First Half Results

For the six months ended 30 September 2018

Embargoed until 7:00am on 15 November 2018

Significant increase in FMC profits, up 45%, driven by strong inflows

Intermediate Capital Group plc (ICG) announces its first half results for the six months ended 30 September 2018.

Highlights

- AUM up 17% on 31 March 2018 to €33.6bn, with €6.1bn of new money raised
- Third party fee earning AUM up 24% on 31 March 2018 to €26.0bn, resulting in third party fee income up 35%
- Fund Management Company profits up 45% to £64.4m (H1 2018: £44.3m)
- Investment Company profits higher at £59.6m (H1 2018: £51.2m)*; Group profit before tax of £124.0m (H1 2018: £95.5m)
- Earnings per share of 43.6p (H1 2018: 33.1p); Fund Management Company 21.4p (H1 2018: 15.5p) and Investment Company 22.2p (H1 2018: 17.6p)
- Interim ordinary dividend up 11.1% to 10.0p per share
- Disciplined deployment across strategies, up 73% to €3.6bn on the prior period, with all funds on course to exceed performance hurdle rates
- Outlook remains strong

Benoit Durteste, Chief Executive of ICG, said:

“This is another excellent set of results, demonstrating our ability to deliver for all our stakeholders. Our established fund strategies have driven Fund Management Company profits 45% higher in the last twelve months. Fundraising, capital deployment and well positioned portfolios underpin continued fund performance and future growth.

“Our recent fundraising performance demonstrates our ability to scale proven, successful fund strategies and maintain or increase average fee rates.”

Kevin Parry, Chairman of ICG, said:

“Our business model of deploying closed end funds, with their locked in fees, gives shareholders good medium term visibility of the Group’s performance while offering protection against short term macroeconomic events. Unlike traditional asset managers, we do not suffer short term outflows related to the level of markets.

“Our business is more robust than at any time in its history. It is sustained by our diverse range of fund strategies, resilience of fee rates, conservatively geared balance sheet and excellent portfolio performance.”

* The alternative performance measures are set out on page 2.

Financials

	Unaudited 6 months to 30 September 2018	Unaudited 6 months to 30 September 2017	% change	Audited 12 months to 31 March 2018
Internally Reported[1]				
Fund Management Company profit before tax	**£64.4m**	£44.3m	45%	£95.3m
Investment Company profit before tax	**£115.1m**	£36.4m	216%	£73.0m
Group profit before tax	**£179.5m**	£80.7m	122%	£168.3m
Earnings per share	**59.8p**	28.2p	112%	79.3p
Gearing	**0.86x**	0.92x	(7%)	0.77x
Net asset value per share	**£4.82**	£4.20	15%	£4.66
IFRS Consolidated				
Fund Management Company profit before tax	**£64.4m**	£44.3m	45%	£95.3m
Investment Company profit before tax	**£59.6m**	£51.2m	16%	£103.8m
Group profit before tax	**£124.0m**	£95.5m	30%	£199.1m
Earnings per share	**43.6p**	33.1p	32%	88.8p
Dividend per share in respect of the period	**10.0p**	9.0p	11%	30.0p

[1] These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of the consolidation of 14 structured entities following the adoption of IFRS 10. Further details can be found on page 6.

Assets under management[1]

	30 September 2018	30 September 2017	31 March 2018
Third party assets under management	**€31,228m**	€25,320m	€26,534m
Investment portfolio	**€2,370m**	€1,892m	€2,164m
Total assets under management	**€33,598m**	€27,212m	€28,698m
Third party fee earning assets under management	**€26,026m**	€18,515m	€20,972m

The following foreign exchange rates have been used.

	30 September 2018 Average	30 September 2017 Average	31 March 2018 Average	30 September 2018 Period end	30 September 2017 Period end	31 March 2018 Period end
GBP:EUR	**1.1283**	1.1351	1.1354	**1.1228**	1.1344	1.1399
GBP:USD	**1.3232**	1.3058	1.3387	**1.3031**	1.3402	1.4019

Enquiries

A presentation for investors and analysts will be held at 09:00 GMT today at ICG's offices, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU. The presentation will also be streamed live at 09:00 GMT and be available on demand from 14:00 GMT at http://www.icgam.com/shareholders/Pages/shareholders.aspx.

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This Half Year Results statement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The Half Year Results statement should not be relied on by any other party or for any other purpose.

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

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

This Half Year Results statement contains information which prior to this announcement was insider information.

About ICG

ICG is a specialist asset manager with over 29 years' history. We manage €33.6bn of assets in third party funds and proprietary capital, principally in closed end funds. Our strategy is to grow our specialist asset management activities to deliver increased shareholder value. Our goal is to generate income and consistently high returns whilst protecting against investment downside for our fund investors. We seek to achieve this through our expertise in investing across the capital structure. We combine flexible capital solutions, local access and insight with an entrepreneurial approach to give us a competitive edge in our markets. We operate across four asset classes - corporate, capital market, real asset and secondary investments. In addition to growing existing strategies, we are committed to innovation and pioneering new strategies across these asset classes where the market opportunity exists to deliver value to our fund investors and increase shareholder value.

We are listed on the London Stock Exchange (ticker symbol: ICP) and provide investment management and advisory services in support of our strategy and goal through a number of regulated subsidiaries, further details of which are available at: www.icgam.com.

Business review

Our specialist asset management business has continued to grow strongly in line with our strategic objectives, delivering:

- Fundraising (inflows): €6.1bn raised in total, largely driven by Europe Fund VII
- Fees: weighted average fee rate[1] of 0.87%, up from 0.86%
- Investment: disciplined deployment remains strong across strategies, up 73% to €3.6bn
- Performance: all funds are on course to meet or exceed their return hurdle rates

Market conditions remain positive for alternative assets

Alternative asset classes continue to be attractive to institutional investors for their enhanced returns and diversification opportunities. The diversified characteristics that have driven the growth in recent years remain unchanged supporting the trend of an increasing absolute size of institutional assets under management.

We remain in a structurally low yield environment thereby impacting the returns of loan related asset classes. Our lending is priced off base rates and income therefore rises as base rates increase.

Strong fundraising demonstrates ability to scale proven fund strategies

Inflows in the first half totalled €6.1bn (H1 2018: €5.7bn). It was a new high for ICG's fundraising. Europe Fund VII, one of our largest funds, contributed €3.9bn to inflows and closed in early November at €4.0bn of third party commitments, a 60% increase on its predecessor fund. The Fund attracted both existing and new clients with 83% of commitments from existing ICG clients. The average fee rate increased from 1.34% to 1.43% of commitments.

Our funds are sized on our assessment of the investment market opportunity. Funds raised in the period demonstrate our ability to scale proven, successful strategies in line with investment opportunities.

We also raised money for our real estate partnership capital strategy; completed the fundraising for our North American Private Debt strategy; and closed two CLOs. We had further success across our scalable liquid open-ended credit strategies raising €0.4bn in the period, and €1.5bn since 1 April 2017.

As 93% of our AUM is in closed end funds, inflows are dependent on when our larger funds come to market resulting in fluctuating inflows year on year. Closed end funds lock in investor commitments and related fee streams for the lifecycle of the fund (typically 6-12 years), providing high quality recurring income for the Group.

Capital deployment in a competitive investment market

We have deployed €3.6bn across our direct investment strategies, an increase of 73% on the prior period. This reflects the success of our fundraising (principally in prior periods), deep on the ground investment resources and a globally strong market backdrop. All funds are investing at, or ahead of, their linear investment pace.

Fund returns benefiting from robust portfolio performance

Liquidity in the market continues to provide a positive environment for realisations. Where appropriate, our portfolio managers capitalise on this liquidity and actively realise assets within their portfolios. This facilitates our ability to lock in performance and return capital to our fund investors, providing the foundations for future fundraising success.

All our portfolios are performing well. Despite some macro-economic uncertainty leading to stock market volatility, portfolio performance and credit fundamentals are healthy. We expect the performance of our portfolios and level of realisations to be similarly strong in the second half of the financial year.

Interim dividend increased and ongoing capital management

The Board recommends an interim dividend of 10.0p, an increase of 11.1% on the prior year interim dividend and in line with the Company's stated policy that the interim dividend will equate to a third of the prior year total dividend. The dividend will be paid on 10 January 2019 to shareholders on the register on 7 December 2018. We will continue to make the dividend reinvestment plan available.

We continue to manage our sources of balance sheet financing to ensure we have access to sufficient cash and diversified debt facilities. The weighted average life of drawn debt at 30 September 2018 was 3.3 years.

Outlook positive

We believe that alternative asset classes will continue to prove attractive to investors. ICG is a global business, with a long established presence in Continental Europe and the United Kingdom, a newer North American business and a smaller, long established Asian business. The Group has shown its ability to grow its fund management business in every six month period over the last five years. Our existing fundraising secures the continuance of that growth in the near term while future fundraising will extend our visibility of growth well into the next five years.

We remain focused on steadily building out our existing fund strategies, while at the same time continuing to innovate to increase diversification by asset class and geography. We will continue to use our balance sheet capital solely to enable and accelerate the growth of our specialist asset management strategies.

Earlier this year we increased our fundraising target to an average of €6.0bn per annum over a rolling three year period. In the first half of the year we raised €6.1bn and have a healthy fundraising pipeline. The focus in the second half is on building our smaller and newer asset classes that will provide the basis for longer term growth.

We have completed the structural steps necessary to rearrange our affairs for Brexit but remain conscious that there could be operational issues to address in the period after any agreement between the EU and the UK prior to 29 March 2019. We, and the vast majority of our investments, are not dependent on trade between the United Kingdom and the remaining EU members and so notwithstanding a period of political and macro-economic uncertainty, we view the future with confidence. The locked in fees generated by our closed end funds continue to underpin future growth.

[1] These are non IFRS GAAP alternative performance measures. Please see the glossary on page 41 for further information.

Finance and operating review

The financial information prepared for, and reviewed by, management and the Board is on a non IFRS basis. These alternative performance measures as defined in the glossary on page 41 . The IFRS financial statements are on pages 13 to 38. The Board believes that presenting the financial information in this review on a non IFRS GAAP basis assists shareholders in assessing the delivery of the Group's strategy through its financial performance, consistent with the approach taken by management and the Board.

The Group's profit after tax on an IFRS basis was above the prior year at £125.0m (H1 2018: £93.3m). On an internally reported basis it was also above the prior year at £170.0m (H1 2018: £79.5m). The reconciliation is below:

Income Statement	Internally reported £m	Consolidated structured entities £m	IFRS as reported £m	Internally reported £m	Consolidated structured entities £m	IFRS as reported £m
	6 months to 30 September 2018			6 months to 30 September 2017		
Revenue						
Fee and other operating revenue	**105.4**	**(3.4)**	**102.0**	77.8	(5.1)	72.7
Finance and dividend income	**16.9**	**(16.8)**	**0.1**	12.3	80.0	92.3
Net investment returns / gains on investments	**185.7**	**(29.3)**	**156.4**	116.0	4.1	120.1
Total revenue	**308.0**	**(49.5)**	**258.5**	**206.1**	**79.0**	**285.1**
Finance costs	**(16.9)**	**2.5**	**(14.4)**	(28.6)	(51.9)	(80.5)
Impairments	**-**	**-**	**-**	-	(10.0)	(10.0)
Administrative expenses	**(111.6)**	**(8.7)**	**(120.3)**	(96.8)	(2.5)	(99.3)
Other	**-**	**0.2**	**0.2**	-	0.2	0.2
Profit before tax	**179.5**	**(55.5)**	**124.0**	**80.7**	**14.8**	**95.5**
Tax	**(9.5)**	**10.5**	**1.0**	(1.2)	(1.0)	(2.2)
Profit after tax	**170.0**	**(45.0)**	**125.0**	**79.5**	**13.8**	**93.3**

IFRS deems the Group to control funds where it can make significant decisions that can substantially affect the variable returns of investors. There are 14 credit funds and CLOs required to be consolidated under this definition of control. This has the impact of including the assets and liabilities of these funds in the consolidated statement of financial position and recognises the related interest income and gains or losses on investments in the consolidated income statement. See pages 23 to 29 for more detail.

The key area of difference between internal and IFRS numbers, is in the valuation of the CLO loan notes within the Investment Company. The assumptions used to value the CLO loan notes within the internally reported financial information have historically been and continue to be on the prudent end of an acceptable valuation range.

The adoption of IFRS 9 has prompted the Group to reconsider the valuation methodology of the CLO loan notes. This revised methodology aligns the IFRS basis more closely with the internally reported financial information. This resulted in a £45.0m reduction in the IFRS reported profit in the period.

There has been no change in approach to the internally reported numbers.

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' with effect from 1 April 2018. The impact of adopting these accounting standards is detailed in note 1 to the financial statements. As previously announced, we have aligned the presentation of our Investment Company income with that of our third party clients and are now reporting income at a Net Investment Returns level.

Non GAAP measures are denoted by [1] throughout this review. The definition, and where appropriate, reconciliation to a GAAP measure, is included in the glossary on page 41.

Overview

The Group's internally reported profit before tax[1] for the period was 122% higher at £179.5m (H1 2018: £80.7m), with Fund Management Company (FMC) profit of £64.4m (H1 2018: £44.3m) and Investment Company (IC) profit of £115.1m (H1 2018: £36.4m). Our principal profit metric is FMC profit which has benefited from the increase in assets under management, increased fee income and a slower increase in operating costs. IC profits benefit from higher net investment returns, driven by the revaluation of a legacy asset in line with its listed share price, and include the impact of the fair value credit on hedging derivatives of £9.8m (H1 2018: £0.3m charge).

Income Statement - as internally reported	**6 months to 30 September 2018 £m**	6 months to 30 September 2017 £m	Change %
Fund Management Company	**64.4**	44.3	45%
Investment Company	**115.1**	36.4	216%
Profit before tax	**179.5**	80.7	122%
Tax	**(9.5)**	(1.2)	NA
Profit after tax	**170.0**	79.5	114%

The effective tax rate is lower than the standard corporation tax rate of 19%, as detailed on page 37. This is due to a significant proportion of the Investment Company's assets being invested directly into funds based outside the United Kingdom. Investment returns from these funds are paid to the Group in the form of non-taxable dividend income. This outcome is in line with other UK investment companies. The Investment Company's taxable costs offset the taxable profits of our UK Fund Management business, reducing the overall Group charge.

Based on the internally reported profit above, the Group generated an ROE[1] of 26.0% (H1 2018: 14.0%) and adjusted earnings per share[1] for the period of 59.8p (H1 2018: 28.2p).

Net current assets[1] of £332.4m are up from £228.1m at 31 March 2018, with financial liabilities maturing within one year reducing by £78.9m.

Fund Management Company

Assets under management

A key measure of the success of our strategy to generate value from our fund management business is our ability to grow assets under management[1]. AUM is our best lead indicator to sustainable future fee streams and therefore increasing sustainable profits.

In the six month period to 30 September 2018, the net impact of fundraising and realisations saw third party AUM increase 18% to €31.2bn. AUM by strategic asset class is detailed below, where all figures are quoted in €m.

Third party AUM by strategic asset class	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party AUM €m
At 1 April 2018	13,873	7,683	3,509	1,469	26,534
Additions	4,350	1,160	626	-	6,136
Realisations	(1,133)	(153)	(432)	-	(1,718)
FX and other	110	145	(72)	93	276
At 30 September 2018	**17,200**	**8,835**	**3,631**	**1,562**	**31,228**
Change %	24%	15%	3%	6%	18%

Corporate Investments

Corporate Investments third party funds under management have increased 24% to €17.2bn in the period as new AUM of €4.3bn more than outstripped the realisations from our older funds.

Capital Market Investments
Capital Markets third party funds under management have increased 15% to €8.8bn, with new third party AUM of €1.2bn raised in the period. During the period we raised two CLOs, one each in Europe and the US, raising a total €747m, including €22m on our balance sheet to meet regulatory requirements. The remaining €435m was raised across our liquid credit funds, maintaining the momentum generated during the prior year.

Real Asset Investments
Real Assets third party funds under management have increased 3% to €3.6bn, with new AUM of €626m (£554m) raised in the period, primarily for ICG Longbow Fund V, our UK real estate partnership capital strategy. Fundraising for this strategy is ongoing with further closes expected in the second half of the financial year.

Secondary Investments
Secondaries third party funds under management have increased 6% to €1.6bn due to the positive impact of FX.

Fee earning AUM

The investment rate for our Senior Debt Partners strategy, our Real Estate funds and our North American Private Debt Fund has a direct impact on FMC income as fees are charged on an invested capital basis. The total amount of third party capital deployed on behalf of the direct investment funds was €3.3bn in the period compared to €1.9bn in the first half of the last financial year. The direct investment funds are invested as follows:

Strategic asset class	Fund	% invested at 30 September 2018	% invested at 31 March 2018	Assets in fund at 30 September 2018	Deals completed in period
Corporate Investments	ICG Europe Fund VII	28%	-	3	3
Corporate Investments	North American Private Debt Fund I	98%	85%	21	3
Corporate Investments	Senior Debt Partners III	25%	16%	11	7
Corporate Investments	Asia Pacific Fund III	91%	77%	7	1
Real Asset Investments	ICG Longbow Real Estate Fund V	34%	-	6	6
Secondary Investments	Strategic Secondaries II	75%	54%	10	3

Fee earning AUM has increased 24% to €26.0bn since 1 April 2018 primarily due to the immediate impact of Europe Fund VII which charges fees on committed capital. New investments made in our direct investment funds are partially offset by realisations as detailed below:

Third party fee earning AUM	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party Fee Earning AUM €m
At 1 April 2018	9,227	7,682	2,766	1,297	20,972
Additions	5,136	1,225	390	-	6,751
Realisations	(1,601)	(258)	(189)	-	(2,048)
FX and other	87	186	(30)	108	351
At 30 September 2018	**12,849**	**8,835**	**2,937**	**1,405**	**26,026**
Change %	39%	15%	6%	8%	24%

Fee income
Third party fee income[1] of £105.4m was 35% higher than the prior year due to the successful fundraising of Europe Fund VII which charges fees on committed capital; and investments made by other funds that charge fees on invested capital. Details of movements are shown below:

Fee income	6 months to 30 September 2018 £m	6 months to 30 September 2017 £m	Change %
Corporate Investments	**65.4**	45.9	42%
Capital Market Investments	**19.7**	14.6	35%
Real Asset Investments	**11.1**	7.7	44%
Secondary Investments	**9.2**	9.6	(4%)
Total third party funds	**105.4**	77.8	35%
IC management fee	**10.0**	8.3	20%
Total	**115.4**	86.1	34%

Third party fees include £10.6m of net performance fees (H1 2018: £6.3m), primarily related to Corporate Investments. Performance fees are an integral recurring part of the fee income profile and profitability stream of the Group.

Third party fees are 83% denominated in Euros or US Dollars. The Group's policy is to hedge non Sterling fee income to the extent that it is not matched by costs and is predictable. Total fee income included a £2.1m FX benefit in the period.

The weighted average fee rate[1], excluding performance fees, across our fee earning AUM is 0.87% (2018: 0.86%).

Weighted average fee rates	30 September 2018 £m	31 March 2018 £m
Corporate Investments	**1.06%**	1.00%
Capital Market Investments	**0.53%**	0.55%
Real Asset Investments	**0.88%**	0.89%
Secondary Investments	**1.33%**	1.40%
Total third party funds	**0.87%**	0.86%

Other income

In addition to fees, the FMC recorded dividend receipts[1] of £16.9m (H1 2018: £12.3m) from the increased number and improved performance of our CLOs.

Operating expenses

Operating expenses of the FMC were £67.9m (H1 2018: £54.1m), including salaries and incentive scheme costs. Salaries were £23.6m (H1 2018: £20.7m) as average headcount increased 9% from 249 to 272 as we continue to invest in our investment, distribution and infrastructure teams commensurate with the demand for our asset classes. Other administrative costs have increased to £22.0m (H1 2018: £15.6m) primarily due to £3.6m of one off legal costs incurred to extend the life and related fee streams of older European CLOs.

The FMC operating margin[1] was 48.7% up from 45.0% in the prior year, as a result of average fee earning AUM increasing 27% to €24.5bn for the six months ending 30 September 2018 thereby increasing the operating leverage of our existing strategies.

Investment Company

Balance sheet investments

The balance sheet investment portfolio[1] increased 11% in the period to £2,110m at 30 September 2018, as detailed below.

	£m
At 1 April 2018	1,898.5
New investments	401.3
Realisations	(409.1)
Net investment returns	168.1
Cash interest received	(8.8)
FX and other	60.4
At 30 September 2018	**2,110.4**

Realisations comprise the return of £283.2m of principal and the crystallisation of £125.9m of net investment returns.

In the period £239.8m was invested in new and follow on investments made by our corporate funds; £78.2m was invested in our capital market funds; £48.1m in our real estate funds and £35.2m in our Strategic Secondaries funds.

The Sterling value of the portfolio increased by £57.6m due to FX movements. The portfolio is 40% Euro denominated, 31% US dollar denominated and 19% Sterling denominated.

The balance sheet investment portfolio is weighted towards the higher returning asset classes as detailed below:

	Return profile	**As at 30 September 2018 £m**	**% of total**	As at 31 March 2018 £m	% of total
Corporate Investments	15-20%	**1,355**	**64%**	1,257	66%
Capital Market Investments	5-10%	**421**	**20%**	370	19%
Real Asset Investments	c10%	**146**	**7%**	111	6%
Secondary Investments	15-20%	**188**	**9%**	161	9%
Total balance sheet portfolio		**2,110**	**100%**	1,899	100%

In addition, £231.5m (31 March 2018: £107.2m) of current assets are held on the balance sheet prior to being transferred to third party investors or funds. The flexibility of our balance sheet enables our investment teams to continue to source attractive deals whilst a fund is being raised and to hold deals in excess of capacity prior to syndication to third party investors. At 30 September 2018, 55% of these assets were in respect of our new real estate investment strategies where we are using the balance sheet to demonstrate proof of concept and in respect of our European Fund where a proportion of large transactions are being held for syndication to third party investors.

Net investment returns

Net investment returns[1] of £185.7m (H1 2018: £116.0m) represents the total return generated from the balance sheet portfolio in the period.

At 17.1% (H1 2018: 12.3%) of the average balance sheet portfolio, net investment returns were higher in the period reflecting the performance of the underlying portfolios in which the balance sheet is invested. Returns have also benefited from one of the last remaining legacy assets which have been revalued in line with its listed share price resulting in a £41.1m increase in value. In the current year, due to a change in accounting rules, the movement in fair value on this asset is recognised through the income statement whereas previously the movement was recognised directly through the available for sale reserve. Excluding this item, net investment returns were 13.3%, comparable with the prior period.

Interest expense

Interest expense[1] of £26.7m was £1.6m lower than the prior period (H1 2018: £28.3m), following the maturity of private placement debt in the second half of the prior year.

Operating expenses

Operating expenses[1] of the IC amounted to £43.7m (H1 2018: £42.7m), of which incentive scheme costs of £35.3m (H1 2018: £31.5m) were the largest component. The £3.8m increase is due to higher bonus accruals reflecting higher net investment returns. Other staff and administrative costs were £8.4m compared to £11.2m in the first half of last year, a £2.8m decrease primarily due to lower business development costs.

Group cash flow and debt

The balance sheet headroom remains healthy, with £390.8m of available cash and debt facilities at 30 September 2018, excluding the consolidated structured entities. The movement in the Group's unutilised cash and debt facilities during the period is detailed as follows:

Headroom bridge	£m
At 1 April 2018	729.7
Net bank facilities matured	(64.6)
Movement in cash	(156.9)
Movement in drawn debt	(156.0)
FX and other	38.6
At 30 September 2018	**390.8**

Total drawn debt at 30 September 2018 was £1,177m compared to £1,021m at 31 March 2018, with available cash of £91m compared to £248m at 31 March 2018.

Capital position

Shareholders' funds increased by £51.1m to £1,368.7m (31 March 2018: £1,317.6m), as the retained profits in the period were offset by the payment of the ordinary dividend. Total debt to shareholders' funds (gearing) as at 30 September 2018 increased to 0.86x from 0.77x at 31 March 2018.

Principal risks and uncertainties

The Directors have reviewed the principal risks and uncertainties affecting the Group for the remainder of the financial period. There have been no material changes in identified risks since our annual report. We continue to focus on external risks, emerging risks and oversight risks. As described in the annual report these pertain to the implementation of MiFID II regulatory requirements, cyber risks and implementation of General Data Protection Regulation, and the impact of the UK's departure from the EU amongst other political developments.

Responsibility Statement

We confirm to the best of our knowledge:

- The condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';

- The interim management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- There has been no material related party transactions that have an effect on the financial position or performance of the Group in the first six months of the current financial year since that reported in the 31 March 2018 Annual Report.

This responsibility statement was approved by the Board of Directors on 14 November 2018 and is signed on its behalf by:

Benoit Durteste	Philip Keller
CEO	CFOO

Consolidated Income Statement

For the six months ended 30 September 2018

	Notes	**Six months ended 30 September 2018 (Unaudited) £m**	Six months ended 30 September 2017 (Unaudited) £m
Fee and other operating income	1,2	**102.0**	72.7
Finance and dividend income	1	**0.1**	92.3
Gains on investments	1	**156.4**	120.1
Total revenue		**258.5**	285.1
Finance costs		**(14.4)**	(80.5)
Impairments		**-**	(10.0)
Administrative expenses		**(120.3)**	(99.3)
Share of results of joint ventures accounted for using equity method		**0.2**	0.2
Profit before tax		**124.0**	95.5
Tax credit/(charge)	7	**1.0**	(2.2)
Profit for the period		**125.0**	93.3
Attributable to:			
Equity holders of the parent		**124.0**	93.3
Non controlling interests		**1.0**	-
		125.0	93.3
Earnings per share	5	**43.6p**	33.1p
Diluted earnings per share	5	**43.6p**	33.1p

The Group has adopted IFRS 15 and IFRS 9 from 1 April 2018. As permitted under the transition rules the prior period comparatives have not been restated. Further information can be found in note 1.

All activities represent continuing operations.

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Notes	**Six months ended 30 September 2018 (Unaudited) £m**	Six months ended 30 September 2017 (Unaudited) £m
Profit for the period		**125.0**	93.3
Items that are or may be reclassified subsequently to profit or loss			
Available for sale financial assets:	1		
- Losses arising in the period		**-**	(2.6)
- Reclassification adjustment for net gain recycled to profit		**-**	(0.7)
		-	(3.3)
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**9.6**	(9.6)
Tax credit on items taken directly to or transferred from equity		**(2.1)**	0.4
Other comprehensive income/(expense) for the period		**7.5**	(9.2)
Total comprehensive income for the period		**132.5**	80.8

Attributable to:		
Equity holders of the parent	**131.5**	80.8
Non controlling interests	**1.0**	-
	132.5	80.8

Consolidated Statement of Financial Position

As at 30 September 2018	Notes	30 September 2018 (Unaudited) £m	31 March 2018 (Audited) £m
Non current assets			
Intangible assets		**16.6**	18.0
Property, plant and equipment		**11.6**	10.5
Investment in joint ventures accounted for under the equity method		**21.1**	1.7
Financial assets at fair value	1,4	**5,584.2**	5,068.5
Financial assets measured at amortised cost	1,4	**-**	171.1
Derivative financial assets		**1.6**	3.2
Deferred tax asset		**1.3**	-
		5,636.4	5,273.0
Current assets			
Trade and other receivables		**264.6**	312.1
Financial assets at fair value	4	**212.2**	107.2
Derivative financial assets	4	**71.1**	80.0
Current tax debtor		**11.8**	13.4
Cash and cash equivalents		**276.5**	520.7
		836.2	1,033.4
Total assets		**6,472.6**	6,306.4
Equity and reserves			
Called up share capital		**77.2**	77.2
Share premium account		**179.5**	179.4
Other reserves		**(1.9)**	6.2
Retained earnings		**1,113.9**	1,054.8
Equity attributable to owners of the Company		**1,368.7**	1,317.6
Non controlling interest		**1.5**	0.5
Total equity		**1,370.2**	1,318.1
Non current liabilities			
Provisions		**0.9**	1.2
Financial liabilities at fair value	4	**3,501.3**	3,309.1
Financial liabilities at amortised cost	4	**1,073.7**	840.5
Derivative financial liabilities		**66.4**	76.8
Deferred tax liabilities		**2.3**	8.9
		4,644.6	4,236.5
Current liabilities			
Provisions		**0.4**	0.5
Trade and other payables		**346.9**	555.3
Other financial liabilities	4	**104.8**	183.7
Current tax creditor		**-**	10.8
Derivative financial liabilities	4	**5.7**	1.5
		457.8	751.8
Total liabilities		**5,102.4**	4,988.3
Total equity and liabilities		**6,472.6**	6,306.4

Consolidated Statement of Cash Flows

For the six months ended 30 September 2018	**Six months ended 30 September 2018 (Unaudited) £m**	Six months ended 30 September 2017 (Unaudited) £m
Operating activities		
Interest received	**105.9**	92.6
Fees received	**79.8**	62.9
Dividends received	**1.6**	94.4
Payments to suppliers and employees	**(106.4)**	(103.8)
Proceeds from sale of current financial assets	**147.4**	109.6
Purchase of current financial assets	**(258.1)**	(314.5)
Purchase of loans and investments	**(1,445.6)**	(1,634.9)
Proceeds from sale of loans and investments	**1,333.3**	1,481.9
Recoveries on previously impaired assets	**-**	2.3
Net cash inflow/(outflow) from derivative contracts	**17.4**	(26.4)
Cash used in operating activities before taxes paid	**(124.7)**	(235.9)
Taxes paid	**(15.4)**	(3.6)
Net cash used in operating activities	**(140.1)**	(239.5)
Investing activities		
Purchase of property, plant and equipment	**(2.5)**	(1.9)
Net cash used in investing activities	**(2.5)**	(1.9)
Financing activities		
Dividends paid	**(59.9)**	(55.2)
Interest paid	**(88.8)**	(69.6)
Increase in long term borrowings	**1,091.9**	43.6
Repayment of long term borrowings	**(970.9)**	(43.9)
Purchase of own shares	**(34.1)**	(21.0)
Net cash used in financing activities	**(61.8)**	(146.1)
Net decrease in cash	**(204.4)**	(387.5)
Cash and cash equivalents at beginning of period	**520.7**	780.9
Effect of foreign exchange rate changes	**(39.8)**	(0.9)
Net cash and cash equivalents at end of period	**276.5**	392.5
Presented on the statement of financial position as:		
Cash and cash equivalents	**276.5**	392.5

The Group's cash and cash equivalents includes £185.7m (31 March 2018: £273.1m) of restricted cash held principally by structured entities controlled by the Group.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

(Unaudited)	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Available for sale reserve £m	Own shares £m	Foreign currency translation reserve £m	Retained earnings £m	Total £m	Non controlling interest £m	Total equity £m
Balance at 1 April 2018	**77.2**	**179.4**	**5.0**	**61.9**	**5.7**	**(77.6)**	**11.2**	**1,054.8**	**1,317.6**	**0.5**	**1,318.1**
Adjustment on initial application of IFRS 9 (note 1)	-	-	-	-	**(5.7)**	-	-	**5.7**	-	-	-
Profit for the period	-	-	-	-	-	-	-	**124.0**	**124.0**	**1.0**	**125.0**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	**9.6**	-	**9.6**	-	**9.6**
Tax on items taken directly to or transferred from equity	-	-	-	**(2.1)**	-	-	-	-	**(2.1)**	-	**(2.1)**
Total comprehensive income for the period	-	-	-	**(2.1)**	**(5.7)**	-	**9.6**	**129.7**	**131.5**	**1.0**	**132.5**
Own shares acquired in the period	-	-	-	-	-	**(34.1)**	-	-	**(34.1)**	-	**(34.1)**
Options/awards exercised	-	**0.1**	-	**(23.2)**	-	**33.9**	-	**(10.7)**	**0.1**	-	**0.1**
Credit for equity settled share schemes	-	-	-	**13.5**	-	-	-	-	**13.5**	-	**13.5**
Dividends paid	-	-	-	-	-	-	-	**(59.9)**	**(59.9)**	-	**(59.9)**
Balance at 30 September 2018	**77.2**	**179.5**	**5.0**	**50.1**	-	**(77.8)**	**20.8**	**1,113.9**	**1,368.7**	**1.5**	**1,370.2**

For the six months ended 30 September 2017

(Unaudited)	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non controlling interest £m	Total equity £m
Balance at 1 April 2017	77.1	179.0	5.0	53.8	12.7	(82.2)	927.2	1,172.6	0.7	1,173.3
Profit for the period	-	-	-	-	-	-	93.3	93.3	-	93.3
Available for sale financial assets	-	-	-	-	(3.3)	-	-	(3.3)	-	(3.3)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9.6)	(9.6)	-	(9.6)
Tax on items taken directly to or transferred from equity	-	-	-	-	0.4	-	-	0.4	-	0.4
Total comprehensive income for the period	-	-	-	-	(2.9)	-	83.7	80.8	-	80.8
Own shares acquired in the period	-	-	-	-	-	(21.0)	-	(21.0)	-	(21.0)
Options/awards exercised	-	-	-	(18.9)	-	30.8	(11.9)	-	-	-
Credit for equity settled share schemes	-	-	-	11.1	-	-	-	11.1	-	11.1
Dividends paid	-	-	-		-	-	(55.2)	(55.2)	-	(55.2)
Balance at 30 September 2017	77.1	179.0	5.0	46.0	9.8	(72.4)	943.8	1,188.3	0.7	1,189.0

Notes to the Half Year Report

For the six months ended 30 September 2018

1. Basis of preparation

(i) Basis of preparation

The condensed set of financial statements included in this half year financial report have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union, and except as detailed below, on the basis of the accounting policies and methods of computation set out in the consolidated financial statements of the Group for the year ended 31 March 2018.

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

The comparative figures are not the Group's statutory accounts for the financial year, as defined in section 434 of the Companies Act 2006. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31 March 2018 which were prepared under International Financial Reporting Standards as adopted by the EU are available on the Group's website, www.icgam.com.

ii) Going concern

The Directors have prepared the condensed financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors made this assessment in light of £390.8m of cash and unutilised debt facilities, no significant bank facilities maturing within the next 18 months, and after reviewing the Group's latest forecasts for a period of 18 months from the period end.

(iii) Related party transactions

There have been no material changes to the nature or size of related party transactions since 31 March 2018.

(iv) Changes in significant accounting policies

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' with effect from 1 April 2018. As permitted under the transition rules, comparative figures for the period to 30 September 2017 and for the year ended 31 March 2018 have not been restated. The impact of adopting these new accounting standards on the Group's significant accounting policies is outlined below.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The new standard establishes a five-step model to identify and account for revenue streams arising from contracts with customers. The Group has a number of revenue streams depending on their contractual type, contractual cash flows, performance obligations and timing.

As detailed above, the Group has applied this standard from the date of initial application, 1 April 2018, and has not restated comparative information. There has been no impact on the Group's revenue recognition policy, retained earnings or half year consolidated financial statements from adopting these standards.

For the six months ended 30 September 2018

1. Basis of preparation continued

(iv) Changes in significant accounting policies continued

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instrument: Recognition and Measurement'. The new standard has eliminated the categories for financial assets held to maturity, loans and receivables and available for sale (AFS).

The classification and measurement requirements of IFRS 9 have been adopted prospectively as of the date of initial application, 1 April 2018. As detailed below there are no differences in the carrying amounts of financial assets and financial liabilities resulting from adoption.

As at 31 March 2018 the Group held £60.7m of AFS financial assets measured at fair value on the balance sheet. Under IAS 39 these were measured at fair value on initial recognition and at each balance sheet date, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income and the AFS reserve. At 31 March 2018 the aggregate net gains in the reserve were £5.7m. On adoption of IFRS 9 these assets were re-designated as fair value through the profit or loss, with the balance of the AFS reserve transferred to retained earnings, and subsequently all changes in fair value will be recognised through gains on investments in the Consolidated Income Statement as incurred.

Financial assets at FVTPL within structured entities controlled by the Group are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest received on the financial instruments recognised through gains on investments in the Consolidated Income Statement. This is a change from IAS 39 where interest received on the financial instruments was recognised separately within finance income.

The table below shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 April 2018. Cash, trade receivables and trade payables are excluded as they continue to be measured at amortised cost.

Financial assets in scope of IFRS 9

1 April 2018	IAS 39 classification	IAS 39 measurement £m	IFRS 9 classification	IFRS 9 measurement £m
Direct investment in portfolio companies	FVTPL	121.5	FVTPL	121.5
	Amortised cost (note 1(v))	171.1	FVTPL	171.1
	AFS – FVOCI	47.3	FVTPL	47.3
Investment in funds	FVTPL	1,203.9	FVTPL	1,203.9
	AFS – FVOCI	10.4	FVTPL	10.4
Investment in CLO loan notes	FVTPL	76.2	FVTPL	76.2
	AFS – FVOCI	3.0	FVTPL	3.0
Investment in loans held in credit funds	FVTPL	3,606.2	FVTPL	3,606.2
Non current financial assets in scope of IFRS 9		5.239.6		5.239.6
Investment in equity accounted joint venture (IFRS 11)	N/a	1.7	N/a	1.7
Total non current financial assets		**5,241.3**		**5,241.3**
Current financial assets	FVTPL	91.4	FVTPL	91.4
	Amortised cost (note 1(v))	15.8	FVTPL	15.8
Total current financial assets		**107.2**		**107.2**
Non current derivative financial assets	FVTPL	3.2	FVTPL	3.2
Current derivative financial assets	FVTPL	80.0	FVTPL	80.0
Total derivative financial assets		**83.2**		**83.2**

Notes to the Half Year Report continued

For the six months ended 30 September 2018

1. Basis of preparation continued

(iv) Changes in significant accounting policies continued

Financial liabilities in scope of IFRS 9

1 April 2018	IAS 39 classification	IAS 39 measurement £m	IFRS 9 classification	IFRS 9 measurement £m
Financial liabilities within structured entities controlled by the Group	FVTPL	3,309.1	FVTPL	3,309.1
Financial liabilities excluding structured entities controlled by the Group	Amortised cost	840.5	Amortised cost	840.5
Derivative financial liabilities	FVTPL	78.3	FVTPL	78.3

Financial liabilities

Financial liabilities which include borrowings, with the exception of financial liabilities designated as FVTPL, are measured at amortised cost using the effective interest rate method, with interest expense recognised within finance costs. This is unchanged under IFRS 9.

Financial liabilities at FVTPL within structured entities controlled by the Group are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest paid on the financial instruments recognised through gains on investments in the Consolidated Income Statement. This is a change from IAS 39 where interest paid on the financial instruments was recognised separately within finance costs.

Financial statement	Presentation 31 March 2018	Presentation 1 April 2018
Consolidated Statement of Financial Position	Financial liabilities at FVTPL	Financial liabilities at FVTPL
Consolidated Statement of Comprehensive Income	Finance costs	Gains on investments

Impairment

The Group has not classified any assets at amortised cost or at FVOCI and as such all financial assets are held at FVTPL with any gains and losses recognised through gains on investments in the Consolidated Income Statement. Given this classification, the Group has not recognised any impairment during the period and is not expected to recognise impairments on financial assets in the future.

(v) Changes in accounting estimate

Direct investment in portfolio companies

International Financial Reporting Standards require the Fair Value of an asset to be measured consistently with the level of aggregation (Unit of Account) in line with IFRS 13 'Fair value measurement'. While the Group invests in portfolio companies through a number of financial instruments in the capital structure, such as debt, shares and warrants, the Group previously designated the unit of account for valuation purposes at the individual financial instrument level. However, on adoption of IFRS 9, the Group has reviewed their assessment of unit of account and view the entire investments in a portfolio company to reflect the unit of account for valuation purposes, as this is the level at which investment decisions are made and portfolio monitoring undertaken.

The change in unit of account is viewed by the Group as a change in accounting estimate and is to be applied prospectively. The change in estimate has no impact on profit before tax or net assets; its impact is presentational only.

For the six months ended 30 September 2018

1. Basis of preparation continued

(v) Changes in accounting estimate (continued)

Direct investment in portfolio companies continued

Loans and receivables to portfolio companies are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables to portfolio companies were previously held at amortised cost, less any impairment. As the new accounting standard eliminates the category of loans and receivables the Group reviewed its policy effective 1 April 2018. When the Group invests in the capital structure of a portfolio company the Group recognises these assets at FVTPL including direct and incremental transaction costs and subsequently at fair value. Any accrued interest, premium or discount on disposal of a loan or receivable to a third party is recognised through gains on investments in the Consolidated Income Statement.

At 1 April 2018, £171.1m of non current loans and receivables previously held at amortised cost and £15.8m of current loans and receivables previously held at amortised cost have been reclassified to FVTPL.

The presentation has not been reflected in the comparative numbers, but to aid the reader the key changes are highlighted below:

Financial statement	Presentation 31 March 2018	Presentation 1 April 2018
Consolidated Statement of Financial Position	Loans and receivables measured at amortised cost	FVTPL
Consolidated Statement of Comprehensive Income	Finance and dividend income	Gains on investments
	Impairments	Gains on investments

The amount of the effect of the change in future periods due to developments or changes in circumstances of the portfolio entity will be reflected in the assumptions when they occur and cannot be predicted at the reporting date.

Valuation of CLO loan notes

During the year, the Group has reassessed the methodology for measuring the fair value of CLO loan notes held by the Group in the consolidated credit funds, which has resulted in a change in estimate in the current year. The change in the valuation methodology is to reflect a change in the rights of the instrument, which a market participant would use to determine fair value. The impact of the change in estimate has resulted in a £45.0m reduction in net profit after tax and net assets in the current period. Estimating the amount of the effect of the change in valuation methodology on future periods is impractical as the future valuation is driven by cash flow assumptions that are sensitive to changes in the external environment. Further disclosure on valuation techniques and assumptions in relation to the CLO loan notes is disclosed in note 4.

Notes to the Half Year Report continued

For the six months ended 30 September 2018

1. Basis of preparation continued

The following table summarises the impact of the adoption of IFRS 9 and the change in accounting estimate for direct investment in portfolio companies. This is presented in order to aid the reader in comparing the consolidated statement of comprehensive income as presented in the period to 30 September 2017 to that presented during the current period, applying the newly adopted accounting estimates and standards.

Consolidated Income Statement
For the six months ended 30 September (unaudited)

	As reported 2017 £m	Reclassification on adoption of IFRS 9 £m	Revised presentation for illustration 2017 £m	**As reported 2018 £m**
Fee and other operating income	72.7	(1.2)	71.5	**102.0**
Finance and dividend income	92.3	(92.3)	-	**0.1**
Gains on investments	120.1	32.2	152.3	**156.4**
Total revenue	285.1	(61.3)	223.8	**258.5**
Finance costs	(80.5)	51.3	(29.2)	**(14.4)**
Impairments	(10.0)	10.0	-	**-**
Administrative expenses	(99.3)	-	(99.3)	**(120.3)**
Share of results of joint ventures accounted for using equity method	0.2	-	0.2	**0.2**
Profit before tax	95.5	-	95.5	**124.0**
Tax (charge)/credit	(2.2)		(2.2)	**1.0**
Profit for the period	93.3	-	93.3	**125.0**
Attributable to:				
Equity holders of the parent	93.3	-	93.3	**124.0**
Non controlling interests	-		-	**1.0**
	93.3	-	93.3	**125.0**

For the six months ended 30 September 2018

2. Revenue

Revenue and its related cashflows, within the scope of IFRS 15, are all derived from the Group's fund management company activities. The significant components of the Group's fund management revenues are as follows:

Type of contract/service	**Six months ended 30 September 2018 (Unaudited) £m**	Six months ended 30 September 2017 (Unaudited) £m
Management fees	84.3	61.9
Performance fees	10.6	6.3
Other income	7.1	4.5
Fee and other operating income	**102.0**	72.7

Management Fees

Management fees are charged on third party money managed by ICG on either a committed or invested basis dependent on the fund. Fund management fees are recognised in the income statement when the related services have been performed. Management fees are recorded monthly in arrears at which point the performance obligation has passed and revenue cannot be reversed.

Performance fees

The Group receives performance fees from the third party funds it manages once those funds exceed a performance target. Performance fees are recognised only where it is highly probable that performance conditions will be met and the amounts will be paid in cash. This assessment is made with reference to the net asset values of the funds, the expected date the performance hurdle will be met and the potential for clawback. The judgement applied is that these factors will not adversely change following the balance sheet date, permitting the recognition of revenue.

There are no other individually significant components of revenue.

3. Business segments

For management purposes, the Group is currently organised into the Fund Management Company (FMC) and the Investment Company (IC). Segment information about these businesses is presented below and is reviewed by the Executive Directors.

The Group reports the profit of the FMC separately from the profits generated by the IC. The FMC is defined as the operating unit and as such incurs the majority of the Group's costs, including the cost of the investment network, i.e. the Investment Executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing.

The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as fee income. The costs of finance, treasury and portfolio administration teams, and the costs related to being a listed entity, are allocated to the IC. The remuneration of the Executive Directors is allocated equally to the FMC and the IC.

For the six months ended 30 September 2018

3. Business segments continued

Six months ended 30 September 2018 (Unaudited)	**Corporate Investments £m**	**Capital Market Investments £m**	**Real Asset Investments £m**	**Secondary Investments £m**	**Total FMC £m**	**IC £m**	**Total internally reported £m**
External fee income	**65.4**	**19.7**	**11.1**	**9.2**	**105.4**	**-**	**105.4**
Inter-segmental fee	**6.4**	**1.8**	**0.9**	**0.9**	**10.0**	**(10.0)**	**-**
Fund management fee income	**71.8**	**21.5**	**12.0**	**10.1**	**115.4**	**(10.0)**	**105.4**
Net investment returns					**-**	**185.7**	**185.7**
Dividend income					**16.9**	**-**	**16.9**
Total revenue					**132.3**	**175.7**	**308.0**
Interest expense					**-**	**(26.7)**	**(26.7)**
Net fair value gain on derivatives					**-**	**9.8**	**9.8**
Staff costs					**(23.6)**	**(4.0)**	**(27.6)**
Incentive scheme costs					**(22.3)**	**(35.3)**	**(57.6)**
Other administrative expenses					**(22.0)**	**(4.4)**	**(26.4)**
Profit before tax					**64.4**	**115.1**	**179.5**

Six months ended 30 September 2017 (Unaudited)	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total internally reported £m
External fee income	45.9	14.6	7.7	9.6	77.8	-	77.8
Inter-segmental fee	5.5	1.4	0.7	0.7	8.3	(8.3)	-
Fund management fee income	51.4	16.0	8.4	10.3	86.1	(8.3)	77.8
Net investment returns					-	116.0	116.0
Dividend income					12.3	-	12.3
Total revenue					98.4	107.7	206.1
Interest expense					-	(28.3)	(28.3)
Net fair value loss on derivatives					-	(0.3)	(0.3)
Staff costs					(20.7)	(5.9)	(26.6)
Incentive scheme costs					(17.8)	(31.5)	(49.3)
Other administrative expenses					(15.6)	(5.3)	(20.9)
Profit before tax					44.3	36.4	80.7

3. Business segments continued

Reconciliation of financial statements reported to the Executive Directors to the position reported under IFRS

Included in the table below are statutory adjustments made to the Investment Company for the following:

– In the current year, all income generated from Investment Company investments is presented as net investment returns for internal reporting purposes whereas under IFRS it is presented within gains on investments and other operating income. The prior period is presented on the same basis to aid comparability. The prior period as originally presented can be found on page 40.

– The structured entities controlled by the Group are presented as fair value investments for internal reporting purposes, whereas the statutory financial statements present these entities on a fully consolidated basis. Also included within this adjustment is Questus Energy Pty Limited where the costs are included on a line by line basis in the income statement for internal reporting purposes whereas in the IFRS financial statements these are collapsed into a single line, administrative expenses, to reflect its status as a non-controlled entity.

Consolidated Income Statement

Six months ended 30 September 2018 (Unaudited)	Internally reported £m	Consolidated structured entities £m	Financial statements £m
- Fund management fee income	105.4	(10.5)	94.9
- Other operating income	-	7.1	7.1
Fee and other operating income	**105.4**	**(3.4)**	**102.0**
- Interest income	-	0.1	0.1
- Dividend income	16.9	(16.9)	-
Finance and dividend income	**16.9**	**(16.8)**	**0.1**
Net investment returns/Gains on investments	**185.7**	**(29.3)**	**156.4**
Total revenue	**308.0**	**(49.5)**	**258.5**
- Interest expense	(26.7)	-	(26.7)
- Net fair value gain on derivatives	9.8	2.5	12.3
Finance costs	**(16.9)**	**2.5**	**(14.4)**
- Staff costs	(27.6)	0.5	(27.1)
- Incentive scheme costs	(57.6)	-	(57.6)
- Other administrative expenses	(26.4)	(9.2)	(35.6)
Administrative expenses	**(111.6)**	**(8.7)**	**(120.3)**
Share of results of joint ventures accounted for using equity method	**-**	**0.2**	**0.2**
Profit before tax	**179.5**	**(55.5)**	**124.0**
Tax (charge)/credit	(9.5)	10.5	1.0
Profit for the period	**170.0**	**(45.0)**	**125.0**

For the six months ended 30 September 2018

3. Business segments continued

Consolidated Income Statement continued

Six months ended 30 September 2017 (Unaudited)	Internally reported £m	Consolidated structured entities £m	Financial statements £m
- Fund management fee income	77.8	(9.6)	68.2
- Other operating income	-	4.5	4.5
Fee and other operating income	**77.8**	**(5.1)**	**72.7**
- Interest income	-	91.1	91.1
- Dividend income	12.3	(11.1)	1.2
Finance and Dividend income	**12.3**	**80.0**	**92.3**
Net investment returns/Gains on investments	**116.0**	**4.1**	**120.1**
Total revenue	**206.1**	**79.0**	**285.1**
- Interest expense	(28.3)	(51.3)	(79.6)
- Net fair value loss on derivatives	(0.3)	(0.6)	(0.9)
Finance costs	**(28.6)**	**(51.9)**	**(80.5)**
Impairments	**-**	**(10.0)**	**(10.0)**
- Staff costs	(26.6)	1.1	(25.5)
- Incentive scheme costs	(49.3)	-	(49.3)
- Other administrative expenses	(20.9)	(3.6)	(24.5)
Administrative expenses	**(96.8)**	**(2.5)**	**(99.3)**
Share of results of joint ventures accounted for using equity method	**-**	**0.2**	**0.2**
Profit before tax	**80.7**	**14.8**	**95.5**
Tax charge	**(1.2)**	**(1.0)**	**(2.2)**
Profit for the period	**79.5**	**13.8**	**93.3**

Notes to the Half Year Report continued

For the six months ended 30 September 2018

3. Business segments continued

Consolidated Statement of Financial Position

30 September 2018 (Unaudited)	Internally reported £m	Consolidated structured entities £m	Financial statements £m
Non current financial assets	**2,110.4**	**3,494.9**	**5,605.3**
Other non current assets	**28.3**	**2.8**	**31.1**
Cash	**91.2**	**185.3**	**276.5**
Current financial assets	**231.5**	**(19.3)**	**212.2**
Other current assets	**270.0**	**77.5**	**347.5**
Total assets	**2,731.4**	**3,741.2**	**6,472.6**
Non current financial liabilities	**1,073.7**	**3,501.3**	**4,575.0**
Other non current liabilities	**71.1**	**(1.5)**	**69.6**
Current financial liabilities	**104.8**	**-**	**104.8**
Other current liabilities	**155.5**	**197.5**	**353.0**
Total liabilities	**1,405.1**	**3,697.3**	**5,102.4**
Equity	**1,326.3**	**43.9**	**1,370.2**
Total equity and liabilities	**2,731.4**	**3,741.2**	**6,472.6**

31 March 2018 (Audited)	Internally reported £m	Consolidated structured entities £m	Financial statements £m
Non current financial assets	1,898.5	3,342.8	5,241.3
Other non current assets	28.8	2.9	31.7
Cash	248.0	272.7	520.7
Current financial assets	107.2	-	107.2
Other current assets	244.7	160.8	405.5
Total assets	2,527.2	3,779.2	6,306.4
Non current financial liabilities	840.5	3,309.1	4,149.6
Other non current liabilities	81.9	5.0	86.9
Current financial liabilities	183.7	-	183.7
Other current liabilities	188.1	380.0	568.1
Total liabilities	1,294.2	3,694.1	4,988.3
Equity	1,233.0	85.1	1,318.1
Total equity and liabilities	2,527.2	3,779.2	6,306.4

Notes to the Half Year Report continued

For the six months ended 30 September 2018

3. Business segments continued

Consolidated Statement of Cash Flows

30 September 2018 (Unaudited)	**Internally reported £m**	**Consolidated structured entities £m**	**Financial Statements £m**
Interest received	18.4	87.5	105.9
Fees received	83.9	(4.1)	79.8
Dividends received	17.9	(16.3)	1.6
Payments to suppliers and employees	(98.9)	(7.5)	(106.4)
Proceeds from sale of current financial assets	147.4	-	147.4
Purchase of current financial assets	(258.1)	-	(258.1)
Purchase of loans and investments	(401.7)	(1,043.9)	(1,445.6)
Proceeds from sale of loans and investments	370.1	963.2	1,333.3
Net cash inflow from derivative contracts	12.1	5.3	17.4
Cash used in operating activities before taxes paid	(108.9)	(15.8)	(124.7)
Taxes paid	(15.4)	-	(15.4)
Net cash used in operating activities	(124.3)	(15.8)	(140.1)
Net cash used in investing activities	(2.5)	-	(2.5)
Dividends paid	(59.9)	-	(59.9)
Interest paid	(25.2)	(63.6)	(88.8)
Increase in long term borrowings	200.0	891.9	1,091.9
Repayment of long term borrowings	(82.5)	(888.4)	(970.9)
Purchase of own shares	(34.1)	-	(34.1)
Net cash used in financing activities	(1.7)	(60.1)	(61.8)
Net decrease in cash	(128.5)	(75.9)	(204.4)
Cash and cash equivalents at beginning of period	248.0	272.7	520.7
FX impact on cash	(28.3)	(11.5)	(39.8)
Cash and cash equivalents at end of period	91.2	185.3	276.5

For the six months ended 30 September 2018

3. Business segments continued

Consolidated Statement of Cash Flows continued

30 September 2017 (Unaudited)	Internally reported £m	Reclass of dividends from realisations £m	Consolidated structured entities £m	Financial Statements £m
Interest received	35.0	(14.8)	72.4	92.6
Fees received	70.2	-	(7.3)	62.9
Dividends received	13.0	93.4	(12.0)	94.4
Payments to suppliers and employees	(102.3)	-	(1.5)	(103.8)
Proceeds from sale of current financial assets	109.6	-	-	109.6
Purchase of current financial assets	(314.5)	-	-	(314.5)
Purchase of loans and investments	(261.9)	-	(1,373.0)	(1,634.9)
Proceeds from sale of loans and investments	225.2	(78.6)	1,335.3	1,481.9
Recoveries on previously impaired assets	2.3	-	-	2.3
Net cash outflow from derivatives contracts	(23.2)	-	(3.2)	(26.4)
Cash (used in)/generated from operating activities before taxes paid	(246.6)	-	10.7	(235.9)
Taxes paid	(3.6)	-	-	(3.6)
Net cash (used in)/generated from operating activities	(250.2)	-	10.7	(239.5)
Net cash used in investing activities	(1.9)	-	-	(1.9)
Dividends paid	(55.2)	-	-	(55.2)
Interest paid	(26.6)	-	(43.0)	(69.6)
Net decrease in long-term borrowings	(0.3)	-	-	(0.3)
Purchase of own shares	(21.0)	-	-	(21.0)
Net cash used in financing activities	(103.1)	-	(43.0)	(146.1)
Net decrease in cash	(355.2)	-	(32.3)	(387.5)
Cash and cash equivalents at beginning of period	490.3	-	290.6	780.9
FX impact on cash	10.0	-	(10.9)	(0.9)
Cash and cash equivalents at end of period	145.1	-	247.4	392.5

For the six months ended 30 September 2018

4. Financial assets and liabilities

Financial assets

Financial assets are classified as financial assets 'at fair value through profit or loss' (FVTPL).

Financial assets at fair value through profit or loss include held for trading derivative financial instruments, debt and equity instruments. A financial asset is classified as at FVTPL if:

– it is a derivative that is not designated and effective as a hedging instrument; or

– the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial asset is managed, evaluated and reported internally on a fair value basis, in accordance with the Group's documented risk management or investment strategy.

Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value recognised through gains in investments in the Consolidated Income Statement. Dividends or interest earned on the financial asset are included in the gains on investments line in the Consolidated Income Statement.

Financial assets – non current	30 September 2018 (Unaudited) £m	31 March 2018 (audited) £m
Loans and receivables held at amortised cost	-	171.1
AFS financial assets held at fair value	-	60.7
Financial assets held at FVTPL	**5,584.2**	5,007.8
Investments in equity accounted joint ventures	**21.1**	1.7
	5,605.3	5,241.3
Other derivative financial instruments held at FVTPL	**1.6**	3.2
	5,606.9	5,244.5

Included within Financial Assets held at FVTPL is £829.6m (31 March 2018: £893.1m) relating to the Group's 20% investment in ICG Europe Fund V Limited, ICG North America Private Debt Fund and ICG Asia Pacific Fund III, and 16.67% investment in ICG Europe Fund VI Limited, which are accounted for as associates designated as FVTPL.

Included within financial assets held as FVTPL is £3,756.4m (31 March 2018: £3,606.2m) relating to the structured entities controlled by the Group.

4. Financial assets and liabilities continued

Fair value measurements recognised in the statement of financial position

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

This is followed by a more detailed analysis of the financial instruments which are based on unobservable inputs (Level 3 assets). The subsequent tables provide reconciliations of movement in their fair value during the period split by asset category.

Financial assets/ Financial liabilities	**Fair value as at 30 September 2018 (Unaudited) £m**	Fair value as at 31 March 2018 (Audited) £m	**Valuation techniques and inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Level 1 assets					
Direct investment in portfolio companies	**61.0**	-	A small number of assets have been listed on various stock exchanges around the world, providing an external basis for valuing the Group's holdings	n/a	n/a
Investment in funds	**34.7**	33.4	Quoted bid prices in an active market	n/a	n/a
Total	**95.7**	33.4			
Level 2 assets					
Direct investment in portfolio companies	**-**	18.5	Internally modelled valuation based on combination of market prices and observable inputs	n/a	n/a
Investments in loans held in credit funds consolidated under IFRS 10	**3,756.4**	3,605.9	The fair value has been determined using independent broker quotes based on observable inputs	n/a	n/a
Current and non current derivative assets	**72.7**	83.2	The Group uses widely recognised valuation models for determining the fair values of over the counter interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within Level 2	n/a	n/a
Total	**3,829.1**	3,707.6			

Notes to the Half Year Report continued

for the six months ended 30 September 2018

4. Financial assets and liabilities continued

Fair value measurements recognised in the statement of financial position continued

Financial assets/ Financial liabilities	**Fair value as at 30 September 2018 (Unaudited) £m**	Fair value as at 31 March 2018 (Audited) £m	**Valuation techniques and inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Level 3 assets					
Direct investments in portfolio companies	**311.0**	150.3	Earnings based technique. The earnings multiple is derived from a set of comparable listed companies or relevant market transaction multiples. A premium or discount is applied to the earnings multiple to adjust for points of difference relating to risk and earnings growth prospects between the comparable company set and the private company being valued. Earnings multiples are applied to the maintainable earnings to determine the enterprise value. From this, the value attributable to the Group is calculated based on its holding in the company after making deductions for higher ranking third party instruments in the capital structure. To determine the value of warrants, the exercise price is deducted from the equity value	The discount applied is generally in a range of 13% - 30% and exceptionally as high as 49%. A premium has been applied to ten assets in the range of 1% - 25%. The earnings multiple is generally in the range of 10 - 14 and exceptionally as high as 19 and as low as 4	The higher the adjusted multiple, the higher the valuation
Investments in loans held in credit funds	**-**	0.3	Where there are no recent transactions, fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market, then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments	A premium/discount is applied taking into account market comparisons, seniority of debt, credit rating, current debt, interest coupon, maturity of the loan and jurisdiction of the loan	The higher the premium, the higher the valuation. The higher the discount, the lower the valuation
Investments in funds	**1,309.0**	1,180.9	The net asset value (NAV) of the fund is based on the underlying investments which are held either as FVTPL assets or as loans and receivables initially recognised at fair value and subsequently valued at amortised cost. The carrying value of loans and receivables held at amortised cost are considered a reasonable approximation of fair value. We have reviewed the underlying valuation techniques of the funds and consider them to be in line with those of the Group	The NAV of the underlying fund, typically calculated under IFRS	The higher the NAV, the higher the fair value

4. Financial assets and liabilities continued

Fair value measurements recognised in the statement of financial position continued

Financial assets / Financial liabilities	**Fair value as at 30 September 2018 (Unaudited) £m**	Fair value as at 31 March 2018 (Audited) £m	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 3 assets					
Investments in CLO loan notes	**112.1**	79.2	Discounted cash flow at a discount rate of 11%. The following assumptions are applied to each investment's cash flows: 3% annual default rate, 20% annual prepayment rate, 70% recovery rate	Discounted cash flows	The higher the cash flows the higher the fair value. The higher the discount, the lower the fair value
Held for sale current financial assets	**212.2**	91.4	The net asset value (NAV) of the fund is based on the underlying investments which are held either as FVTPL assets or as loans and receivables initially recognised at fair value and subsequently valued at amortised cost. The carrying value of loans and receivables held at amortised cost are considered a reasonable approximation of fair value. We have reviewed the underlying valuation techniques of the funds and consider them to be in line with those of the Group	The NAV of the underlying fund, typically calculated under IFRS	The higher the NAV, the higher the fair value
Total	**1,944.3**	1,502.1			
Level 2 liabilities					
Borrowings and loans held in credit funds consolidated under IFRS 10	**(3,501.3)**	(3,309.1)	The debt securities issued by credit funds consolidated under IFRS 10 are contractually linked to the performance of the underlying investment portfolio therefore fair value is determined with reference to the observable market prices of the underlying portfolio. The Group's holding at fair value of the borrowings are subsequently deducted from this.	n/a	n/a
Current and non current derivative liabilities	**(72.1)**	(78.3)	The Group uses widely recognised valuation models for determining the fair values of over the counter interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within Level 2	n/a	n/a
Total	**(3,573.4)**	(3,387.4)			

During the period £18.5m of assets have been transferred from level 2 to level 1 following a reassessment of valuation techniques.

4. Financial assets and liabilities continued

The following table summarises financial assets and liabilities that are held at fair value, by type and level.

As at 30 September 2018

(Unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Non current financial assets at fair value				
Financial assets designated as FVTPL	**95.7**	**3,756.4**	**1,732.1**	**5,584.2**
Other derivative financial instruments	**-**	**1.6**	**-**	**1.6**
	95.7	**3,758.0**	**1,732.1**	**5,585.8**
Current financial assets at fair value				
Financial assets designated as FVTPL	**-**	**-**	**212.2**	**212.2**
Other derivative financial instruments	**-**	**71.1**	**-**	**71.1**
	-	**71.1**	**212.2**	**283.3**
Financial liabilities at FVTPL				
– Structured entities controlled by the Group	**-**	**3,501.3**	**-**	**3,501.3**
Other derivative financial instruments	**-**	**72.1**	**-**	**72.1**
	-	**3,573.4**	**-**	**3,573.4**

As at 31 March 2018

(Audited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Non current financial assets at fair value				
Financial assets designated as FVTPL	33.4	3,605.9	1,368.5	5,007.8
AFS financial assets held at FVOCI	-	18.5	42.2	60.7
Other derivative financial instruments	-	3.2	-	3.2
	33.4	3,627.6	1,410.7	5,071.7
Current financial assets at fair value				
Financial assets designated as FVTPL	-	-	91.4	91.4
Other derivative financial instruments	-	80.0	-	80.0
	-	80.0	91.4	171.4
Financial liabilities at FVTPL				
– Structured entities controlled by the Group	-	3,309.1	-	3,309.1
Other derivative financial instruments	-	78.3	-	78.3
	-	3,387.4	-	3,387.4

for the six months ended 30 September 2018

4. Financial assets and liabilities continued

Reconciliation of Level 3 fair value measurements of financial assets

As at 30 September 2018

(Unaudited)	**Financial assets designated at FVTPL £m**	**AFS financial assets held at FVOCI £m**	**Total £m**
At 1 April 2018	**1,368.5**	**42.2**	**1,410.7**
Reclassification of AFS financial assets	**42.2**	**(42.2)**	**-**
Loans and receivables previously held at amortised cost	**171.1**	**-**	**171.1**
Total gains or losses in the income statement			
- Realised gains	**(146.2)**	**-**	**(146.2)**
- Fair value gains	**108.5**	**-**	**108.5**
- Foreign exchange	**42.0**	**-**	**42.0**
Purchases	**366.2**	**-**	**366.2**
Realisations	**(219.8)**	**-**	**(219.8)**
Transfer between levels	**(0.3)**		**(0.3)**
At 30 September 2018	**1,732.2**	**-**	**1,732.2**

IFRS 9 has removed the classification of AFS financial assets, see note 1, the opening balance of £42.2m has been reclassified to financial assets designated at FVTPL. In addition the opening balance of £171.1m of loans and receivables previously held at amortised cost have been reclassified to FVTPL.

As at 31 March 2018

(Audited)	Financial assets designated at FVTPL £m	AFS financial assets held at FVOCI £m	Total £m
At 1 April 2017	1,189.6	48.1	1,237.7
Total gains or losses in the income statement			
- Realised gains	(171.2)	(1.8)	(173.0)
- Fair value gains/(losses)	220.5	-	220.5
- Foreign exchange	(26.5)	0.9	(25.6)
Total gains or losses in other comprehensive income			
- Unrealised losses	-	(0.4)	(0.4)
Purchases	402.4	0.2	402.6
Realisations	(227.8)	(4.8)	(232.6)
Transfer between assets	30.1	-	30.1
Transfer between levels	(48.6)	-	(48.6)
At 31 March 2018	1,368.5	42.2	1,410.7

4. Financial assets and liabilities continued

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements by the Financial Conduct Authority (FCA) and ensure that the Group maximises the return to Shareholders through the optimisation of the debt and equity balance. The Group's strategy has remained unchanged from the year ended 31 March 2018.

The capital structure comprises debts, which includes the borrowings disclosed in note 24 of audited Group Financial Statements for the year ended 31 March 2018, cash and cash equivalents, and capital and reserves of the Parent Company, comprising called up share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group has complied with the imposed minimum capital throughout the year. The full Pillar 3 disclosures are available on the Company's website www.icgam.com.

Credit Risk

The carrying amount of financial assets represents the Directors' assessment of the maximum credit risk exposure of the Group at the balance sheet date. Impairment losses taken during the period reflect the decline in recoverability on individual assets, either as a result of company specific or of general macroeconomic conditions.

The Directors believe that credit risk as a result of the concentration of significant counterparties is low as there is no individual counterparty comprising more than 10% of the Group's total exposure.

5. Earnings per share

	Six months ended 30 September 2018 (Unaudited) £m	Six months ended 30 September 2017 (Unaudited) £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the parent	**124.0**	93.3
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**284,431,888**	282,205,125
Effect of dilutive potential ordinary share options	**25,530**	25,512
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**284,457,418**	282,230,637
Earnings per share	**43.6p**	33.1p
Diluted earnings per share	**43.6p**	33.1p

For the six months ended 30 September 2018

5. Earnings per share continued

Reconciliation of total number of shares allotted, called up and in issue

	Total number of shares allotted, called up and in issue	Number of shares in own share reserve
As at 1 April 2018	294,055,428	11,355,766
Purchased	26,410	2,980,387
Options/awards exercised	-	(4,612,324)
As at 30 September 2018	**294,081,838**	**9,723,829**

As at 30 September 2017 the total number of shares allotted, called up and in issue was 293,914,096 of which 10,855,765 were held in the own shares reserve.

6. Dividends

The Board has approved an interim dividend of 10.0p per share (H1 2018: 9.0p).

7. Tax expense

Analysis of tax on ordinary activities	**Six months ended 30 September 2018 (Unaudited) £m**	Six months ended 30 September 2017 (Unaudited) £m
Current tax - current period	**9.0**	1.9
Deferred tax - current period	**(10.0)**	0.3
Tax (credit)/charge on profit on ordinary activities	**(1.0)**	2.2

The effective rate is lower than the standard corporation tax rate of 19%. This is in part due to a significant proportion of the investment Company's assets being invested directly into funds based outside of the United Kingdom. Investment returns from these funds are paid to the Group in the form of non taxable dividend income. This outcome is in line with other UK investment companies. The Investment Company's taxable costs can offset against the taxable profits of our UK Fund Management business, reducing the overall Group charge.

Notes to the Half Year Report continued

For the six months ended 30 September 2018

7. Tax expense continued

	Six months ended 30 September 2018 (Unaudited) £m	Six months ended 30 September 2017 (Unaudited) £m
Profit on ordinary activities before tax	**124.0**	95.5
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (H1 2018: 19%)	**23.6**	18.1
Effects of:		
Non deductible expenditure	**0.3**	(1.2)
Non taxable income	**(0.1)**	(1.5)
Different tax rates of overseas subsidiaries	**(18.9)**	(13.2)
Other temporary differences	**(5.9)**	-
Tax (credit)/charge on profit on ordinary activities	**(1.0)**	2.2

8. Financial liabilities

Financial liabilities have increased by £346.5m in the period since 31 March 2018 of which £192.2m relates to structured entities controlled by the Group with the balance due to an increase in drawn credit facilities and the impact of FX on foreign currency denominated financial liabilities.

The fair value of financial liabilities is £4,679.8m (31 March 2018: £4,333.3m), including £1,073.7m (31 March 2018: £840.5m) of financial liabilities at amortised cost which approximates to fair value.

9. Subsidiaries, associates and joint ventures

The following changes are of note to the Group's subsidiaries, associates and joint ventures during the period:

a. The Group entered into a joint venture agreement with Avanton UK Limited and owns 85.47% of the issued share capital of Avanton Richmond Developments Limited. As there is deemed joint control, the entity is treated as a joint venture and is accounted for under the equity method of accounting.

b. The Group owns 89.73% of the issued share capital of Brighton Marina Group Ltd and can exercise control over the entity. The entity is therefore consolidated into the Group's financial statements as a subsidiary, with a minority interest of 10.27%.

c. The Group's investment in Brighton Administration Company Limited which was previously classified as a joint venture was extinguished during the period.

d. The Group reduced its ownership holding in ICG Global Total Credit Fund to 94.5% during the period (31 March 2018: 100%). The Group still exercises control over the entity and will continue to consolidate, with a minority interest of 5.5%.

Independent Review Report to Intermediate Capital Group plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
14 November 2018

Prior year reporting of Consolidated Income Statement

Six months ended 30 September 2017 (Unaudited)	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total internally reported £m
External fee income	45.9	14.6	7.7	9.6	77.8	-	77.8
Inter-segmental fee	5.5	1.4	0.7	0.7	8.3	(8.3)	-
Fund management fee income	51.4	16.0	8.4	10.3	86.1	(8.3)	77.8
Other operating income					-	3.4	3.4
Gains on investments					-	70.8	70.8
Interest income					-	51.8	51.8
Dividend income					12.3	-	12.3
Total revenue					98.4	117.7	216.1
Interest expense					-	(28.3)	(28.3)
Net fair value loss on derivatives					-	(0.3)	(0.3)
Impairment					-	(10.0)	(10.0)
Staff costs					(20.7)	(5.9)	(26.6)
Incentive scheme costs					(17.8)	(31.5)	(49.3)
Other administrative expenses					(15.6)	(5.3)	(20.9)
Profit before tax					44.3	36.4	80.7

Six months ended 30 September 2017 (Unaudited)	Internally reported £m	Reclass of interest to dividends and gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Fund management fee income	77.8	-	(9.0)	(0.6)	(9.6)	68.2
Other operating income	3.4	-	1.1	-	1.1	4.5
Gains on investments	70.8	37.6	11.9	(0.2)	49.3	120.1
Interest income	51.8	(38.1)	77.2	0.2	39.3	91.1
Dividend income	12.3	0.5	(11.6)	-	(11.1)	1.2
Total revenue	216.1	-	69.6	(0.6)	69.0	285.1
Share of results of joint ventures accounted for using equity method	-	-	-	0.2	0.2	0.2
Interest expense	(28.3)	-	(51.3)	-	(51.3)	(79.6)
Net fair value loss on derivatives	(0.3)	-	(0.6)	-	(0.6)	(0.9)
Impairment	(10.0)	-	-	-	-	(10.0)
Staff costs	(26.6)	-	-	1.1	1.1	(25.5)
Incentive scheme costs	(49.3)	-	-	-	-	(49.3)
Other administrative expenses	(20.9)	-	(4.1)	0.5	(3.6)	(24.5)
Profit before tax	80.7	-	13.6	1.2	14.8	95.5

Glossary

Items denoted with a [1] throughout this document have been identified as non IFRS GAAP alternative performance measures. These are defined below:

<table>
<tr><th>Term</th><th>Short form</th><th>Definition</th></tr>
<tr><td>Adjusted earnings per share</td><td>Adjusted EPS</td><td>Adjusted profit after tax (annualised when reporting a six month period’s results) divided by the weighted average number of ordinary shares as detailed in note 5.</td></tr>
<tr><td>Adjusted Group profit before tax</td><td></td><td>Group profit before tax adjusted for the impact of the consolidated structured entities and the presentation of Questus Energy Pty Limited.

As at 30 September, this is calculated as follows:
<table><tr><td></td><td>2018</td><td>2017</td></tr><tr><td>Profit before tax</td><td>£124.0m</td><td>£95.5m</td></tr><tr><td>Impact of consolidated structured entities</td><td>£55.5m</td><td>(£14.8m)</td></tr><tr><td>Adjusted Group profit before tax</td><td>£179.5m</td><td>£80.7m</td></tr></table></td></tr>
<tr><td>Adjusted Investment Company profit before tax</td><td></td><td>Investment Company profit adjusted for the impact of the consolidated structured entities and the presentation of Questus Energy Pty Limited.

As at 30 September, this is calculated as follows:
<table><tr><td></td><td>2018</td><td>2017</td></tr><tr><td>Investment Company profit before tax</td><td>£59.6m</td><td>£51.2m</td></tr><tr><td>Impact of consolidated structured entities</td><td>£55.5m</td><td>(£14.8m)</td></tr><tr><td>Adjusted Investment Company profit before tax</td><td>£115.1m</td><td>£36.4m</td></tr></table></td></tr>
<tr><td>Adjusted return on equity</td><td></td><td>Adjusted profit after tax (annualised when reporting a six month period’s results) divided by average shareholders’ funds for the period. As at 30 September, this is calculated as follows:
<table><tr><td></td><td>2018</td><td>2017</td></tr><tr><td>Adjusted profit after tax</td><td>£340.0m</td><td>£159.0m</td></tr><tr><td>Average shareholders’ funds</td><td>£1,308.8m</td><td>£1,136.6m</td></tr><tr><td>Adjusted return on equity</td><td>26.0%</td><td>14.0%</td></tr></table></td></tr>
<tr><td>Assets under management</td><td>AUM</td><td>Value of all funds and assets managed by the FMC. During the investment period third party (external) AUM is measured on the basis of committed capital. Once outside the investment period third party AUM is measured on the basis of cost of investment. AUM is presented in Euros, with non-Euro denominated AUM translated at the period end closing rate.</td></tr>
<tr><td>Balance sheet investment portfolio</td><td></td><td>The balance sheet investment portfolio represents non-current financial assets from the Statement of Financial Position, adjusted for the impact of the consolidated structured entities. See note 3 for a full reconciliation.</td></tr>
<tr><td>Dividend income</td><td></td><td>Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities. See note 3 for a full reconciliation.</td></tr>
<tr><td>Earnings per share</td><td></td><td>Profit after tax (annualised when reporting a six month period’s results) divided by the weighted average number of ordinary shares as detailed in note 5.</td></tr>
<tr><td>Gearing</td><td></td><td>Gearing is used by management as a measure of balance sheet efficiency. Gross borrowings, excluding the consolidated structured entities, divided by closing shareholders’ funds. Gross borrowings represent the cash amount repayable to debt providers. As at 30 September 2018, this is calculated as follows:</td></tr>
</table>

<table>
<tr><td></td><td></td><td>
<table>
<tr><th></th><th>30 September 2018</th><th>31 March 2018</th></tr>
<tr><td>Gross borrowings</td><td>£4,680m</td><td>£4,333m</td></tr>
<tr><td>Less consolidated structured entities</td><td>(£3,503m)</td><td>(£3,312m)</td></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,177m</td><td>£1,021m</td></tr>
<tr><td>Shareholders’ funds</td><td>£1,369m</td><td>£1,318m</td></tr>
<tr><td>Gearing</td><td>0.86x</td><td>0.77x</td></tr>
</table>
</td></tr>
<tr><td>Interest expense</td><td></td><td>Interest expense excludes the cost of financing associated with the consolidated structured entities.</td></tr>
<tr><td>Net asset value per share</td><td></td><td>Total equity from the Statement of Financial Position divided by the closing number of ordinary shares. As at 30 September 2018, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2018</th><th>31 March 2018</th></tr>
<tr><td>Total equity</td><td>£1,370m</td><td>£1,318m</td></tr>
<tr><td>Closing number of ordinary shares</td><td>284,358,010</td><td>282,699,662</td></tr>
<tr><td>Net asset value per share</td><td>482p</td><td>466p</td></tr>
</table>
</td></tr>
<tr><td>Net current assets</td><td></td><td>The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 30 September, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2018</th><th>31 March 2018</th></tr>
<tr><td>Cash</td><td>£91.2m</td><td>£248.0m</td></tr>
<tr><td>Current financial assets</td><td>£231.5m</td><td>£107.2m</td></tr>
<tr><td>Other current assets</td><td>£270.0m</td><td>£244.7m</td></tr>
<tr><td>Current financial liabilities</td><td>(£104.8m)</td><td>(£183.7m)</td></tr>
<tr><td>Other current liabilities</td><td>(£155.5m)</td><td>(£188.1m)</td></tr>
<tr><td>Net current assets</td><td>£332.4m</td><td>£228.1m</td></tr>
</table>
On an IFRS GAAP basis net current assets are as follows:
<table>
<tr><th></th><th>30 September 2018</th><th>31 March 2018</th></tr>
<tr><td>Cash</td><td>£276.5m</td><td>£520.7m</td></tr>
<tr><td>Current financial assets</td><td>£212.2m</td><td>£107.2m</td></tr>
<tr><td>Other current assets</td><td>£347.5m</td><td>£405.5m</td></tr>
<tr><td>Current financial liabilities</td><td>(£104.8m)</td><td>(£183.7m)</td></tr>
<tr><td>Other current liabilities</td><td>(£353.0m)</td><td>(£568.1m)</td></tr>
<tr><td>Net current assets</td><td>£378.4m</td><td>£281.6m</td></tr>
</table>
</td></tr>
<tr><td>Net debt</td><td></td><td>Net debt, along with gearing, is used by management as a measure of balance sheet efficiency. Net debt includes unencumbered cash whereas gearing uses gross borrowings and is therefore not impacted by movements in cash balances.
Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 30 September 2018, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2018</th><th>31 March 2018</th></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,177.0m</td><td>£1,021.1m</td></tr>
<tr><td>Less unencumbered cash</td><td>(£90.7m)</td><td>(£247.6m)</td></tr>
<tr><td>Net debt</td><td>£1,086.3m</td><td>£773.5m</td></tr>
</table>
</td></tr>
<tr><td>Net investment returns</td><td></td><td>Net investment returns is the total of internal interest income, capital gains, dividend and other income less asset impairments.</td></tr>
<tr><td>Operating cash flow</td><td></td><td>Operating cash flow represents the cash generated from operating activities from the Statement of Cash Flows, adjusted for the impact of the consolidated structured entities. See note 3 for a full reconciliation.</td></tr>
</table>

Operating expenses of the Investment Company		Investment Company operating expenses are adjusted for the impact of the consolidated structured entities and the presentation of Questus Energy Pty Limited. See note 3 for a full reconciliation.
Operating profit margin		Fund Management Company profit divided by Fund Management Company total revenue. As at 30 September this is calculated as follows: | | 2018 | 2017 | Fund Management Company Profit | £64.4m | £44.3m Fund Management Company Total Revenue | £132.3m | £98.4m **Operating profit margin** | **48.7%** | **45.0%**
Return on equity	ROE	Profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period.
Third party fee income		Fees generated on fund management activities as reported in the Fund Management Company including fees generated on consolidated structured entities which are excluded from the IFRS consolidation position. See note 3 for a full reconciliation.
Weighted average fee rate		An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.

	2018	2017
Fund Management Company Profit	£64.4m	£44.3m
Fund Management Company Total Revenue	£132.3m	£98.4m
Operating profit margin	**48.7%**	**45.0%**

Other definitions which have not been identified as non IFRS GAAP alternative performance measures are as follows:

Term	**Short form**	**Definition**
AIFMD		The EU Alternative Investment Fund Managers Directive.
Catch up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Closed end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Debt Obligation	CDO	Investment grade security backed by a pool of non mortgage based bonds, loans and other assets.
Collateralised Loan Obligation	CLO	CLO is a type of CDO, which is backed by a portfolio of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, inactive secondary market.
EBITDA		Earnings before interest, tax, depreciation and amortisation.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service firms in provision of services to consumers.

Financial Reporting Council	FRC	UK's independent regulator responsible for promoting high quality corporate governance and reporting.
Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third party funds.
HMRC		HM Revenue & Customs, the UK tax authority.
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the European Union.
Illiquid assets		Asset classes which are not actively traded.
Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.
Investment Company	IC	The Investment Company invests the Group's capital in support of third party fundraising and funds the development of new strategies.
Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.
Key Man		Certain funds have designated Key Men. The departure of a Key Man without adequate replacement triggers a contractual right for investors to cancel their commitments.
Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
Open ended fund		A fund which remains open to new commitments and where an investor's commitment may be redeemed with appropriate notice.
Payment in kind	PIK	Also known as rolled up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cash flows until that time.
Performance fees	Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
Senior debt		Senior debt ranks above mezzanine and equity.
Total AUM		The aggregate of the third party external AUM and the Investment Company's balance sheet.
UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
UNPRI		UN Principles for Responsible Investing.
Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.

Company timetable

Ex-dividend date	6 December 2018
Record date for interim dividend	7 December 2018
Last date for dividend reinvestment election	17 December 2018
Payment of interim dividend	10 January 2019
Trading Update	29 January 2019
Full year results announcement	21 May 2019