	31 Jan 2006	April 2009
A D Jackson	Approved	April 1998	5,700	526.25p	31 Jan 2002	April 2005
	Unapproved	April 1998	71,259	526.25p	31 Jan 2002	April 2005
	Unapproved	April 2001	47,099	732.5p	31 Jan 2005	April 2008
	Unapproved	April 2002	35,785	829.6p	31 Jan 2006	April 2009
P Piper	Unapproved	April 1997	39,115	342p	31 Jan 2001	April 2004
	Unapproved	April 1998	55,069	526.25p	31 Jan 2002	April 2005
	Unapproved	April 2001	28,584	732.5p	31 Jan 2005	April 2008
	Unapproved	April 2002	26,368	829.6p	31 Jan 2006	April 2009

There have been no share options exercised by the directors during the year. The earliest exercise date is the announcement date of the results in respect of the year then ended. The market price of the shares at 31 January 2003 was 772.5p per share.

## 10 Valuation of warrants and unlisted shares

The group has warrants to subscribe for shares in a number of borrowers. These warrants are not marketable instruments and can generally be realised by the group only when the investment is realised. These warrants, along with unlisted equity shares, are held in the financial statements at nominal cost. The directors consider that a reasonable valuation of these shares and warrants, representing the group's interests in the equity value of those companies realisable over a period of time, would currently amount to £71m (2002 – £55m) before tax. This valuation is based on the borrowers' current pro forma earnings multiplied by the appropriate price/earnings ratio, to which an appropriate discount has been applied by reference to the guidelines of the British Venture Capital Association (BVCA).

11 Dividends paid and proposed	2003		2002	
	Per share pence	£m	Per share pence	£m
Ordinary dividend:				
Interim paid	9.5	5.6	8.6	5.0
Proposed final	21.5	12.7	19.4	11.4
	<b>31.0</b>	<b>18.3</b>	28.0	16.4

**12 Earnings per share**

The calculation of earnings per share is based on earnings of £35.1m (2002 – £28.9m) and an average number of shares in issue throughout the year of 58,737,505 (2002 – 58,615,048). The diluted earnings per share is calculated after taking into account options issued to executives in respect of 2,687,798 (2002 – 2,618,889) ordinary shares and is calculated on an average number of shares of 59,452,906 (2002 – 59,403,833).

	Furniture and equipment £m	Short leasehold premises £m	Total £m
<b>13 Tangible fixed assets</b>			
Group and company			
<b>Cost</b>			
At 1 February 2002	0.9	1.1	2.0
Additions	0.3	0.1	0.4
Write-offs	(0.3)	–	(0.3)
At 31 January 2003	0.9	1.2	2.1
<b>Depreciation</b>			
At 1 February 2002	0.5	–	0.5
Charge for the year	0.2	0.1	0.3
Write-offs	(0.3)	–	(0.3)
At 31 January 2003	0.4	0.1	0.5
<b>Net book value</b>			
At 31 January 2003	0.5	1.1	1.6
At 31 January 2002	0.4	1.1	1.5

	Group		Company	
	2003 £m	2002 £m	2003 £m	2002 £m
<b>14 Loans</b>				
Other loans:				
Loans	825.0	661.2	776.8	658.7
Less: Specific provisions	(23.6)	(27.9)	(23.6)	(27.9)
	801.4	633.3	753.2	630.8
			Group £m	Company £m

Additional information in respect of movements during the year is as follows:

Other loans at cost:		
Balance at 1 February 2002	661.2	658.7
Net additions	282.0	234.3
Realisations	(127.7)	(123.1)
Reclassification	(2.9)	(2.9)
Amortised discount and capitalised interest	2.3	0.3
Written off	(16.3)	(16.3)
Currency movement on non sterling denominated loans	26.4	25.8
Balance at 31 January 2003	825.0	776.8

#### 14 Loans continued

	Group £m	Company £m
Specific provisions:		
Balance at 1 February 2002	27.9	27.9
Provisions made during the year	11.2	11.2
Reclassification	0.9	0.9
Loans realised or written off	(16.3)	(16.3)
Currency movement on non sterling denominated loans	(0.1)	(0.1)
Balance at 31 January 2003	23.6	23.6

#### 15 Investments

	2003 £m	Group 2002 £m	2003 £m	Company 2002 £m
Shares in group companies at cost	–	–	9.4	9.4
Other investments at cost:				
Redeemable preference shares (unlisted)	18.5	16.4	12.1	8.9
Redeemable preference shares (listed)	–	–	–	–
Equity shares (unlisted)	73.6	65.9	30.7	30.2
Equity shares (listed)	3.5	3.4	–	–
	95.6	85.7	42.8	39.1
Less: Specific provisions	(20.9)	(15.0)	(14.3)	(7.9)
	74.7	70.7	28.5	31.2
	74.7	70.7	37.9	40.6

The listed equity shares are listed on the London and Paris Stock Exchanges and at 31 January 2003 had a market value of £4.0m (2002 – £7.4m).

	Group £m	Company £m
Additional information in respect of investments for which there have been movements during the year is as follows:		
Other investments at cost:		
Balance at 1 February 2002	85.7	39.1
Net additions	10.9	3.1
Realisations	(6.6)	(4.0)
Reclassification	2.9	2.9
Written off	(0.9)	–
Currency movement on non sterling denominated investments	3.6	1.7
Balance at 31 January 2003	95.6	42.8
Specific provisions:		
Balance at 1 February 2002	15.0	7.9
Provisions made during the year	6.3	5.3
Reclassification	0.2	1.1
Written off	(0.9)	–
Currency movement on non sterling denominated investments	0.3	–
Balance at 31 January 2003	20.9	14.3

<b>16 Debtors</b>	Group		Company	
	2003 £m	2002 £m	2003 £m	2002 £m
Other debtors	2.0	1.7	0.7	0.6
Amounts owed by Group companies	—	—	48.7	—
Prepayments and accrued income	24.5	12.7	24.1	12.7
	<b>26.5</b>	<b>14.4</b>	<b>73.5</b>	<b>13.3</b>

<b>17 Loans and investments held as current assets</b>	Group		Company	
	2003 £m	2002 £m	2003 £m	2002 £m
Loans held for syndication	53.2	33.0	53.2	33.0

<b>18 Called up share capital</b>	2003 £m	2002 £m
	Authorised: 77,500,000 (2002 – 77,500,000) ordinary shares of 20p	15.5
Allotted, called up and fully paid: 58,888,401 (2002 – 58,646,710) ordinary shares of 20p	11.8	11.7

During the year, the company allotted 107,522 shares under its Unapproved Executive Share Option Scheme 1997 and 134,169 shares under its Executive Share Option Scheme 1994 realising a total consideration of £869,087.

<b>19 Reconciliation of shareholders' funds and movement on reserves</b>	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Profit and loss account £m	Total £m
<b>Group</b>					
Balance at 1 February 2002	11.7	85.2	1.4	100.2	198.5
Exercise of option	0.1	0.8	—	—	0.9
Profit for the year	—	—	—	35.1	35.1
Dividends paid and proposed	—	—	—	(18.3)	(18.3)
Balance at 31 January 2003	11.8	86.0	1.4	117.0	216.2

£20m (2002 – £10.4m) of the retained earnings of the group is currently regarded as non-distributable.

<b>Company</b>					
Balance at 1 February 2002	11.7	85.2	1.4	51.7	150.0
Exercise of options	0.1	0.8	—	—	0.9
Profit for the year	—	—	—	23.9	23.9
Dividends paid and proposed	—	—	—	(18.3)	(18.3)
Balance at 31 January 2003	11.8	86.0	1.4	57.3	156.5

20 Creditors: amounts falling due after one year	Group		Company	
	2003 £m	2002 £m	2003 £m	2002 £m
US private placement	250.8	301.2	250.8	301.2
Bank loans	347.3	244.3	347.3	244.3
Bank overdraft	9.4	8.1	9.4	8.1
Other	19.9	(29.3)	19.9	(29.3)
	<b>627.4</b>	524.3	<b>627.4</b>	524.3
Prepaid expenses	<b>(0.4)</b>	(0.8)	<b>(0.4)</b>	(0.8)
	<b>627.0</b>	523.5	<b>627.0</b>	523.5

The bank loans and overdraft are unsecured and are repayable within five years.

The US\$ 75,000,000 private placement issued in December 1995, which is denominated in US Dollars and swapped into floating rate European currencies, is unsecured and is repayable in three equal instalments, each of US\$25,000,000, one within one year, one within one to two years and one within two to five years.

The US\$ 75,000,000 private placement issued in July 1998, which is denominated in US Dollars and swapped into floating rate European currencies, is unsecured and is repayable in two instalments, one of US\$ 25,000,000 and one of US\$ 50,000,000 both within two to five years.

The US\$ 95,000,000 private placement issued in April 2000, which is denominated in US Dollars and swapped into floating rate European currencies is unsecured and is repayable in four instalments, two of US\$ 45,000,000 and of US\$ 10,000,000 within two to five years and two of US\$ 20,000,000 each within five to ten years. The £25,000,000 private placement issued in April 2000 is unsecured and repayable within five to ten years.

The US\$110,000,000 private placement issued in June 2001, which is denominated in US Dollars and swapped into floating rate European currencies is unsecured and is repayable in three instalments, one of US \$45,000,000 repayable within two to five years and two of US \$40,000,000 and US \$25,000,000 repayable within five to ten years. The £25,000,000 issued in June 2001 is unsecured and is repayable in two instalments, one of £5,000,000 repayable in two to five years and one of £20,000,000 repayable in five to ten years.

21 Creditors: amounts falling due within one year	Group		Company	
	2003 £m	2002 £m	2003 £m	2002 £m
US private placement (see note 20)	15.2	—	15.2	—
Bank loans	50.3	—	50.3	—
Other	(1.2)	—	(1.2)	—
	<b>64.3</b>	—	<b>64.3</b>	—
Trade creditors	0.3	0.3	0.3	0.3
Accruals	27.3	16.7	27.3	16.9
Amounts owed to group companies	—	—	25.9	16.5
Dividends proposed	12.7	11.4	12.7	11.4
Taxation – corporation tax	11.1	3.2	5.5	0.2
Taxation – social security	0.4	0.4	0.4	0.4
	<b>116.1</b>	32.0	<b>136.4</b>	45.7

## 22 Reconciliation of operating profits to operating cash flow

	2003 £m	2002 £m
Income before provisions and taxation	71.0	57.9
(Increase) in accrued income	(11.9)	(2.3)
(Decrease)/increase in accrued interest expenses	(0.2)	0.3
Increase/(decrease) in other net current liabilities	9.0	(12.2)
Capitalisation of interest receivable (net)	(2.4)	(0.2)
	<b>65.5</b>	43.5

<b>23 Analysis of net debt</b>	As at 1 Feb 02 £m	Cash flow £m	Reclassification £m	Exchange movement £m	As at 31 Jan 03 £m
Cash in hand and at bank	1.1	<b>0.8</b>	–	–	<b>1.9</b>
Debt due within one year:					
Bank debt	–	–	<b>(50.3)</b>	–	<b>(50.3)</b>
US private placement	–	–	<b>(17.7)</b>	2.5	<b>(15.2)</b>
Other	–	–	1.2	–	1.2
	–	–	<b>(66.8)</b>	2.5	<b>(64.3)</b>
Debt due between one and two years:					
Bank debt	–	–	<b>(47.3)</b>	–	<b>(47.3)</b>
US private placement	(17.1)	–	–	1.9	<b>(15.2)</b>
Other	4.0	–	<b>(1.2)</b>	<b>(1.5)</b>	1.3
	(13.1)	–	<b>(48.5)</b>	0.4	<b>(61.2)</b>
Debt due between two and five years:					
Bank debt	(244.3)	<b>(141.0)</b>	97.6	<b>(12.3)</b>	<b>(300.0)</b>
US private placement	(117.3)	–	<b>(29.7)</b>	20.3	<b>(126.7)</b>
Overdrafts	(8.1)	<b>(1.3)</b>	–	–	<b>(9.4)</b>
Other	15.4	–	–	<b>(24.1)</b>	<b>(8.7)</b>
	(354.3)	<b>(142.3)</b>	67.9	<b>(16.1)</b>	<b>(444.8)</b>
Debt due after five years:					
US private placement	(166.8)	–	47.4	10.5	<b>(108.9)</b>
Other	9.9	–	–	<b>(22.4)</b>	<b>(12.5)</b>
	(156.9)	–	47.4	<b>(11.9)</b>	<b>(121.4)</b>
<b>Total</b>	<b>(523.2)</b>	<b>(141.5)</b>	<b>–</b>	<b>(25.1)</b>	<b>(689.8)</b>

At 31 January 2003 the group has available undrawn facilities amounting to £142m under its revolving credit facilities, due between two and five years.

The total of £689.8m includes other of £18.7m which is excluded from note 24.

<b>24 Reconciliation of net cash flow to movement in net debt</b>	2003 £m	2002 £m
Increase/(decrease) in cash in the period	<b>(0.8)</b>	2.0
Cash inflow from increase in debt	<b>142.3</b>	74.8
Change in net debt arising from cash flows	<b>141.5</b>	76.8
Translation difference	<b>(22.9)</b>	(3.2)
Movement in net debt	<b>118.6</b>	73.6
Net debt at beginning of the year	<b>552.5</b>	478.9
Net debt at end of the year	<b>671.1</b>	552.5



## **25 Financial commitments**

---

At 31 January 2003, the group estimated that it had no contractual obligations to provide further funding (2002 – £nil).

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

## **26 Related party transactions**

---

The company takes advantage of the exemption under FRS8 and does not report transactions or balances between group entities that have been eliminated on consolidation. There are no other related party transactions requiring disclosure under FRS8.

## **27 Principal subsidiary companies**

---

The principal subsidiary companies are Intermediate Capital Investments Limited, a 100% owned company incorporated in the United Kingdom and registered in England and Wales, whose principal activity is that of an investment company; Intermediate Capital Managers Limited, a 100% owned company incorporated in the United Kingdom and registered in England and Wales, whose principal activity is that of an advisory company; Intermediate Capital Limited, a 100% owned company incorporated in the United Kingdom and registered in England and Wales, whose principal activity is that of a general partner in a number of partnerships; Intermediate Capital GP Limited, a 100% owned company incorporated and registered in Jersey, whose principal activity is that of a general partner in a number of partnerships; Intermediate Capital Asia Limited, a 100% owned company incorporated and registered in Hong Kong, whose principal activity is that of providing intermediate capital to companies in the Asia Pacific region and Intermediate Finance (Guernsey) Limited, a 100% owned company incorporated and registered in Guernsey whose principal activity is holding company for loans and investments.

## **28 Financial assets and liabilities**

---

### **Treasury and hedging policies**

The group's financial instruments, other than derivatives, comprise borrowings in the form of bank debt and private placements, and various items, such as accrued interest, debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The group also enters into derivatives transactions (principally interest rate swaps and forward foreign currency contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the group's operations and its sources of finance.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. It is the group's policy to match foreign currency loans and related net interest income, wherever possible, through either borrowing in the same foreign currency or entering into equivalent forward foreign exchange contracts. The group's policy is to manage its exposure to interest rate movements present or future, actual or contingent so as to protect its net interest income over time. It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the company's flotation in 1994.

**28 Financial assets and liabilities** continued**Interests and currency exposures**

**Interest rate risk** The group's main activity is to provide mezzanine finance to its borrowers at both fixed and floating rates in any freely traded currency. The group finances its operations by a mixture of retained profits, bank borrowings and private placements. The group borrows in currencies at both fixed and floating rates of interest and then uses interest rate swaps in order to match the interest profile of its assets and to manage the group's exposure to interest rate fluctuations. In order to protect its future interest income as its fixed rate assets mature, the company has entered into a series of delayed interest rate swaps under which it receives a fixed rate. The average rate achieved on these swaps is 6.36%. The group does not have material financial exposure to interest rate movements.

**Liquidity risk** As regards liquidity, the group's policy has throughout the year been to ensure continuity of funding. Due to the long term nature of the group's assets, the group's policy is that, wherever possible, the majority of its debt should mature in more than five years. This has been achieved by using a combination of private placements with maturities of between five and ten years and by short term borrowings under a five year extendible, multi-currency bank facility and other further syndicated and bilateral facilities.

The maturity profile of the group's financial liabilities, other than short term creditors, is shown in the net debt analysis in note 23 and the analysis of creditors over one year is shown in note 20.

**Foreign currency risk** Over one half of the portfolio of the group is in currencies other than sterling which gives rise to revenues in those currencies. In order to protect the group's sterling balance sheet from the movements in these currencies and the sterling exchange rate, the group finances its loans and investments by means of borrowings in the respective currency and by way of forward foreign exchange contracts. As a result, the group does not have material financial exposure to foreign exchange gains or losses.

After taking into account the various interest rate swaps entered into by the group to hedge its future income, the interest rate profile of the group's financial assets and liabilities at 31 January 2003 was as follows:-

Currency	Total £m	Financial assets		Total £m	Financial liabilities	
		Floating rate financial assets £m	Fixed rate financial assets £m		Floating rate financial liabilities £m	Fixed rate financial liabilities £m
Sterling	233.3	121.8	111.5	5.3	5.3	—
Euro	583.6	524.3	59.3	586.7	586.7	—
Other currencies	133.2	118.3	14.9	125.7	125.7	—
	<b>950.1</b>	<b>764.4</b>	<b>185.7</b>	<b>717.7</b>	<b>717.7</b>	<b>—</b>

The group's financial assets consist of long term loans and investments. These usually have a term of between five and ten years, but are often prepaid prior to their contractual maturity. The interest rate for each fixed rate asset is set at the commencement of the loan. Interest rates for both floating rate assets and liabilities are based upon LIBOR plus the relevant margin

**Hedging**

**Interest rates** As stated in the group's accounting policies, the amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. In respect of the year to 31 January 2003, interest expense was reduced by £11.3m (2002 – £7.1m) in order to reflect the amounts receivable for interest rate swaps. These interest rate swaps are primarily used to hedge the group's private placements, thereby lowering the higher costs of borrowing fixed rate US Dollars by converting into floating rate Sterling and Euros.

## 28 Financial assets and liabilities continued

**Currency exposure** Forward foreign exchange contracts 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 expense. However, because the group does not have any material financial currency exposure, this addition or reduction in interest expense is offset by a corresponding increase arising from the translation of other monetary assets and liabilities, primarily its loans and investments, its bank borrowings and its private placements.

**Fair value of financial assets and liabilities** The carrying amounts and the estimated fair value of the group's outstanding financial instruments is set out below:

	2003 Net carrying amount £m	2003 Estimated fair value £m	2002 Net carrying amount £m	2002 Estimated fair value £m
Long-term loans and investments	876.1	947.5	704.0	763.0
Loans held for syndication	53.2	53.2	33.0	33.0
Cash at bank	1.9	1.9	1.1	1.1
Borrowings:				
Bank debt (including overdraft)	407.0	407.0	252.4	252.4
Private placements	266.0	266.0	301.2	301.2
Derivatives and financial instruments:				
Interest rate	—	3.6	—	3.2
Foreign currency	(18.7)	(18.7)	29.3	29.3

The following methods and assumptions were used to estimate the fair values shown below:

**Long term loans and investments** The estimate of the fair value of long term loans and investments is based on their cost, which is shown in the balance sheet at £876.1m, and the value of its warrants and listed equity shares. The fair value of the loans and investments does not include an adjustment to reflect interest rate movements since the date of the transaction as such loans are not readily marketable. The valuation of the warrants is based on the borrowers' current pro-forma earnings multiplied by the appropriate price/earnings ratio, to which an appropriate discount has been applied by reference to the guidelines of the British Venture Capital Association (BVCA).

**Loans held for syndication, cash at bank and bank debt** The carrying values of these instruments approximate to their fair values because of their short term nature.

**Private placements** These are fixed rate US Dollar liabilities whose market value may be different to the carrying value. However, because the associated interest rate swaps provide a complete hedge to, and are considered part of, the transaction, any difference between the carrying value and fair value of the private placement will be offset by the difference on the associated interest rate swaps.

**Foreign exchange contracts and interest rate swaps** Foreign exchange contracts are revalued into sterling and shown in the balance sheet at their revalued amount. The fair value will therefore equate to the carrying value. The fair value of interest rate swaps (with the exception of those swaps taken out as part of the private placement) was estimated by discounting the future cash flows to net present values using appropriate market interest rates prevailing at the year end.

# Notice of Meeting

Notice is hereby given that the Annual General Meeting of Intermediate Capital Group PLC will be held at 20 Old Broad Street, London EC2N 1DP on 27 May 2003 at 12 noon to transact the following ordinary business:

- 1 To receive and adopt the financial statements for the year ended 31 January 2003 together with the reports of the directors and auditors thereon.
- 2 To declare a final dividend of 21.5p per ordinary share.
- 3 To reappoint Deloitte & Touche as auditors and determine their remuneration.
- 4 To re-elect as directors:
  - (a) T R Attwood
  - (b) J-L de Gersigny
  - (c) P Piper.
- 5 To approve the report of the remuneration and nomination committee for the year ended 31 January 2003.
- 6 To transact any other ordinary business of the company

and as special business to consider and, if thought fit, pass the following resolutions, of which Resolutions 7 and 10 will be proposed as Ordinary Resolutions and Resolutions 8 and 9 will be passed as Special Resolutions.

## Ordinary resolution

- 7 THAT the directors be and they are hereby generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985, to exercise all the powers of the company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £3,415,528 during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the Annual General Meeting of the company in 2004 or 27 August 2004, whichever is earlier, but so that this authority shall allow the company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the directors may allot relevant securities in pursuance of such offers or agreements.

## Special resolutions

- 8 THAT, subject to the passing of Resolution 7 set out in the Notice of this Meeting, the directors be and are hereby empowered pursuant to section 95 of the Companies Act 1985 (the "Act"), to allot equity securities (as defined by section 94 of the Act) pursuant to the authority conferred on them by the said Resolution 9 up to an aggregate nominal amount of £588,884 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall expire at the conclusion of the Annual General Meeting of the company in 2004 or 27 August 2004, whichever is earlier, save that this power shall enable the company before the expiry of this power to make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.
- 9 THAT the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of ordinary shares of 20p each in the capital of the company ("ordinary shares"), provided that:
  - (a) the maximum number of ordinary shares that may be purchased is 8,827,371;
  - (b) the minimum price that may be paid for an ordinary share is 20p;
  - (c) the maximum price that may be paid for an ordinary share is an amount equal to 105% of the average of the market values of the ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days before the day on which such ordinary share is purchased;

- (d) this authority shall expire at the conclusion of the next Annual General Meeting of the company in 2004 or 27 August 2004, whichever is earlier, unless previously renewed, varied or revoked by the company in general meeting; and
- (e) the company may enter into a contract to purchase its ordinary shares under this authority prior to its expiry, which contract would or might be executed wholly or partly after such expiry, and may purchase its ordinary shares in pursuance of such contract.

**Ordinary resolution**

- 10** To authorise the Board to give effect to carried interest arrangements in accordance with the proposals summarised in the chairman's letter to shareholders dated 28 April 2003, in relation to mezzanine funds raised by the company after the date of this resolution.

By Order of the Board

**JE Curtis**

Secretary

16 April 2003

**Notes:**

- 1** A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company. Proxy forms must be lodged with the Secretary not later than 48 hours before the time fixed for the meeting.
- 2** Copies of directors' service contracts are available for inspection during business hours at the company's registered office at 20 Old Broad Street, London EC2N 1DP.

# Directors and Management

## Non-executive Chairman

**1 John Manser**, CBE, DL, aged 63, is a Fellow of the Institute of Chartered Accountants in England and Wales. He was formerly Chairman of Robert Fleming Holdings Limited and currently is Deputy Chairman of Fitzhardinge plc and a non-executive director of Shaftesbury PLC and South African Breweries PLC.



1

## Executive directors

**2 Tom Attwood**, age 50. Prior to joining ICG in April 1996, he was a director of James Capel & Co where he worked for eight years.



2



3

**3 Tom Bartlam**, age 55, qualified as a Chartered Accountant with Price Waterhouse. Prior to founding ICG in 1989, he was a director of Charterhouse Bank, where he worked for fourteen years.

**4 Jean-Loup de Gersigny**, age 49, has an MBA from the London Business School. Prior to founding ICG in 1989, he worked for Chemical Bank in London for seven years.



4



5

**5 Andrew Jackson**, age 54, has an MBA from the London Business School. Prior to founding ICG in 1989, he worked at Chemical Bank for sixteen years in London and Switzerland.

**6 Paul Piper**, age 45. Prior to joining ICG in 1989 at its formation he worked at Chemical Bank for 10 years.



6



7

## Non-executive directors

**7 Eric Licoys**, age 64, was formerly Directeur Général of Vivendi, Universal, the media and communications group, having previously been President of the venture capital arm of Lazard Frères in France. He is a past chairman of AFIC.

**8 James Nelson**, age 55, is a non-executive partner in Graphite Capital, Chairman of PRI Group Plc and a non-executive director of American Opportunity Trust Plc and Henderson Smaller Companies Investment Trust Plc. He is a past chairman of the BVCA.



8



9

**9 Peter Stone**, age 56, is a qualified solicitor. He is a non-executive director of DTZ Holdings Plc as well as a number of other businesses and was previously a director of Close Brothers Group plc.

### Company secretary and financial controller

---

- 1 John Curtis



1

### Finance executives

---

- 2 Tony Payne  
3 Kim Rennie



2



3

### High yield and leveraged loan executives

---

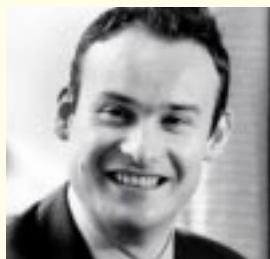
- 4 Claire Campbell  
5 Sara Halbard  
6 Robin Jenner  
7 Andrew Phillips  
8 Richard Samuel



4



5



6



7



8

**Mezzanine executives**

---

- 1 Mike Anderson
- 2 Carola Babcock
- 3 Katharine Belsham
- 4 Martin Conder
- 5 James Davis
- 6 Graeme Delaney-Smith
- 7 Benoit Durteste
- 8 Hadj Djemaï
- 9 Martin Eriksson
- 10 Christophe Evain
- 11 Elena Gimeno de Esteban
- 12 Magnus Hildingsson



1



20



3



4



5



6



7



8



9



10



11



12



**Mezzanine executives continued**

---

- 1 Felix Hoelzer
- 2 Piers Millar
- 3 Max Mitchell
- 4 François de Mitry
- 5 Simon Morrell
- 6 Rolf Nuijens
- 7 Matthew Robinson
- 8 Damien Scailierez
- 9 Vincent So
- 10 Jose-Maria Vegas Cordobes
- 11 Rosine Vitman



1



2



3



4



5



6



7



8



9



10



11

# Company Information

## **Financial advisers**

Lazard Brothers & Co., Limited  
21 Moorfields  
London EC2P 2HT

## **Stockbrokers**

Cazenove & Co.  
12 Tokenhouse Yard  
London EC2R 7AN

HSBC Bank PLC  
Corporate, Investment Banking and Markets  
8 Canada Square  
London E14 5HQ

## **Bankers**

The Royal Bank of Scotland plc  
135 Bishopsgate  
London EC2M 3UR

## **Registered office**

20 Old Broad Street  
London EC2N 1DP

## **Auditors**

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
London

## **Registrars**

Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH





**Intermediate Capital Group PLC**  
20 Old Broad Street  
London EC2N 1DP  
Telephone 020 7628 9898  
Facsimile 020 7628 2268  
Website [www.icgplc.com](http://www.icgplc.com)

38 Avenue Hoche  
75008 Paris  
Telephone 00 331 4495 8686  
Facsimile 00 331 4495 8687

3603-3604 Edinburgh Tower  
15 Queens Road Central  
Hong Kong  
Telephone 00 852 2297 3080  
Facsimile 00 852 2297 3081

Regulated by FSA